

Measuring What Matters

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Key Points

- Progress, prosperity & GDP
- Why does it matter to us?
- Is this debate new?
- What is happening in Scotland?
- How can we engage?



GDP

What does it measure:

Employee No. 2 Employee Name Mr. John Farley

Payments	Units	Rate	Amount
Salary	1.00	1000.00	1000.00

Mr. John Farley
33 Sampletest Road
Bordsley Green
Walsall

WS88 9QQ

Cheapest Payslips P60
Tax Code: 489L Dept: 0 Tax Period: 3 Payment Method: BA

Total Gross Pay
Gross for Tax
Earnings for NI

Payment Period



Issues/assumptions

- Proxy for progress
- Trickle down
- Cash to deal with the bad stuff

What does GDP not do:

- Value many aspects of wellbeing/environmental wealth.
- Recognise inequality in distribution

‘the welfare of a nation can scarcely be inferred from a measure of national income’

(Simon Kuznets, 1934)

Externalities

NEWS OF THE WORLD (Sunday, January 11, 2009)

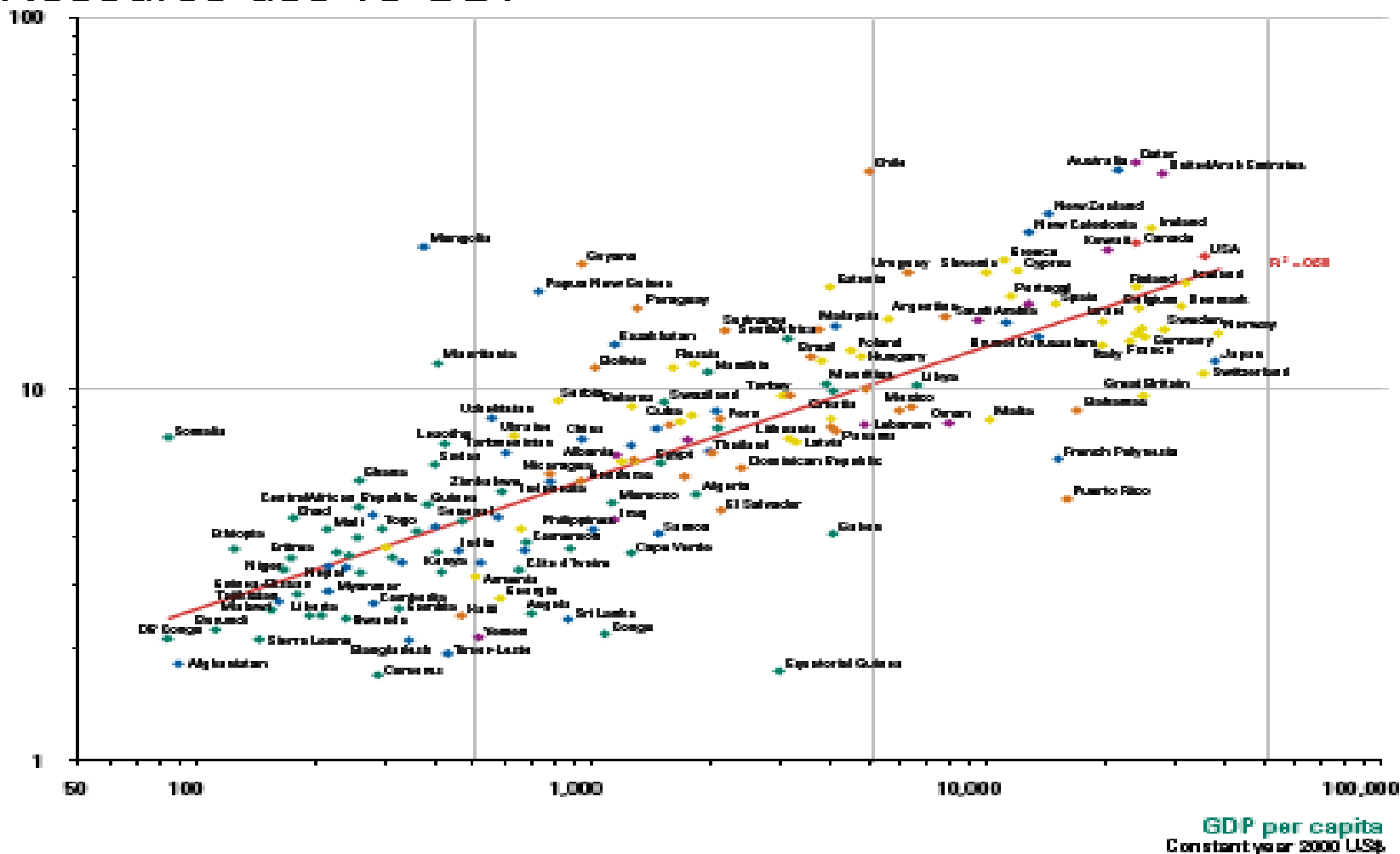
‘12 hours a day, 7 days a week for just £3 an hour

HIGH street clothes giant Primark is employing firms that use SLAVE labour in sweatshops here in BRITAIN, the News of the World can reveal.’

METRO (Thursday, January 15, 2009)

‘Primark bucks high street gloom’

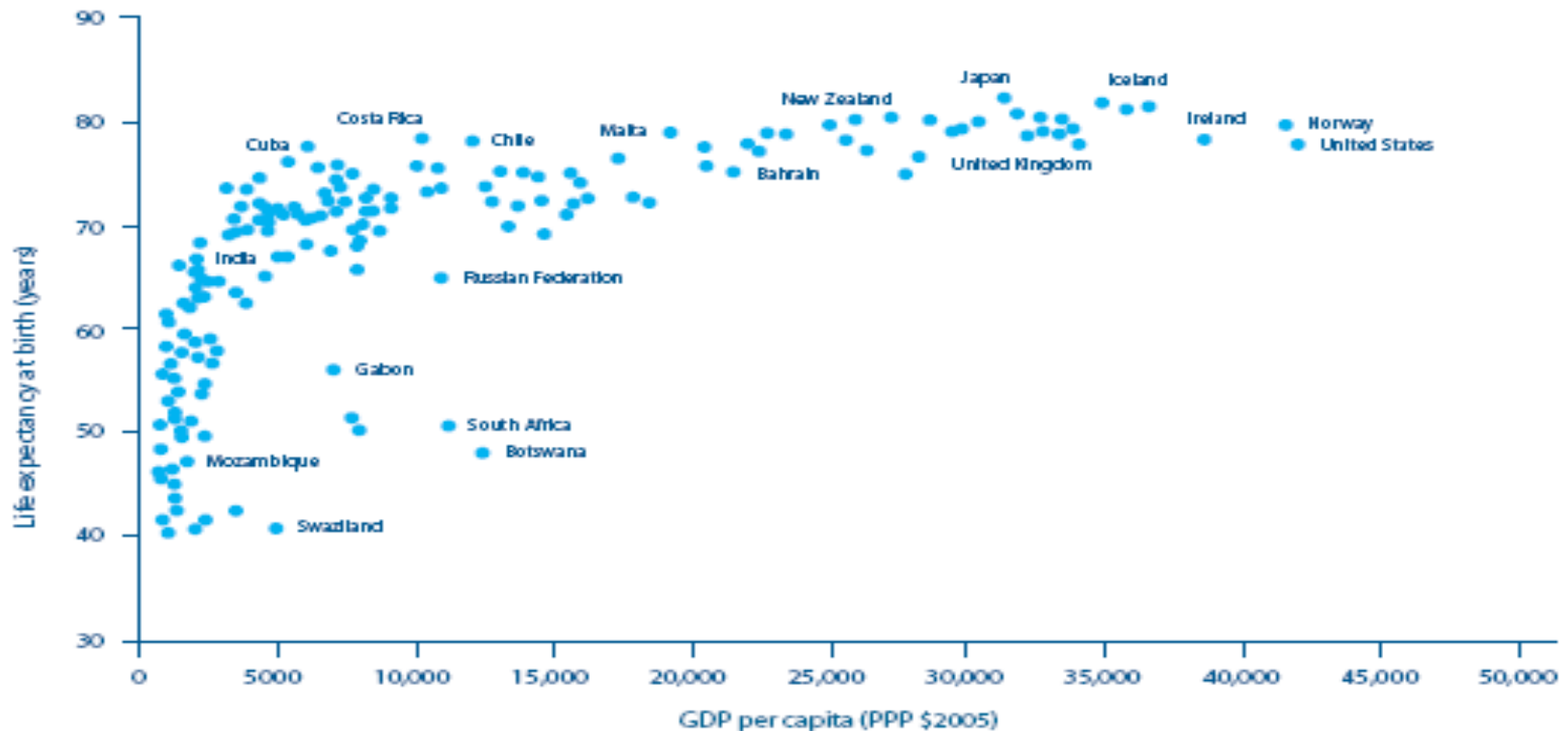
Resource use vs GDP



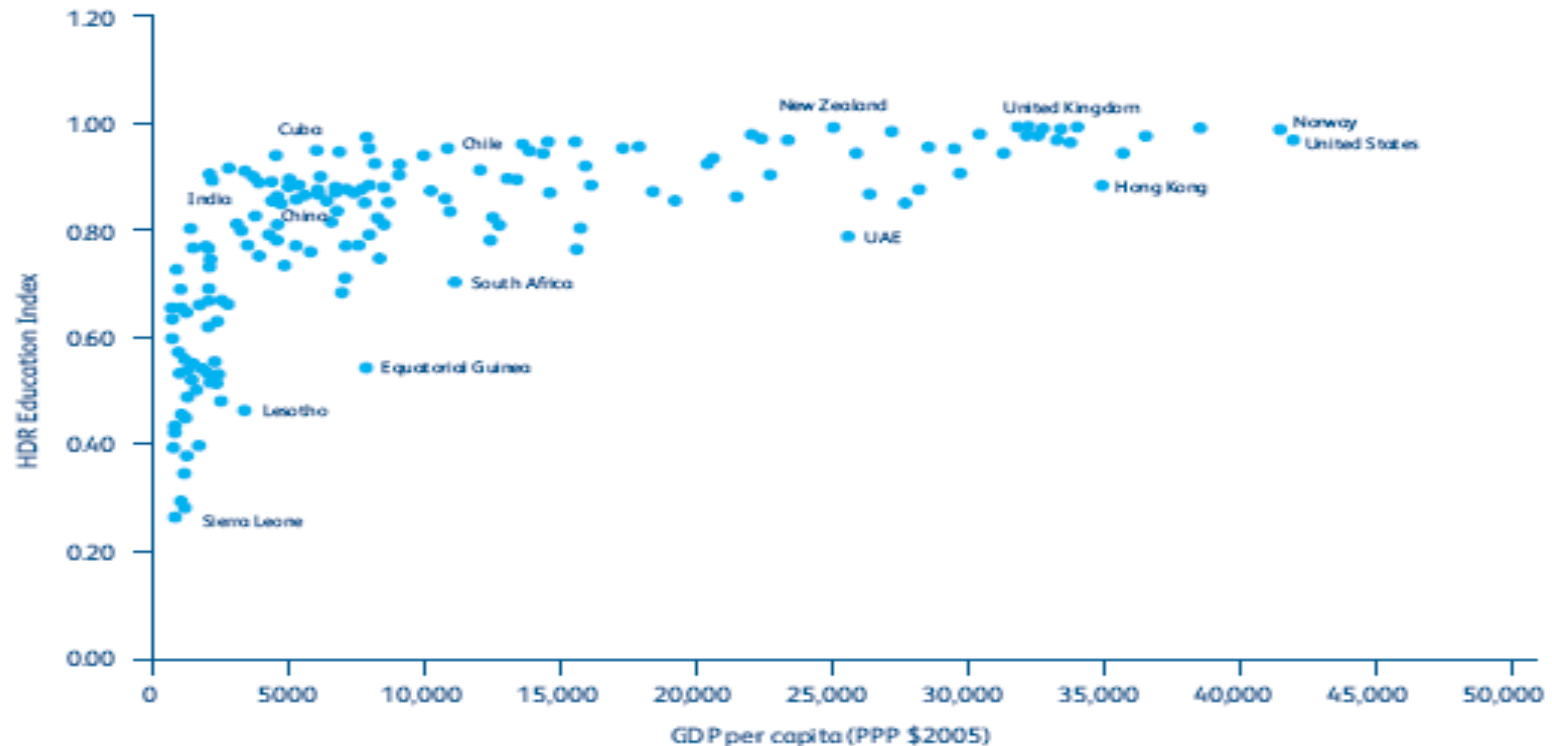
Equality is important: health & social problems are worse in more unequal countries



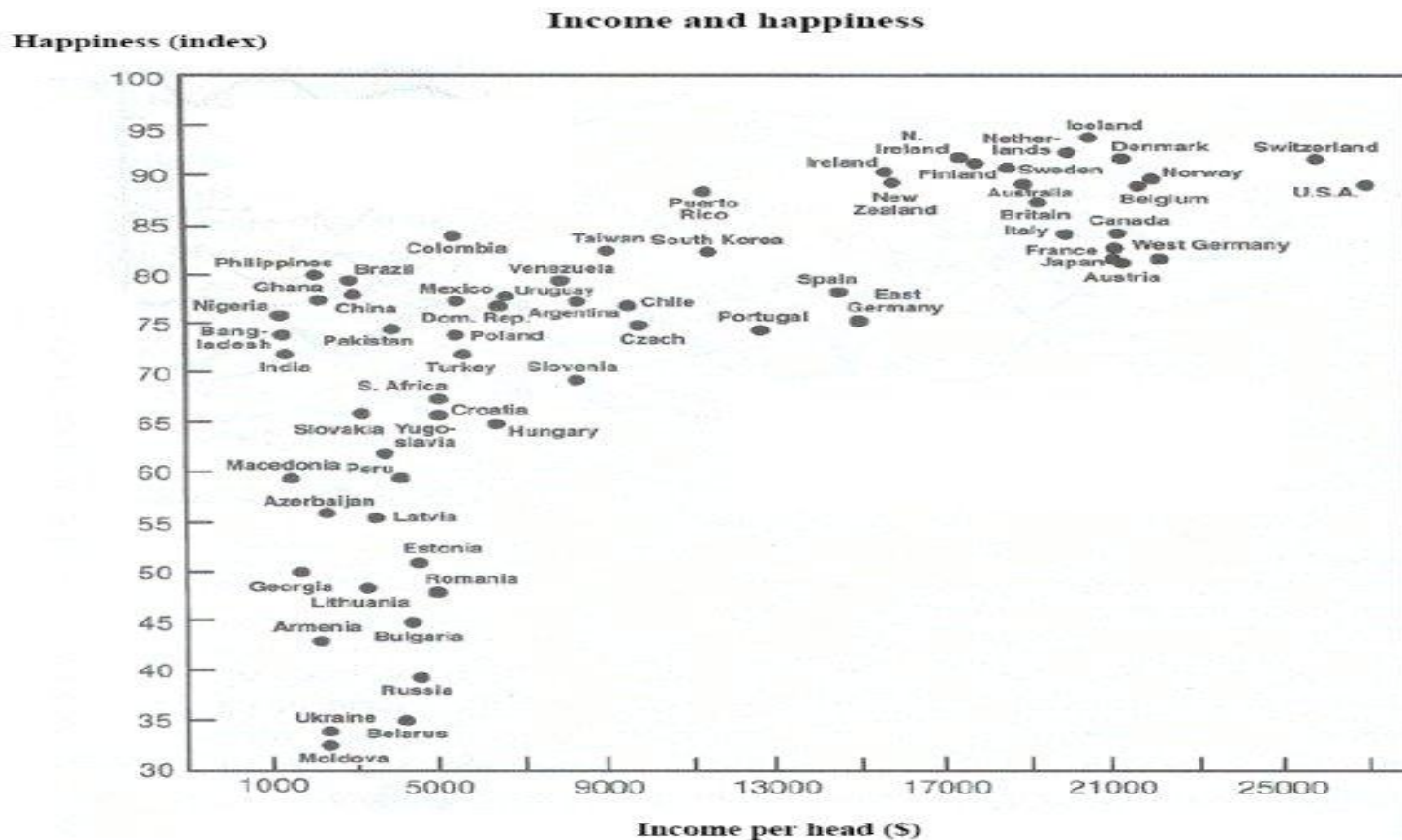
Life expectancy vs GDP



Education vs GDP



Happiness vs income



Source: Inglehart and Klingemann (2000), Figure 7.2 and Table 7.1. Latest year (all in 1990s).

Subjective wellbeing

What things in life matter to you?

Please choose all that apply.

Percentages¹

Having good connections with friends and relatives	85
Health	83
Job satisfaction	73
Having a good relationship with a spouse or partner	72
Economic security	68
Present and future conditions of the environment	66
Education and training	56
Personal and cultural activities, including volunteering	56
Ability to have a say on local and national issues	47
Cultural activities	46
Income and wealth	45
Unpaid caring, such as for children or other family members	41
Crime	30
Spirituality or religion	29
Other – please specify	16

¹ Percentages will not add up to 100 per cent as this is a multi-code question

Measuring happiness/wellbeing?

1972: Bhutan's newly crowned leader, King Jigme Singye Wangchuck, decided to make his nation's priority not its GDP. but its GNH, or gross national happiness.

2007: European Commission, European Parliament, Club of Rome, WWF and OECD launched an international “Beyond GDP” initiative in 2007 designed to supplement or replace GDP as the most common measure of economic progress

2009: Daily Mail: **‘Sarkozy includes happiness and well-being in France's measure of economic progress’**

2009: Guardian: **‘David Cameron aims to make happiness the new GDP Prime minister acts on pledge to find out what makes the nation content’**

Where is Scotland in this debate?

- 2005: Choosing Our Future – Scotland's Sustainable Development Strategy:
'economic growth is our top priority – but not at any cost.... The challenge is to make economic growth sustainable, breaking the link with environmental damage.'
- 2006: Additional Measures of Progress Steering Group
- 2007: SNP Government published the National Performance Framework (NPF) as an organisational framework and outcome focused approach, with a purpose defined as
'To focus government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth.'
- 2011: Carnegie Trust Round Table: 'More than GDP'

Scotland's NPF

- **7 high level purpose targets underneath central purpose of 'achieving sustainable economic growth'**
 - **Sustainability purpose targets:**
 - 'to reduce emissions over the period to 2011'
 - 'to reduce emissions by 80% by 2050.'
 - **15 Strategic objectives including:**
 - We value and enjoy our built and natural environment and protect it and enhance it for future generations
 - We reduce the local and global environmental impact of our consumption and production
 - We live in well-designed, sustainable places where we are able to access the amenities and services we need
 - **45 national indicators and targets**
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Strengthening the NPF

- Purpose confuses a goal with a process ‘though sustainable economic growth’
 - GDP remains the dominant indicator of progress, and major decision making driver.
 - Sustainability targets are relatively weak/indicators poor
 - Wellbeing/equality poorly reflected
 - The NPF needs to have a greater role in decision making and scrutiny e.g. in the Scottish Parliament
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Concluding thoughts

- This stuff matters to our agenda & we have something to say
- Refine outcome based approach:
 - Rebalance our emphasis on what we measure
 - Elevate status of wellbeing/environmental quality objectives
 - Include subjective and objective elements
 - Better integrate this framework in decision making

Ultimately this is about what type of communities we want to live in, what type of Scotland we want to be part of, what we want Scotland's role in the world to be.



