

*(Forthcoming in Australian Economic Review, March 2013 v 46 no 1)*

**Policy Forum: The Measurement of Wellbeing**

**Measuring the Kind of Australia We Want: ANDI, the GDP and the Global Movement to Redefine Progress**

Mike Salvaris\*

\* Applied Human Rights and Community Wellbeing, RMIT University, Victoria 3000 Australia; email <salvaris@optusnet.com.au>.

**Abstract**

*This article discusses the growing global movement to 'redefine progress beyond GDP' and develop new and more comprehensive measures and indexes of national progress, well-being and sustainability which draw on community priorities and research. It examines the key shortcomings of GDP as a measure of national progress; some of the logical, technical and democratic issues in developing new progress measures; and the key lessons from global experience and best practice. It then discusses a new Australian project (ANDI) which aims to develop a composite index of progress and well-being for Australia, and a series of indexes in different 'domains' of progress (such as health, justice, work life etc.), through a national program of community engagement and debate supported by a cross disciplinary research program in partnership with the Australian Council of Learned Academies.*

## 1. The Real Wealth of Nations

Too much and for too long, we seemed to have surrendered personal excellence and community values in the mere accumulation of material things. Our Gross National Product, now, is over \$800 billion dollars a year, but that Gross National Product – if we judge the United States of America by that – that Gross National Product counts air pollution and cigarette advertising, and ambulances to clear our highways of carnage. It counts special locks for our doors and the jails for the people who break them. It counts the destruction of the redwood and the loss of our natural wonder in chaotic sprawl. It counts napalm and counts nuclear warheads and armored cars for the police to fight the riots in our cities. It counts Whitman's rifle and Speck's knife, and the television programs which glorify violence in order to sell toys to our children. Yet the gross national product does not allow for the health of our children, the quality of their education or the joy of their play. It does not include the beauty of our poetry or the strength of our marriages, the intelligence of our public debate or the integrity of our public officials. It measures neither our wit nor our courage, neither our wisdom nor our learning, neither our compassion nor our devotion to our country, it measures everything in short, except that which makes life worthwhile. And it can tell us everything about America except why we are proud that we are Americans. [Robert Kennedy 1968]<sup>1</sup>

In a famous speech just months before he was assassinated, Robert Kennedy argued that the real wealth of a nation is not its economic output alone. Rather, it is the well-being, skills and wisdom of its people; the values and qualities of its society; the vitality and integrity of its culture and institutions; and the health of the environment which nurtures it.

The underlying question that Kennedy posed—what is true progress or wellbeing for a society?—is in fact a very old one, debated for thousands of years in many civilisations. And yet, despite differences of language, culture and history, it is surprising how often the same themes have recurred over the ages: is progress primarily about individual or collective development? Is it the 'destiny' of humankind, or merely an enlightened possibility? Is it a necessary consequence of political or economic power? (See, for example, Bury 1920; Nisbet 1980; Salvadori 2008; Salvaris 2010.)

Perhaps the most venerable question of all is this: how far does true progress (or wellbeing or 'the good life') consist in an increase in material wealth and living conditions, rather than qualitative improvements, such as in wisdom, happiness, justice, peace, spiritual and cultural wellbeing, or merely 'a balanced life'? This problem has preoccupied philosophers especially, in all ages and cultures. Aristotle's memorable aphorism 'Wealth is evidently not the good we are seeking, for it is merely useful and for the sake of something else'<sup>2</sup> had its counterpart in Confucian and early Islamic thinking, and its echo two thousand years later in John Ruskin (1912) ('that country is the richest which nourishes the greatest number of noble and happy human beings') and in Amartya Sen (see Nussbaum and Sen 1997) and Robert Kennedy in our own times.

It is a question that has also engaged some thoughtful economists, in this form: is continuous growth in the economy a necessary precondition of human and social progress? Adam Smith, John Stuart Mill and John Maynard Keynes all in their

different ways argued for a shift from quantitative economic growth to quality of life, not only because of resource limits or physical laws, both also on ethical and social grounds.

Mill argued that the economy would reach a certain point of size or efficiency at which it would become stable and regenerative and not need to grow any larger; at this point men would be free to concentrate on more important aspects of moral and social progress. Keynes argued to a similar effect, although without explicitly advocating a 'steady state' economy or rejecting a continuously growing economy. He believed that at a certain point common agreement will be reached on what he regarded as the secondary or instrumental 'problem' of how to operate an economy for the benefit of society and we could then apply our attention to higher order problems such as culture and human relations. Smith argued for limits to economic growth from a somewhat different perspective. He believed that the population growth generated by economic growth might start to produce negative impacts on human progress and quality of life, such as depressed wages and depleted natural resources.<sup>3</sup> On the basis of these views, all three might have made common cause with the Club of Rome and latter day economists and environmentalists like EF Schumacher, Kenneth Boulding, Nicholas Georgescu-Roegen, Manfred Max-Neef, Herman Daly, Donella Meadows, John Cobb, Hazel Henderson, Paul Hawken, Robert Costanza and Tim Jackson.

Ultimately, though, the meaning of progress for any given society is not just a philosophical or an economic question. It is a matter of intense public, practical and democratic concern.

Throughout history, the idea of 'Progress' has been a powerful political driver, which carries with it a sense of inevitability and national destiny (see Salvaris 1998). And the way progress is officially defined and measured in any society—and by whom—has direct consequences; not just for national policies and public debate, but most importantly for the actual outcomes and life chances of ordinary citizens. In a truly democratic society, therefore, citizens have the right, and the duty, to participate in defining the goals and priorities—and hence the broad directions of progress—for their society.

## **2. Is GDP an Obsolete Measure of Progress?<sup>4</sup>**

In a world divided by religion, politics, and culture, there is at least one thing that unites us. From Washington to Pyongyang, Bombay to Berlin, Mecca to Rome, government and business the world over worship this one thing with absolute devotion. Legions of acolytes track its progress and prophesize its future course, believing wholeheartedly that growth in this thing is the road to salvation, and decline in it the path to damnation. This thing is a number. The number is Gross Domestic Product.

[Butler 2004]

For nearly sixty years, Gross Domestic Product (GDP) has been the world's most recognisable and influential measure of the overall progress of nations. How did this come about, when on its face, it seems unsuited for the purpose?

GDP is usually defined as 'the total market value of all final goods and services produced in a country in a given year, equal to total consumer, investment and government spending, plus the value of exports, minus the value of imports' (OECD 2008a). From this definition and as a matter of logic alone, it is difficult to see how GDP could itself constitute a satisfactory measure of the 'overall progress of society'.

The concept of societal progress, by even the most parsimonious definition, is complex and multi-faceted. It necessarily includes social, environmental and governance dimensions, as well as economic. It embraces both the material and non-material aspects of individual wellbeing, such as income and health, on one hand, and relationships, culture and meaning on the other. It must take account of the advancement of societal values (such as justice) and the proper functioning of societal systems and institutions (government, the economy) as well as the health of larger enabling systems such as the ecology. Finally, true progress must be sustainable (able to benefit future generations).

Certainly, economic production is reasonably considered an important ingredient in the wider picture of societal progress and a key means to material wellbeing. On this account, GDP could be claimed as a necessary measure of progress; but not a sufficient one, because economic production does not axiomatically contribute to broader societal wellbeing. This will depend, for example, on what is produced, and in what manner, and how the benefits are distributed. Nor is it an end in itself—unless one were prepared to argue that producing and consuming goods and services in a market economy represents the highest form of human progress or societal good. This seems at best a strangely hollow and reductionist view of the richness and diversity of human life and the possibilities of cultural and societal development noted by thinkers through the ages. It shrinks the notion of social progress to one simple equation: 'life equals shopping'.

Criticisms of GDP as the single or principal measure of societal progress have been gathering from many different directions over the past fifty years. Some focus on its narrow scope and methodology, others on its implicit social rationale: that the progress of society is best achieved, and most other problems can be solved, by continuous growth in the production of goods and services in a market economy. Some of these criticisms may reflect a misunderstanding of the original (and limited) purpose of GDP, but others more justifiably target the knowing misuse of GDP.

A sample of these criticisms includes the following:

- (Economic) growth is not an end in itself, but rather an instrument for creating better conditions of life.  
[Ministerial Council of OECD quoted in OECD 1973]
- GDP is not an appropriate metric of progress. It includes economic activities that can reduce well-being (e.g., production and consumption of "goods" with negative impact on human health and natural environment). It does not include all available resources (in particular the resources of households). It excludes several important factors of well-being (health, education, working conditions, equity, time use, social relations, social cohesion, citizenship,

etc.). It ignores essential factors of sustainability of well-being (e.g., environmental, human and social capital).

[Suarez de Miguel 2010]

- We put too much emphasis on measuring what we produce, principally through gross domestic product (GDP), and not enough on assessing our well-being and progress. Too many important policy decisions are taken with GDP as the main measurement rod. GDP takes no account of the productive activity which occurs at home ... We need new indicators that measure what we value as a society. We need to raise living standards and confidence, not just GDP.  
[Gurría 2010]
- GDP cannot distinguish between growth (an increase in quantity) and development (an improvement in quality).  
[Osberg 2001]
- Endless growth is impossible in a finite world and cannot be clung to as the measure of success of our economic system.  
[David Suzuki quoted in *Habitat* 2011, p. 11]
- Citizens rightly consider that the main purpose of political action is to improve present and future well-being. Increased production of goods and services, as measured by the GDP growth rate, is only an intermediate target. Economic growth may well be necessary, but it is not sufficient for society's progress.  
[European Statistical Commission 2012, p. 10]

It is a great historic irony that no-one was more aware of the limitations and the potential for misuse of the GDP than its chief inventor. For Simon Kuznets, American economist and Nobel Prize Laureate, GDP was never intended as a measure of overall social well-being. Kuznets famously remarked that 'the welfare of a nation can scarcely be inferred from a measurement of national income as defined by the GDP'. Nor was growth itself necessarily a good thing, he said: 'Goals for "more" growth should specify growth of what and for what' (Kuznets 1934, p. 7).

Yet despite this clear warning, and by default over many years, GDP has come to be used as the key measure of national progress and political success, especially by politicians and economists. And certainly, when used in this way, it has had tremendous political power—all the more potent in a world where statistics have become 'the structural DNA codes of nations (which) reflect a society's values and goals and become the key drivers of economic and technological choices' (Henderson 1991), and because it is presented as a single unambiguous index of success or failure, whose regular release can uplift or cast down politicians and editorial writers alike. The GDP today is 'a celebrity among statistics, a giant calculator strutting about adding up every bit of paid activity' (Uchitelle 2008).

There is, unfortunately, ample evidence to suggest that GDP has been, and will continue to be, knowingly misused. 'When you argue that GDP is a poor measure of national well-being and point out its various limitations', says economics writer Ross Gittins (2011), 'the economists will agree. But that won't stop them continuing to treat GDP as though it's the one thing that matters'. Given the prestige and power which GDP confers upon its acolytes and interpreters, it seems that it is simply too tempting to continue benefiting from a flawed measure, rather than trying to fix it.

This might help explain why, with some honourable exceptions, most of the pressure to correct GDP and develop new and better measures of societal progress has not come from economists. In the frank assessment of a senior Australian Treasury officer, David Gruen, 'Economists and statisticians have long known that GDP is not and was never intended to be a measure of wellbeing or progress. While we have long known its limitations, we as a discipline, have not done enough to discourage its use in inappropriate places. In fact, we arguably, if inadvertently, do much to promote GDP as a measure of progress' (see Tandon 2010). William Nordhaus and James Tobin (1972, p. 4) said much the same forty years earlier: 'GNP is not a measure of welfare. Maximization of GNP is not a proper objective of policy. Economists all know that, and yet their everyday use of GNP as the standard measure of economic performance apparently conveys the impression that they are evangelistic worshippers of GNP'.

Even so, there have been some significant interventions against GDP by mainstream economists. In 1995, 400 leading American and Canadian economists, including Nobel Laureates, issued a joint statement supporting an alternative measure to GDP. They argued that 'since the GDP measures only the quantity of market activity without accounting for the social and ecological costs involved, it is both inadequate and misleading as a measure of true prosperity. Policy-makers, economists, the media, and international agencies should cease using the GDP as a measure of progress and publicly acknowledge its shortcomings. New indicators of progress are urgently needed to guide our society'. (See Colman 2010.)

Perhaps the most authoritative critique of GDP by eminent economists was delivered in 2009 in the lengthy report of the international Commission on the Measurement of Economic Performance and Social Progress (CMEPSP) (see Stiglitz, Sen and Fitoussi 2009). This commission, set up by then French President Nicolas Sarkozy, included amongst its 25 members five Nobel Prize winners in Economics<sup>5</sup> and was chaired by Professor Joseph Stiglitz. Its final report was a comprehensive dissection of the failings of GDP as a measure of both social progress and economic performance.

As an economic measure, the Commission argued, GDP is deficient on four counts: (i) it fails to take account of increases in quality and productivity; (ii) it allows grossly inflated price reporting for some key market transactions (that is, shares, financial); (iii) it misreports the 'product' or 'added value' of some key components of the economy (such as public health and education, which it simply values at input cost); and (iv) it fails to provide a 'balance sheet' of assets and liabilities or report the overall sustainability of the economy (that is, it takes no account of growing debt and shrinking resources): something that is essential in the basic accounting of any business.

Most tellingly, Stiglitz and his colleagues made the point that these are not theoretical problems but have serious practical consequences for both economic performance and social outcomes. The reporting failures of GDP, they argued, played some part in generating or aggravating two current world crises, climate

change and the global financial crisis; and if not corrected, they would continue to contribute to poor policy decisions:

What we measure affects what we do: if our measurements are flawed, decisions may be distorted ... one of the reasons that the (Global Financial) crisis took many by surprise is that our measurement system failed us ... Choices between promoting GDP and protecting the environment may be false choices, once environmental degradation is appropriately included in our measurement of economic performance ... The time is ripe for our measurement system to shift emphasis from measuring economic production to measuring people's well-being. And measures of well-being should be put in a context of sustainability. [Stiglitz, Sen and Fitoussi 2009, pp. 7, 12, 18]

Finally, and perhaps unexpectedly for an expert, technical report, Stiglitz and his panel unambiguously argued for the democratic principle that new progress measures demanded a community debate around the world.

### **3. The Global Movement to Redefine Progress**

Over the past 10 years or so there has been an explosion of interest in producing measures of societal progress ... that go beyond GDP to represent a broader view of the ways in which societies are progressing and regressing ... Initiatives to do just this are being run in many countries rich and poor ... by governments, by civil society, by academics and the private sector ... A world movement is emerging and the linkage between statistical indicators, policy design and democratic assessment of the performance of a country (a region, a city etc) is at its core. [OECD Statistics Directorate 2008]

The hegemony of GDP as a social progress measure is now being challenged by a new global movement. The origins of this movement are diverse, and date back at least forty years. Some of the key drivers include: the environmental movement and the Club of Rome; the women's movement and its focus on the unpaid domestic economy; the United Nations Development Programme and the Human Development Index of the 1970s; the Kingdom of Bhutan and its Gross National Happiness program, from the early 1980s; the local community planning movement; Canada's pioneering community-research project, the Canadian Index of Wellbeing, begun in the 1990s; 'Triple Bottom Line' business management; and the growth of happiness research in psychology.

For many years these various projects and movements had mostly developed apart, despite a shared concern about the inadequacies of GDP. However, in 2004, a significant catalyst and unifying force emerged in the OECD's Global Project 'Measuring the Progress of Societies' (MPS), led by Italian economist and statistician Enrico Giovannini. This project was specifically designed to create a global platform to bring these different elements together and to promote a global debate about the meaning of progress 'beyond GDP', and not just its measurement. In 2007, these goals were formally agreed in a joint Declaration by the OECD, the UN, the European Commission and the World Bank, at the OECD World Forum in Istanbul.<sup>6</sup>

The OECD has pursued these goals with energy and flair. Initiatives have been launched and workshops convened in all global regions. Four World Forums since

2004 (in Italy, Turkey, South Korea and India) have each attracted up to 1,500 participants. Much has been done to raise awareness and change attitudes, concerning, for example, 'the growing gap that exists between the image conveyed by official macro-economic statistics such as GDP, and the perceptions of ordinary people about their own socioeconomic conditions' (OECD 2011). Research networks have been set up (the 'Global Progress Research Network'); a major global internet platform and knowledge base developed ('Wikiprogress'); and a new progress measurement framework built (the 'OECD Better Life Index').<sup>7</sup>

Following this lead, other international initiatives have been moving in the same direction. The European Union launched its long term 'Beyond GDP' project in 2007. The World Economic Forum set up a Global Council initiative on 'Benchmarking the Progress in Societies' in 2008. The International Commission on the Measurement of Economic Performance and Social Progress (above) was established in 2009. The Pittsburgh Summit of the G20 called for work on measurement methods that 'better take into account the social and environmental dimensions of economic development'<sup>8</sup>. The UN General Assembly held a special workshop and then passed a unanimous resolution in 2012 on incorporating happiness and wellbeing measures into development programs.

This year, the United Nations Secretary-General's High-Level Panel on Global Sustainability (2012, pp. 64–5) called for a common global framework for measuring progress: 'While material prosperity is important', it said, 'it is a long way from being the only determinant of well-being ... purely economic indicators say nothing about whether material well-being is bought at the expense of environmental and social impacts or at the risk of putting undue stress on natural resources'.

National initiatives to develop new social progress measures are now in place in countries including Australia, Germany, Italy, Ireland, Japan, Korea, New Zealand, Slovenia, Spain, Thailand, United Kingdom and United States<sup>9</sup>. At the sub-national level, community, local and regional initiatives around well-being, quality of life or sustainability measurement systems now number in the hundreds.<sup>10</sup>

### *3.1 Lessons and Implications from the Global Movement*

In the unfolding of a global movement, what began as a statistical problem has been gradually transformed into a set of fundamental questions about the nature of progress in the 21st century. These questions have become steadily more urgent and insistent under the pressure of global problems such as climate change and the world financial crisis.

Now, after nearly a decade of intensive activity and at many different levels of community and society, it is possible to identify some of the key lessons and agreements from this global movement. They are spelt out in many reports and conference declarations, and in a growing number of research projects and international collaborations reviewing broader developments, comparing case studies, and evaluating best practice.<sup>11</sup>



From these diverse sources, consensus can generally be identified on six basic propositions:

- (i) The GDP, despite its value as measure of market economic activity, is an inadequate measure of societal progress and perhaps even of economic well-being, and persisting in using it as such will have negative impacts on economic and social progress.
- (ii) Societies need to develop better and more integrated ('holistic') measures of their progress; at a minimum, these should take account of five interdependent domains of broad societal progress, wellbeing and sustainability: economy, society, culture, environment and governance.
- (iii) Better measures of progress must take into account qualitative and not just quantitative dimensions of progress, such as subjective well-being, community belonging, relationships, life satisfaction and happiness.
- (iv) The underlying problem we are facing may not be the wrong *measures* but the wrong *model* of societal progress: and a better model of true progress than 'increasing economic production' would be 'increasing equitable and sustainable well-being'.
- (v) Developing a new progress paradigm and new measures is in part, a civic and democratic task that requires the engagement of citizens, working with academics and scientists and policy-makers.
- (vi) People and governments now need urgently to consider the implications of these new progress measures, and how they can be best understood and applied in practice ('mainstreamed').

The last point of agreement is the least charted. What are the practical implications of a 'new paradigm of progress' and of entrenching new national progress measures? How could they be put into effect? What would it mean for government planning and policy-making? For the economy? For public debate? For the expectations of citizens? Even for the nature of our current politics? The potential costs may be significant and the effects far reaching; but so too, in the longer term, might the benefits.

The fact that governments and policymakers are beginning to take these questions more seriously is itself another positive trend in the global movement. The policy implications of major changes in the key measures of national progress, including economic planning and redistributive impacts, are being noticed and discussed.<sup>12</sup> Some of these are already clear: a shift from production, to emphasise equitable and sustainable well-being; a greater focus on the factors which create wellbeing and good communities; the use of indicators and indexes as a positive evaluation and planning tool; the involvement of citizens and therefore the use of indicators as a democratic engagement device.

Finally, one other form of convergence is underway which may in the long run prove the most powerful driver of the global movement. This can be described as a kind of

‘cultural’ or ‘model’ convergence—the movement towards a common global ‘measuring progress’ model and agenda, by four models each with different purposes and cultural origins:

- the essentially European, ‘positivist’ (that is, primarily policy and statistics-driven) model represented by the ‘Beyond GDP’ and OECD approach;
- the UN Millennium Development Goals, with indicators specially calibrated to a limited number of essential development targets for the world’s poorest countries, rather than a general ‘Progress’ model;
- the broader global movement for ‘Sustainable Development’ and the development of Sustainable Development Goals and indicators;<sup>13</sup> and
- the influential ‘Gross National Happiness’ model with its Buddhist emphasis on wellbeing, cultural development and balance (exemplified by national projects of Bhutan and Thailand).

This convergence has been accelerated chiefly by two factors, from within and without. External pressures noted earlier (climate change, the world financial crisis and growing global inequalities) have all served to highlight the defects of GDP and the need for better progress measures. At the same time, increasing interaction and dialogue between the protagonists of the four models, through the global network and shared platforms, has brought increasing recognition of their common ground.

#### **4. Australia’s Role and the ANDI Project**

Australia has played a significant role in the global movement and shares many of the concerns which drive it. We have now quite a long tradition, and a wide spread, of innovative work on measuring progress and well-being at different levels of government and society, supported by a strong academic and research base. We are also confronted with the same kinds of problems and challenges in defining, measuring and planning our future societal progress as many other OECD countries.

Twenty years ago, the Australian Senate instituted an inquiry into a new system of measuring national progress.<sup>14</sup> Four years later, the first national, cross-disciplinary conference on ‘Measuring Progress’ was convened in Canberra in 1997.<sup>15</sup> In 1999, and partly as a result of that conference, the ABS under new Australian Statistician Dennis Trewin began to develop its pioneering ‘Measures of Australia’s Progress’ (MAP). With this initiative, the ABS became the first national statistical organisation in the world to develop a framework which acknowledged the limitations of GDP as a measure of societal progress, and sought to combine economic, social, environmental and democratic dimensions of progress. MAP itself was to become the key stimulus for the OECD’s global project ‘Measuring the progress of societies’, launched in 2004. In 2012, after continuous revision and innovation, MAP remains a global leader among national statistical offices.

Over these two decades, a wide range of progress measurement initiatives has been developed across Australia, from neighbourhood and municipal to regional, state and national levels. Some of the best-known examples are: Tasmania's 20 year community planning project, Tasmania Together<sup>16</sup> and South Australia's Strategic State Plan<sup>17</sup> (both of which have developed comprehensive measures of state progress, wellbeing and sustainability based on community input); and Community Indicators Victoria,<sup>18</sup> a community progress and planning framework for 79 local governments, cited by the OECD as a global model.

#### *4.1 The Australian National Development Index*

In May 2010, a major citizens' initiative to develop a new national index of progress, was launched: the Australian National Development Index (or 'ANDI').<sup>19</sup> It will be based on an extensive national community and research program that addresses the question 'What kind of Australia do we want?'

ANDI is a direct product of the 20-year history of redefining progress work in Australia. Its immediate progenitors were the Victorian health promotion agency VicHealth (a long time supporter of the development of new national well-being indicators) and the national 'Ideas Summit' convened in 2008 by then Prime Minister Kevin Rudd. At the summit, one 'big idea' which attracted extensive support was 'a national index ... to measure Australia's economic, social and environmental progress' based on 'engaging with the community in discussions about what is important for progress and development' (Department of Prime Minister and Cabinet 2008, pp. 173, 180).

ANDI is a coalition of fifty Australian non-government organisations representing a diverse range of community interests and expertise, supported by a team of universities. Partners range from trade unions and business groups, churches and local governments to environmental, social welfare, human rights and youth organisations. ANDI will also have some government partners, but funding and governance will be predominantly community-based.<sup>20</sup>

ANDI aims to be 'a strong national voice' in support of the 'paradigm shift' now being urged around the world—to redefine progress, from increased economic production to equitable and sustainable well-being. Taking the advice of the OECD<sup>21</sup> and the Stiglitz-Sen-Fitoussi Commission<sup>22</sup>, it will aim to promote a broad national debate about what progress means to Australians in the 21st century ('What kind of Australia do we want?'), as a prerequisite to the development of new measures and indices of national progress:

ANDI is a community initiative to revitalise our democracy and engage all Australians in a national debate about our shared vision for Australia. Based on the idea of an ongoing national conversation about what kind of society we want to be, (ANDI) will develop clear ongoing measures of our progress towards that vision: an Australian National Development Index.

[Allen Consulting Group 2012, p. 3]

It is this feature which perhaps sets ANDI apart most clearly from projects aimed merely at statistical innovation. It is intended as a civic process, and the scale of its aims here are ambitious. It proposes to undertake a two-year national community engagement program that will directly reach half a million Australians, using a comprehensive array of participatory platforms and techniques: social media and GetUp! style campaigns; online and formal surveys; town meetings and local government forums; video and film projects; and school programs.

ANDI will also aim to build a national network and resource base for the growing national movement to develop community well-being measures at local, state and national level, and to become a participant in the OECD Global Project. An early priority will be to develop a high quality and community friendly website linked to the Global Project's Wikiprogress site, and a national education and communications program.

In structure and funding, ANDI is modelled on the Canadian Index of Wellbeing (CIW), now in its tenth year and an acknowledged world leader.<sup>23</sup> CIW has agreed to 'partner' the Australian project, an arrangement which ANDI's developers hope will bring mutual benefits through the exchange of ideas, people and practices.

ANDI also envisages a strong complementary relationship with the ABS. It will support MAP, by drawing on MAP's key data and its new ('MAP 2.0') measurement framework and feeding back the priorities identified by the ANDI community discussion; this in turn should strengthen ABS plans for the future development of MAP 2.0.<sup>24</sup> ANDI's use of indices will complement the 'dashboard approach' used in MAP.

#### *4.2 Progress Domains and Composite Indices*

ANDI's national progress index will be built around twelve key 'domains' of progress (subject to their confirmation by the community and research process): children's and young people's well-being; community and regional life; culture, recreation and leisure; governance and democracy; economic life and prosperity; education, knowledge and creativity; sustainability and the environment; health; indigenous wellbeing; justice, fairness and human rights; subjective wellbeing; work and work life.

Each 'progress domain' will be supported by a group including research, community and policy interests and will develop a 'domain index' aggregated from perhaps a dozen leading indicators. Each domain index will be released annually but in a different month. It is hoped that this will enable a continuous discussion in the media and the public sphere about the quality of Australian life and what Australians believe are the priorities for national progress. ANDI's key research partner will be the Australian Council of Learned Academies (ACOLA), the national peak group representing Australia's outstanding scholars and researchers across all universities and disciplines.

The development of composite indices to measure broad phenomena such as social progress is expected to be complex and controversial, but nonetheless such indices are in wide use globally. A recent report by the UNDP lists 178 indices on subjects ranging from child development and social disadvantage to human rights, democracy and happiness (see Bandura 2008). Statisticians are wary of indices, but they still use them: the ABS SEIFA Index is such a case. The most common objections tend to be on methodological grounds: for example, that there is no reliable means to compare different units of measurement or to weight the different components. It is also argued that a single number hides the complex differences and movements of the component indicators, or obscures what may be a skewed distribution, and so in either case can give the wrong policy signals.

Index supporters argue that a single number is a powerful means to attract attention, and that there are sound statistical methods to overcome the technical problems—such as Z-scores to standardise measurement scales and community preference surveys to guide weightings. Four recent European papers, including from the OECD and the Stiglitz Commission, support the idea of a composite index to measure concepts such as well-being, sustainability and democracy (although with some qualifications), and provide clear suggestions as to how the methodological issues can be tackled. (See Nardo et al. 2005; European Union 2008; Stiglitz Commission 2008; Hoskins and Mascherini 2009.)

ANDI's National Development Index will be developed carefully and transparently, and mindful of these difficulties. In the end, this need not be an 'either/or' argument: an index and a 'dashboard' approach (using multiple 'leading' indicators) are not mutually exclusive but indeed can complement each other. An index is a valuable means to attract publicity (with journalists and politicians especially) but it also a natural 'door opener'—a vehicle to create interest in the underlying indicators that caused the overall index to move. Just like the GDP.

## **5. Citizen Progress Measures: A 'Reassertion of Democracy'?**

We are facing both an opportunity and a duty to rethink what progress really means and to build stronger and more inclusive visions for the future of our societies. Citizens are looking for new ways to improve their lives. We need committed citizens, scientists and well-informed leaders ready to engage the whole of society in an assessment of the challenges ahead ... We have to move towards measuring welfare not just output. It will constitute a major contribution to stability and democracy.

[Gurría 2009]

From a policy perspective alone, the potential benefits of developing clear national progress measures are substantial. They can improve governance and public debate in several ways: clearer policy and planning goals, better evaluation of success, a more clearly defined and shared 'vision' that can provide a concrete starting point for debate and policy development.

However, as we have seen, there is a growing realisation that this is not purely a policy or a technical issue. It is also a democratic issue. New progress measures will guide public policy and debate, just as the old ones did, and so will directly influence the distribution of opportunities and life chances in the society. Citizens need to be engaged, for at least two reasons. First, because it is ultimately the responsibility of citizens in democracies to decide the broad goals and priorities of their communities, to which any sensible notion of progress must be directed. Secondly, because engaging them in this meaningful civic task may prove to be a valuable means to revitalise democracy, at a time when, in many nations including Australia, there is a considerable degree of apathy, pessimism and cynicism about government and democracy. The indicators a society chooses to report to itself about itself are surprisingly powerful: ‘the idea of citizens choosing their own indicators is something new under the sun – something intensely democratic.’<sup>25</sup>

Canadian social commentator John Ralston Saul was one of the first to see this broader connection. In his widely acclaimed book *The Unconscious Civilization* (1997), Saul argued that the process of developing new measures of progress should be part of a larger process of civic renewal. As corporatism has grown, he claimed, citizens have gradually metamorphosed into customers.

Somewhere along this path, and despite the increase in our material well-being, modern civilization has lost its reflective capacity, the ability to ask the Socratic question “What is the way we ought to live?”. It is by asking this question, and by making specific claims for the standards of a decent society against the dominant corporate goals, that we can re-assert the lost legitimacy of a democracy of citizens.  
[Saul 1997]

*October 2012*

## References

- Allen Consulting Group 2012, *What Kind of Australia Do We Want? Establishing an Australian National Development*, <<http://www.andi.org.au>>.
- Bandura, R. 2008, *Survey of Composite Indices Measuring Country Performance: 2008 Update*, United Nations Development Programme, New York.
- Bertelsmann Foundation 2012, *People, Progress, Participation*.
- Bury, J. 1920, *The Idea of Progress*, Macmillan, London.
- Butler, S. 2004, ‘Measurement matters’, *Saturday Night Magazine* (Canada), 5 June.
- Colman, R. 2010, ‘Measuring real progress’, *Oxford Leadership Journal*, vol. 1, no. 223.
- Department of Prime Minister and Cabinet 2008, *Australia 2020 Summit: Final Report*.
- Eckersley, R. (ed.) 1998, *Measuring Progress: Is Life Getting Better?*, CSIRO Publishing, Melbourne.
- European Commission Eurostat 2010, ‘GDP and beyond: Focus on measuring economic development and wellbeing’, special issue of *Sigma – The Bulletin of European Statistics*, 2010/02.

European Statistical Commission 2012, *Final Report of Sponsorship Group on Measuring Progress, Wellbeing and Sustainable Development*.

European Union 2008, 'Beyond GDP: Measurements of sustainable development'.

*First Annual Report of the Arts Council, 1945–1946*.

Gittins, R. 2011, 'Economists need to understand the competition that goes on in our heads', *The Age*, 3 October.

Government of Canada, Policy Horizons 2011, *Redefining Progress: The Wellbeing Objective*, Ottawa.

Gurría, A. 2009, 'Charting progress, building visions, improving life', Keynote Speech, OECD 3rd World Forum on Statistics, Knowledge and Policy, Busan, South Korea, 27–30 October.

Gurría, A. 2010, 'Informing policies, achieving progress, improving lives', presented to Roundtable on the Measurement and Use of Data on Social Progress and People's Well-Being, Brdo, Slovenia, 29 November.

*Habitat*, vol. 39, no. 3, p. 11, Australian Conservation Foundation, Melbourne.

Henderson, H. 1991, *Paradigms in Progress: Life Beyond Economics*, Berrett-Koehler Publishers, San Francisco.

Hoskins, B. L. and Mascherini, M. 2009, 'Measuring active citizenship through the development of a composite indicator', *Social Indicators Research*, vol. 90, pp. 459–88.

Kroh, E. 2011, 'The nitty gritty of going beyond GDP', *Remapping Debate*, <<http://www.remappingdebate.org>>.

Kroll, C. 2011, *Measuring Progress and Wellbeing: Achievements and Challenges of a New Global Movement*, Friedrich Ebert Stiftung, Berlin.

Kuznets, S. 1934, *National Income, 1929–1932*, 73rd US Congress, 2d Session, Senate Document no. 124.

Mill, J. S. 1848, *Principles of Political Economy: With Some of Their Applications to Social Philosophy*, J.W. Parker, London.

Nardo, M., Saisana, M., Saltelli, A., Tarantola, S., Hoffman, A. and Giovannini, E. 2005, 'Handbook on constructing composite indicators: Methodology and user guide', OECD Statistics Working Paper no. 2005/3, OECD Statistics Directorate, Paris.

New South Wales Parliamentary Research Office 2012, *Measuring Wellbeing*.

Nisbet, J. 1980, *History of the Idea of Progress*, Basic Books, New York.

Nordhaus, W. and Tobin, J. 1972, 'Is growth obsolete?', in *Economic Growth*, National Bureau of Economic Research General Series no. 96E, Columbia University Press, New York.

Nussbaum, M. and Sen, A. 1997, *The Quality of Life*, Clarendon Press, Oxford.

OECD 1973, *List of Social Concerns Common to Most OECD Countries*, Paris.

OECD 2008a, *Glossary of Statistical Terms*, OECD Publishing, Paris.

OECD 2008b, *Measuring the Progress of Societies: What Is the Relevance for Asia and the Pacific?*, Report to UN Economic and Social Commission for Asia and the Pacific.

OECD 2011, *Global Project Update*, <<http://www.oecd.org>>.

- OECD Statistics Directorate 2008, 'Global Project on Measuring the Progress of Societies: Strategic Action Plan', OECD, Paris.
- Osberg, L. 2001, 'Needs and wants: What is social progress and how should it be measured?', *Review of Economic Performance and Social Progress*, vol. 1, pp. 23–41.
- Ruskin, J. 1912, *Unto this Last and Other Essays in Political Economy*, Ward Lock, London.
- Salvadori, M. 2008, *Progress: Can We Do Without It?*, Zed Books, London.
- Salvaris, M. 1998, 'Citizenship and progress', in *Measuring Progress: Is Life Getting Better?*, ed. R. Eckersley, CSIRO Publishing, Collingwood, Australia.
- Salvaris, M. 2010, 'The idea of progress in history', in *Future Directions in Measuring Australia's Progress*, Australian Bureau of Statistics, Canberra.
- Saul, J. R. 1997, *The Unconscious Civilization*, Penguin, Ringwood, Australia.
- Smith, A. 1776, *Inquiry into the Nature and Causes of the Wealth of Nations*.
- Stiglitz Commission 2008, 'Survey of approaches to measuring economic progress'.
- Stiglitz, J., Sen, A. and Fitoussi, J.-P. 2009, *Report of the Commission on the Measurement of Economic Performance and Social Progress*, Paris, <<http://www.stiglitz-sen-fitoussi.fr/en/index.htm>>.
- Suarez de Miguel, R. 2010, 'The measuring progress agenda: Equity, well-being and development', presented to Project on 'Measuring Progress of the Arab Societies', 1st Coordinators' Workshop on Measuring the Well-Being and Progress of Arab Societies, Beirut, 1–5 November.
- Tandon, S. 2010, 'Treasury admits GDP used inappropriately', ABC Radio, 17 September.
- Uchitelle, L. 2008, 'Economists look to expand GDP to count quality of life', *New York Times*, 1 September.
- United Nations Secretary-General's High-Level Panel on Global Sustainability 2012, *Resilient People, Resilient Planet: A Future Worth Choosing*, United Nations, New York.
- United Nations World Commission on Environment and Development 1987, *Our Common Future: Report of the World Commission on Environment and Development*, Oxford University Press.

## Endnotes

- 
- <sup>1</sup> Robert Kennedy, speech at the University of Kansas, 18 March 1968. Kennedy died on 6 June 1968.
- <sup>2</sup> *Nichomachean Ethics*, 325 BC, I.1096a5.
- <sup>3</sup> Mill (1848) wrote that 'a stationary condition of capital and population implies no stationary state of human improvement. There would be as much scope as ever for all kinds of mental culture, and moral and social progress; as much room for improving the art of living, and much more likelihood of it being improved, when minds ceased to be engrossed by the art of getting on'. Keynes wrote: 'The day is not far off when the economic problem will take the back seat where it belongs, and the arena of the heart and the head will be occupied or reoccupied, by our



---

real problems – the problems of life and of human relations, of creation and behavior and religion’ (*First Annual Report of the Arts Council, 1945–1946*). Adam Smith in his *Inquiry into the Nature and Causes of the Wealth of Nations* predicted that ‘in the long run, population growth would push wages down, natural resources would become increasingly scarce, and division of labor would approach the limits of its effectiveness’ (see <[http://en.wikipedia.org/wiki/Steady\\_state](http://en.wikipedia.org/wiki/Steady_state)>).

- 4 See *Time* magazine, title of the cover story, 30 January 2010.
- 5 Amartya Sen, Joseph Stiglitz, Kenneth Arrow, James Heckman, Daniel Kahneman.
- 6 See <<http://www.oecd.org/site/worldforum06/istanbulworldforum-measuringandfosteringtheprogressofsocieties.htm>>.
- 7 See <<http://www.wikiprogress.org>> (Global Project and research network) and <<http://www.oecd.betterlifeindex.org>>.
- 8 See G20 Summit Communiqué, 2009.
- 9 Most notably, the *Key National Indicators Act* signed by President Obama in 2010.
- 10 For an interesting visual overview of progress measurement projects around the world, from international to local community levels, see <[http://www.wikiprogress.org/index.php/Progress\\_Around\\_the\\_World](http://www.wikiprogress.org/index.php/Progress_Around_the_World)> and the ABS website <<http://blog.abs.gov.au/Blog/mapblog2010.nsf/dx/indicator-land-maps.htm>>.
- 11 Some important examples include: the e-Frame project (European Framework for Measuring Progress), EU, <<http://www.eframeproject.eu>>; the ‘Brainpool’ project (Bringing Alternative Indicators into Policy), EU, <<http://www.brainpoolproject.eu>>; the Bertelsmann Foundation’s report *People, Progress, Participation*, 2012, in publication; the US Government Accountability Office, 2012, *Key Indicators Systems*; and the New South Wales Parliamentary Research Office report in 2012, *Measuring Wellbeing*.
- 12 Four important reports or articles which illustrate this trend are: Government of Canada, Policy Horizons (2011), European Commission Eurostat (2010) (a special issue of Eurostat’s *Sigma* bulletin focusing on the implementation of the SSF Commission and other EU and OECD recommendations), Kroll (2011) and Kroh (2011). Additionally this is the key focus of the ‘Brainpool’ project, noted above.
- 13 Best exemplified in the 1987 Brundtland Commission report *Our Common Future* (see United Nations World Commission on Environment and Development) and reaffirmed by governments at the Rio+20 conference and the 66th Session of the UN General Assembly: see <<http://daccess-dds-ny.un.org/doc/UNDOC/GEN/N11/476/10/PDF/N1147610.pdf?OpenElement>>.
- 14 Senate, Legal and Constitutional Committee, *Inquiry into National Indicators of Citizenship and Wellbeing*, 1993–1996.
- 15 The proceedings of this conference were recorded in Eckersley (1998).
- 16 See <<http://www.tasmaniatogether.org.au>>.
- 17 See <<http://www.saplan.org.au>>.
- 18 See <<http://www.civ.net.au>>.
- 19 See <<http://www.andi.org.au>>.
- 20 Information about ANDI in this section is sourced from the ANDI website at <<http://www.andi.org.au>>.
- 21 ‘To measure progress, one needs to know what it looks like. Progress undoubtedly means different things to different societies, and we will encourage and help societies to have a dialogue about what progress means to them.’ (OECD 2008b).

- 
- <sup>22</sup> 'The Commission believes that a global debate around the issues and recommendations raised provides an important venue for a discussion of societal values, for what we, as a society, care about, and whether we are really striving for what is important.' (Stiglitz, Sen and Fitoussi 2009).
- <sup>23</sup> See <<http://www.ciw.ca>>.
- <sup>24</sup> The ABS's plans for the future development of MAP are set out in a recent paper prepared with input from a national Expert Reference Group, which includes the present author. See <[http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/1370.0~2010~Chapter~Future%20directions%20%20\(7\)](http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/1370.0~2010~Chapter~Future%20directions%20%20(7))>.
- <sup>25</sup> See <<http://www.sustainableseattle.org>>.