

Resolutions

Social, Economic and
Environmental Council



**Resolution on a dashboard of
indicators additional to Gross
Domestic Product (GDP)
elaborated in
partnership with
France Stratégie**

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June 2015

RÉPUBLIQUE FRANÇAISE
LIBERTÉ - ÉGALITÉ - FRATERNITÉ



CONSEIL ÉCONOMIQUE
SOCIAL ET ENVIRONNEMENTAL

Les éditions des
Journaux officiels

2015-20

NOR: CESL1100020X

Wednesday 1st July 2015

OFFICIAL JOURNAL OF THE REPUBLIC OF FRANCE

2010-2015 Mandate – Meeting of 24 June 2015

RESOLUTION ON A DASHBOARD OF INDICATORS ADDITIONAL TO GROSS DOMESTIC PRODUCT (GDP) ELABORATED IN PARTNERSHIP WITH FRANCE STRATÉGIE

Resolution of the Economic, Social and Environmental Council
presented by

Mr Philippe Le Clézio, rapporteur

on behalf of the ad
hoc committee

Referral to the Economic, Social and Environmental Council pursuant to a decision of its *bureau* on 23 June 2015, in accordance with article 24 of internal regulations. The *bureau* entrusted the drafting of this resolution to the ad hoc committee, which appointed Mr Philippe Le Clézio as rapporteur.

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DRAFT RESOLUTION ON A DASHBOARD OF INDICATORS ADDITIONAL TO GROSS DOMESTIC PRODUCT (GDP) ELABORATED IN PARTNERSHIP WITH FRANCE STRATÉGIE¹

Resolution

As the total added value of the various public and private sectors of the economy, Gross Domestic Product (GDP) was formulated to evaluate the amount of wealth created each year. In this regard, it is an indispensable tool for economic analysis.

However, for a number of years, within a context of prolonged economic crisis and increasing environmental concerns, GDP has come under renewed criticism from academic experts, social stakeholders and international institutions, regarding its capacity to assess the state of a society from an economic, social and environmental standpoint and its trajectory in terms of environmental transition.

At the national level, our assembly has played a central role in reflection, namely through two opinions, the conclusions of which were supplemented by those of the Commission on the Measurement of Economic Performance and Social Progress (*Commission sur la mesure de la performance économique et du progrès social*) set up by the President of the Republic in 2008. This commitment to elaborating a dashboard of sustainable development indicators was also apparent in the undertaking by the ESEC and France Stratégie at the end of 2014 to jointly develop a dashboard of 10 indicators and the launch of a joint consultation process. This course of action was consolidated by the adoption, on 2 April, of legislation tabled by Eva Sas, Green Party MP, known as the "Sas Law". This law stipulates that the government shall provide Parliament on the first Tuesday of October with a report setting out the medium-term trends for quality of life and sustainable development indicators in addition to GDP. The dashboard of the ESEC and France Stratégie could serve as the core for this.

The search for indicators additional to GDP

Work by the ESEC on sustainable development indicators

In 2009, in its opinion in response to a government referral entitled "*Les indicateurs du développement durable et l'empreinte écologique*" [Sustainable development indicators and the environmental footprint] (OJ No. 15 dated 3 June 2009), the Council highlighted the three main shortcomings of GDP:

- firstly, GDP does not measure quality of life: it fails to take into account time devoted to non-monetary activities and in particular, for the most part it ignores domestic or voluntary production, carried out namely by

¹ The draft opinion was adopted in its entirety by public vote with 139 votes and 14 abstentions (see annexed voting results).

- charities; everything that individuals produce for themselves and their family is excluded, even though this accounts for 30-40% of conventional GDP; therefore, whenever an activity moves from being non-commercial to being commercial, GDP goes up, even though it is far from evident that there has been any increase in general well-being (and vice-versa);
- secondly, GDP makes no mention of how it is broken down: although the majority of commentators focus on GDP change, it is per-capita GDP that matters when comparing living standards. However, this average may increase in favour of a minority of households that share an increasingly large proportion of created wealth, whilst an increasing share of the population sees its purchasing power decline along with an increase in poverty, including households in which somebody is in full-time employment. Beyond the distribution of income and assets, GDP fails to take into account inequalities in access to public services, education, culture, and health which can be an obstacle to high, regular long-term growth. In particular, it masks the correlation that often exists between social and environmental inequality, as was pointed out in a recent ESEC opinion;
 - finally, GDP does not factor in resource usage and environmental degradation. Because GDP was developed at a time when natural resources were thought to be unlimited and environmental constraints were not clearly understood, it only accounts for natural resources in terms of the added value from bringing them to market. It ignores the loss of natural capital caused by their usage and it ignores environmental degradation because no actor is burdened with the corresponding costs. On the other hand, any activity intended to remedy such degradation or its negative consequences - in terms of healthcare, reparations, etc. - increase GDP whenever they use commercial factors.

All told, it seemed quite clear to our assembly that GDP and its associated data "fails to convey the extent of the challenges facing contemporary societies. It has acquired such a status in public debate that the focus on the growth of economic activity measured by this instrument tends to obscure other aspects of progress: this is particularly the case for environmental degradation, and is also blatantly obvious in the area of social cohesion".

The ESEC's recommendations to the national statistical system were to:

- "scale-up the production of data in the social and environmental fields", increasing the frequency with which results are updated, ensuring they are more up to date and better suited to public policy-making, with a better geographical break-down, including for the Overseas Territories;
- "closely involve citizens and civil society in the choice of indicators and evaluation of trends for these". The goal of this joint consultation is to include, in equal measure, economic, social and environmental subjects and indicators for debate by citizens, to organise citizen conferences to examine proposals in the light of expectations voiced at grass-roots level and to develop sub-national indicators that take into account the specific characteristics of territories;

- "prioritise a dashboard strategy": our assembly took a positive view of the approach taken by European and national sustainable development strategies which forge connections through a dashboard combining the European, national and territorial spheres. The assembly felt that the number of indicators chosen (twelve) was sufficient in order to address the main sustainable development issues faced by our society, ensure that they are widely disseminated, arouse curiosity and enable discussion.

A few months later, the ESEC deepened its analysis in an opinion that was also a response to a government referral on the National Sustainable Development Strategy 2009-2013 (OJ No. 2, 3 February 2010) specifically emphasising mechanisms for popularising and promoting the strategy's indicators.

Conclusions by the Commission on Measurement of Economic Performance and Social Progress

Therefore, our assembly aligned itself with the work of the Commission on Measurement of Economic Performance and Social Progress, created in 2008 at the government's initiative, with central roles played by the two Nobel Prize winners Joseph Stiglitz and Amartya Sen, together with Jean-Paul Fitoussi, President of the *Observatoire français des conjonctures économiques* (French Economic Foresight Office - OFCE). Its final report, made public on 14 September 2009 set out recommendations that were consistent with those of the ESEC:

- regarding GDP: look at income and consumption rather than production; take into account assets alongside income and consumption; emphasise a household-oriented perspective; give greater importance to income distribution, consumption and wealth; broaden income indicators for non-commercial activities;
- regarding quality of life: include questions into surveys that reveal what individuals think about their lives, experiences and priorities; improve numerical measurement of levels of health, education, personal activities, participation in political life, social relations, environmental conditions and insecurity; conduct an exhaustive and comprehensive assessment of inequality; examine links between the various quality of life factors, in order to inform the creation of public policy; provide the information needed to aggregate the various quality of life dimensions, thereby enabling various indices to be developed;
- regarding the environmental dimension of sustainable development: evaluation of sustainability must draw upon a range of well-defined indicators; the components of such a dashboard must be able to be interpreted as variations in the "stocks" that determine human well-being; any monetary sustainability index must remain principally focused on the economic aspects of sustainability, since the environmental aspects of sustainability merit separate monitoring, using a battery of carefully selected physical indicators.

Initiative and joint process by the ESEC and France Stratégie

On 25 November 2014, the ESEC *bureau* approved the principle of an annual publication by the ESEC and France Stratégie of a dashboard of a maximum of ten indicators. A topical debate was organised on 28 January at the ESEC entitled "Choosing sustainable progress indicators in a way that facilitates uptake by citizens" which took the form of two round tables. In conclusion, the plenary assembly approved the creation of an expanded joint committee, combining France Stratégie and the ESEC, with the collaboration of the National Statistics Office (CNIS). The goal was to create jointly, with the methodological support of the national statistical system, a dashboard of ten indicators (rather than one overall indicator) to be updated annually, in addition to GDP in order to measure social progress and its sustainability. According to participants, these indicators would need to possess the following qualities:

- y Be relevant, available in the long-term and internationally comparable;
- y Be limited in number so as to facilitate dissemination and take-up;
- y Be compatible with the international conceptual framework.

The Plenary Assembly, in accordance with the recommendations of its previously cited 2009 opinion, also approved the principle of involving citizens in the selection of indicators for the dashboard. It was agreed that the proposal resulting from the broader citizen collaboration and consultation would be presented in June 2015, at the proposal of the Bureau, to the plenary assembly of the ESEC as part of a topical debate.

Consultation involved two phases:

- four meetings organised by the ESEC and France Stratégie on 17 February, 3 March, 17 March and 31 March between Council members, associated individuals, MPs, members of the CNIS Environment and Sustainable Development Committee, French and Foreign academics, bodies such as the OECD and NGOs active in the field of sustainable development indicators. For each subject, one or more "flagship" indicators were selected, along with additional indicators, with a final selection to be made following the citizen consultation and debate at the ESEC. This first phase enabled an initial version of the dashboard to be developed;
- as desired by the ESEC in its 2009 opinion, the second, citizen-oriented, phase of consultation began: online consultation via the ESEC and France Stratégie websites on the choice of subjects, surveying of a representative panel of citizens on the issues of the dashboard and indicator intelligibility, and citizen workshops on ensuring understanding of the indicators.

The debate continued at the ESEC with a view to critical take-up, by Council members and associated individuals, of work undertaken with France Stratégie and the formulation of a resolution voted upon by the plenary assembly on 24 June at the end of a topical debate. Meetings open mostly to Council members and associated individuals provided an opportunity to analyse the results of the first phase of consultation and to finalise a set of recommendations on the proposed dashboard that emerged.

Conclusions from the consultation

High expectations for statistics

By way of a preliminary, the Council wishes to draw the attention of the government and Parliament to grounds for dissatisfaction identified during the consultation phase regarding the production of public statistics.

- y The first is paramount, and concerns current social and environmental indicators. In order to assess progress made by our society and the impact of policy implemented in this regard other than by means of GDP, measurements for the same periods must be available. This is far from being the case. For the majority of subjects selected for the proposed dashboard, available data is for 2012 and 2013. As regards income distribution, for example, key indicators such as comparisons between deciles or the poverty rate for 2013 will not be available for France until September. For environmental indicators such as carbon footprint or the abundance index for common birds, time frames are often longer. In this field, the lack of data, which is total for certain indicators and extensive for others, and the outdated nature of those provided, reveal that efforts remain to be made at the European level in order better to address environmental issues so as to better assess progress made by our societies.

The ESEC finds it regrettable, moreover, that the Pisa indicators for evaluating education systems in OECD-member countries are too infrequent (triannual) to be used. It would like to see these improved. In the same vein, it also hopes that work currently underway on renewal of the "early school-leavers" indicator will be swiftly completed so that it may become a flagship indicator for the area of education, as was often requested throughout the consultation process. Finally, it laments the fact that despite its repeated recommendations, public statistics do not systematically include the Overseas Departments and Collectivities or New Caledonia;

- y The second encompasses a number of expectations that cannot currently be met in a number of areas: the measurement of changes in the natural assets of public administrations which should be central to a number of decisions taken by the public authorities, trust in institutions, commitment by public stakeholders to sustainable development, etc.
- y a third expectation concerns the issue of "well-being" illustrated by a subjective indicator and by a number of additional indicators. In the majority of cases, these result from surveying that is not frequent or up-to-date enough to assess changes in policies implemented in the fields concerned (access to housing, culture, public services, shops and businesses, etc.)
- y finally, during the consultation process, two specific proposals for work to be undertaken were tabled:
 - a number of ESEC group representatives found it deeply regrettable that the importance of the subject of the sea was not conveyed in the dashboard due to a lack of available indicators. The Overseas Group proposed

- a number of avenues for reflection that the Overseas Delegation might find it beneficial to set out in a dedicated study: e.g. seafloor and sub-seafloor resources, ecosystems, research and development, port infrastructure;
- Furthermore, the difficulty in reaching a consensus on differing viewpoints concerning the biodiversity indicator led researchers to work on a mixed indicator - "land development/abundance of common birds". The ESEC encourages the conducting of this work in order to replace the chosen indicator with this new indicator. This work should be conducted in close collaboration with CNIS, a unique interface between statistics users and producers.

For the most part, these grounds for dissatisfaction and these expectations are nothing new. More frequent and up-to-date measurements, particularly, already featured prominently in the ESEC's 2009 opinion. The ESEC is not unaware of the budgetary restrictions faced by INSEE and the ministerial statistics departments, but it does not approve of these. The production of high-quality public statistics, in response to demands by citizens and their representatives, cannot be deemed to be a current expense. They form the foundation of knowledge needed in order to direct and evaluate public policy and the exercising of citizenship and democracy, and must be considered as an investment. The CESE wishes the government to take stock of this major priority for the future of the country and provide, despite the budgetary context, the resources needed in order to accomplish this vital public service mission.

The ESEC would like the requirements identified during the recent consultation process to be the subject of debate within the National Statistics Office (CNIS), which is the appropriate body for receiving the petitions of users of the public statistics service. It mandates its CNIS representative in this regard to pass on petitions for the undertaking of specific work so as to be able to create indicators that are not currently available but are sought after by civil society representatives.

Proposed indicators

In accordance with the initial objective, the proposed dashboard submitted for approval by the ESEC covers 10 subjects from among the 20 making up the conceptual framework for European statisticians, each illustrated by a flagship indicator and, in total, by thirty additional indicators documenting and exploring each subject in greater depth (see appended full list). It is the result of selections made by the working group within the ESEC for flagship indicators where several indicators had been put forward for the same subject following an initial consultation phase and suggested proposals for additional indicators. For these additional indicators, the dashboard also takes into account the citizen consultation organised with France Stratégie to ensure that these best reflect the concerns articulated in France. This amply confirms the choices made during the consultation meetings held in February and March by the ESEC's ad-hoc group, in terms both of the subjects selected and the majority of the flagship indicators whilst enabling the list of additional indicators to be expanded. This has served only to bolster the ESEC's role as a representative of organised civil society.

Accordingly, the ESEC recommends that the following 10 flagship indicators be selected.

Income inequality	Ratio of the proportion of income held by the richest 10% and the poorest 10%
Education	rate of higher education graduates among 25-34 year-olds
Health	healthy life expectancy at birth
Work-employment	rate of employment of the active population
Climate-energy	carbon footprint (Carbon consumption)
Biodiversity	Bird abundance index
Resource management	Rate of waste recycling
Investment	tangible and intangible productive assets as a % of Net Domestic Product
Financial sustainability	Debt of the various non-financial economic actors (govt. departments, businesses, households) relative to GDP
Well-being	subjective life satisfaction index

The ESEC also recommends:

- y that indicators be clearly defined and intelligible for non-specialists;
- y that indicators be preceded by two benchmarks, on the one hand for GDP and GDP-growth, and, on the other hand, for population and population change in the year prior to the publication of the indicators;
- y that in graph-form, these indicators show trends in France over a 10-15 year period and the situation in France be compared with its European partners. Where the data is available, indicators are to be broken down at the departmental or regional level;
- y that in three areas, graphs showing national trends show additional data:
 - for income inequality, the d9/d1 inter-decile ratio,
 - for employment, the proportion of underemployed and unemployed individuals
 - for health, life expectancy at birth;
- y that a dedicated website for the dashboard be made available for users.



This resolution and the proposed dashboard associated with it herald the culmination of a quest to involve the ESEC in reflection on other wealth indicators, outside the confines of scholarly debate and to engage in advocacy through the involvement of civil society organisations and citizens. It is the result of action by Council members, and of their cooperation with France Stratégie and the public statistical system. It is also the result of discussions with our fellow citizens who were spurred into action by this exercise. However, this is not to say that the issue will no longer be focused upon - on the contrary: one stage has been completed, but it is not the end of the process.

Our European neighbours have also been involved in a parallel process, some of which began before our own. The European Union and the UN are conducting similar work which we will need to keep abreast of. Occasionally, adjustments and changes will need to be made for the key indicators selected. The sharing of information provided by these indicators and the interpretation of their trends within our organisations and together with our fellow citizens will require perseverance.

This outcome assumed new dimension following the adoption, on 2 April 2015, of the law on the use of new wealth indicators in the setting of public policy. The law stipulates that *" Each year, on the first Tuesday of October, the government shall submit a report setting out trends compared with previous years, for new wealth indicators, such as inequality, quality of life and sustainable development indicators, and a qualitative or quantitative assessment of the impact of the main reforms undertaken in the previous year and the current year and those planned for the following year, particularly for the Budget Act, for these indicators and GDP trends. This report may be debated by Parliament"*.

The ESEC would like this dashboard to be appended to the Budget Bill. It calls upon organised civil society to take it up. It is intended to enhance its analysis of trends in French society and provide input for its proposals in the economic, social and environmental fields.



dashboard of indicators in addition to GDP

Benchmarks: Population and fertility rate GDP and growth		
Subjects	Flagship indicators	Additional indicators
Income inequality	Ratio of proportion of income held by the richest 10% and the poorest 10%	median standard of living, rate of monetary poverty after transfers, rate of poverty in terms of living conditions, asset
Education	rate of higher education graduates among 25-34 year-olds	1-4 year unemployment rate following initial training, early school-leaving indicator, young persons aged 15-29 not in employment or training (neet at the European level), an apprenticeship indicator, a vocational training indicator
Health	healthy life expectancy at birth	life expectancy at birth and at 60, healthy life expectancy at 65
work and employment	rate of employment among the active population	rate of unemployment among the population, aged 15-24 and aged over 50, rate of underemployment of the active population
Climate-energy	carbon footprint (Carbon consumption)	energy intensity, share of renewables in energy consumption, condition of coral reefs
Biodiversity	bird abundance index	trends in land use, pollution of waterways
Resource management	rate of waste recycling	Materials productivity
Investment	tangible and intangible productive assets as a % of Net Domestic Product	tangible and intangible productive assets excluding housing and research and development expenditure relative to GDP, net business creation rate, number of patents registered
Financial sustainability	debt of the various non-financial economic actors as a % of GDP	net public debt compared with NDP, net international investment position
Well-being and living together	subjective life satisfaction index (OECD or Eurostat)	rate of participation of women in directorship positions, rate of excess housing demand (insecure), rate of burglaries, thefts and assaults, birth rate, school segregation index.

Voting

Voting on the full text of the draft resolution

Number of voters	153
Voting in favour	139
Abstentions	14

The ESEC adopted the resolution.

Voting in favour: 139

<i>Agriculture group</i>	Ms Beliard, Ms Bernard, Ms Bonneau, Mr Cochonneau, Mr Ferey, Mr Giroud,
<i>Cottage Industry Group</i>	Ms Amoros, Mr Bressy, Mr Crouzet, Ms Foucher, Ms Gaultier, Mr
<i>Associations Group</i>	Mr Allier, Ms Arnoult-Brill, Mr Charhon, Mr Da Costa, Ms Jond, Mr Leclercq, Ms Prado.
<i>CFDT Group</i>	Mr Blanc, Ms Boutrand, Mr Duchemin, Mr Gillier, Ms Hervé, Ms Houbairi, Mr Le Clézio, Mr Mussot, Ms Nathan, Mr Nau, Ms Pajères Y Sanchez,
<i>CFE-CGC Group</i>	Mr Artero, Ms Couturier, Mr Dos Santos, Mr Lamy, Ms Weber.
<i>CFTC Group</i>	Mr Coquillion, Ms Courtoux, Mr Ibal, Mr Louis, Ms Parle, Ms Simon.
<i>CGT-FO Group</i>	Mr Bellanca, Mr Chorin, Ms Medeuf-Andrieu, Ms Millan, Mr Nedzynski,
<i>Cooperation Group</i>	Mr Argueyrolles, Ms De L'Estoile, Ms Roudil, Mr
<i>Enterprise Group</i>	Mr Bailly, Mr Bernasconi, Ms Castera, Ms Dubrac, Ms Duhamel, Ms Duprez, Mr Gailly, Ms Ingelaere, Mr Jamet, Mr Lebrun, Mr Lejeune, Mr Marcon, Mr Mariotti, Mr Mongereau, Mr Placet, Mr Pottier, Ms Prévotmadère,
<i>Environment and Nature Group</i>	Mr Beall, Mr Bonduelle, Mr Bougrain Dubourg, Ms De Béthencourt, Ms Denier-Pasquier, Mr Genest, Mr Guérin, Ms De Thiersant, Ms Laplante,
<i>Mutual Group</i>	Mr Andreck, Mr Beaudet, Mr
<i>Student organisations and youth movements</i>	Mr Djebara, Mr Dulin, Ms Trellu-Kane.
<i>Overseas Group</i>	Mr Budoc, Mr Janky, Mr Lédée, Mr
<i>Qualified Individuals Group</i>	Ms Ballaloud, Ms Brishoual, Ms Chabaud, Mr Corne, Ms Dussaussois, Ms El Okki, Ms Fontenoy, Mr Geveaux, Ms Gibault, Ms Graz, Ms Hezard, Mr Hochart, Mr Kirsch, Mr Le Bris, Mr Lucas, Mr Martin, Ms De Menthon, Ms Meyer,
<i>Liberal Professions</i>	Mr Capdeville, Mr Noël, Ms Riquier-Sauvage.

<i>UNAF Group</i>	Ms Basset, Mr Damien, Mr Farriol, Mr Fondard, Ms Koné, Ms L'Hour, Ms
<i>UNSA Group</i>	Mr Bérille, Ms Dupuis, Mr Grosset-Brauer.

Abstaining: 14

<i>Cottage</i>	Mr Griset.
<i>CGT Group</i>	Ms Cailletaud, Ms Cru-Montblanc, Ms Doneddu, Ms Dumas, Mr Durand, Ms Farache, Ms Hacquemand, Mr Michel, Mr Naton, Mr
<i>Qualified Individuals</i>	Mr Khalfa, Mr Obadia.

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Printed by the *direction de l'information légale et administrative*, 26, rue desaix,
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Council

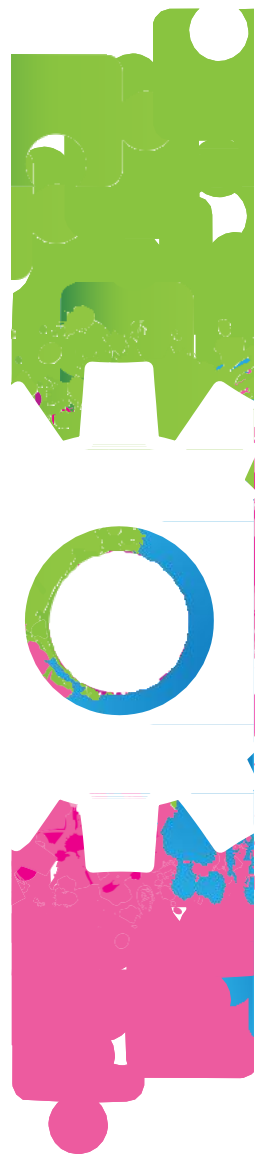
Serial No.: 411140020-000514 – legal registration: June
2015



PEFC™ 10-31-2190



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N°41114-0020 price: € 8.50
ISSN 0767-4538 ISBN 978-2-11-138641-9

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ed by the *Direction de
l'information légale et
administrative*
Les éditions des *Journaux officiels*
Tel.: +33 (0)1 40 15 70 10
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