



**OECD WORK ON THE SOCIAL
ASPECTS OF SUSTAINABLE
DEVELOPMENT**

Marco Mira d'Ercole

OECD Social Policy Division



Two parts presentation

- 1. The paper on the “social aspects of sustainable development”*
- 2. Some considerations about measurement and statistics relevant for these social aspects*

Towards Sustainable Development: the Role of Social Protection

- ◆ *Function: contribution of the OECD Employment, Labour and Social Affairs Committee to 2001 Ministerial mandate*
- ◆ *Context: economic reviews on a menu of selected “sustainable development” issues*
- ◆ *Focus: the “social-economic” interface in OECD countries*



Two main tracks

1. *Why sustainable development is important for discussions about social policies?*
2. *Which social concerns should be integral to sustainable development?*

1. Why is sustainable development important for social policies? (1)

Three basic insights

- ◆ **Broad view of human well-being:** encompassing economic, environmental and social concerns
- ◆ **Intergenerational perspective:** many of the effects of today's decisions last over time and affect well-being tomorrow
- ◆ **Interdependence:** many of today's problems have their roots in actions taken in other fields

As relevant for social as for environmental aspects

1. Why is sustainable development important for social policies? (2)



- ◆ **Social Protection institutions as a form of capital:**
 1. **Sustainability implies preserving their capacity to respond to human needs in conditions very different from those prevailing when they were created**

- ◆ **Common structural forces that are threatening their sustainability:**
 1. **Demographic forces**
 2. **Changes in family arrangements**
 3. **Changes in labour market conditions**
 4. **Changes in pattern on income inequality**

2. Which social concerns should be integral to sustainable development?

A life-course perspective

- ◆ *Supporting child development*
- ◆ *Improving quality and equity in education*
- ◆ *Helping youths in their transition to adulthood*
- ◆ *Helping prime-aged individuals overcome barriers to quality jobs*
- ◆ *Assuring the sustainability of retirement systems*
- ◆ *Addressing needs for care during old age*

The paper provides a description of the issues, trade-offs, policies and indicators.

Epilogue



These issues have dominated the discussion of OECD social policies ministers in 2005.. but

- ◆ *prevailing view at the OECD has been to equate “sustainable development” with global environmental issues*
- ◆ *Economic reviews has stopped looking as “sustainable development”: prevailing focus is on “Going for growth”*

Indicators and statistics for SD



Limits of SNA for the measurement of social welfare: two tracks:

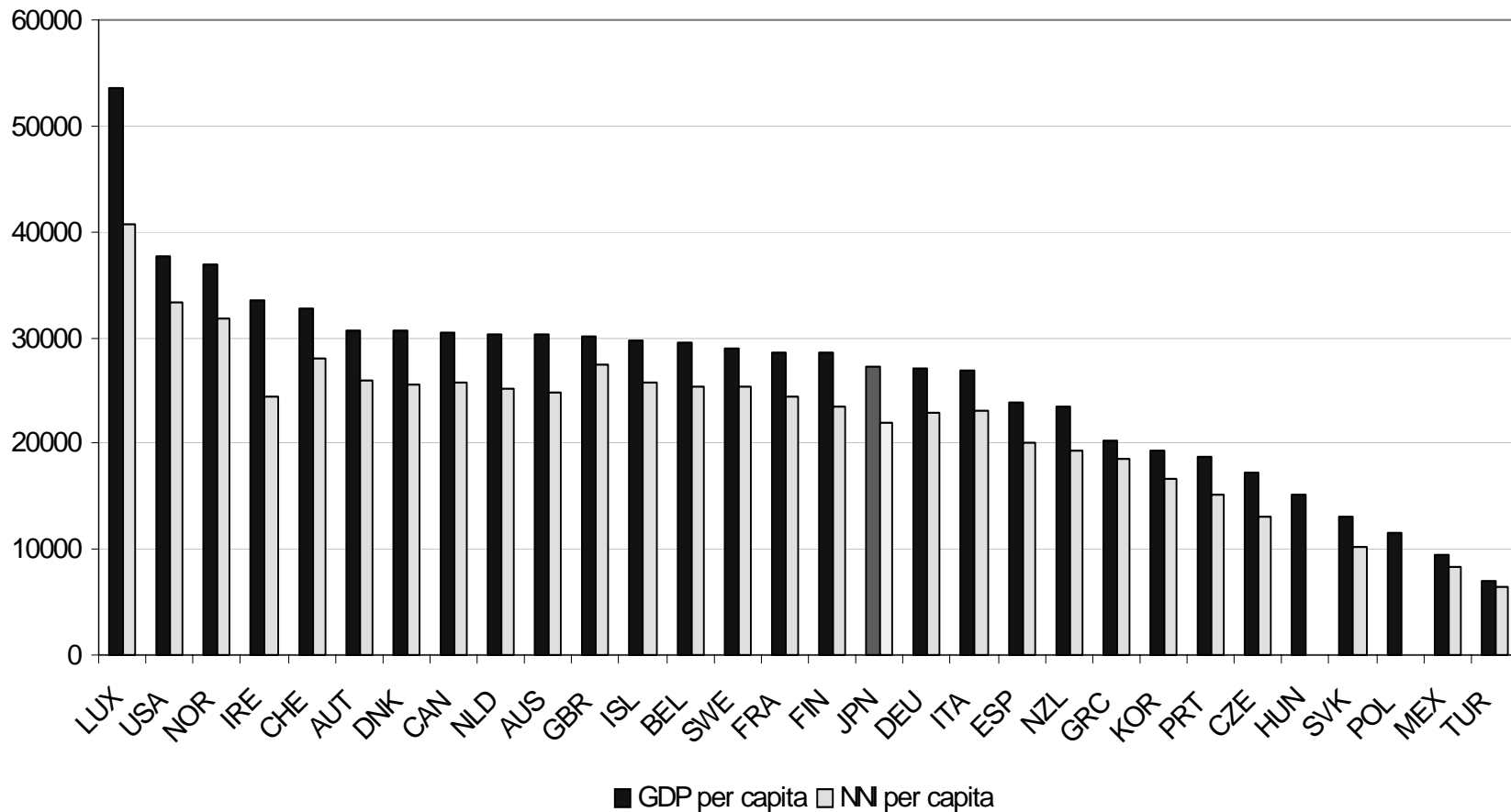
1. Expanding the SNA boundary to include a broader range of assets
2. Adjusting the flow measure of consumption to more directly reflect well-being

Complementary:

- ◆ if we use a narrow measure of consumption, the range of relevant assets will also be limited

Flow measures of well-being (1)

Better measures of national income (which correct for relations with the rest of the world and for capital consumption) exist within SNA

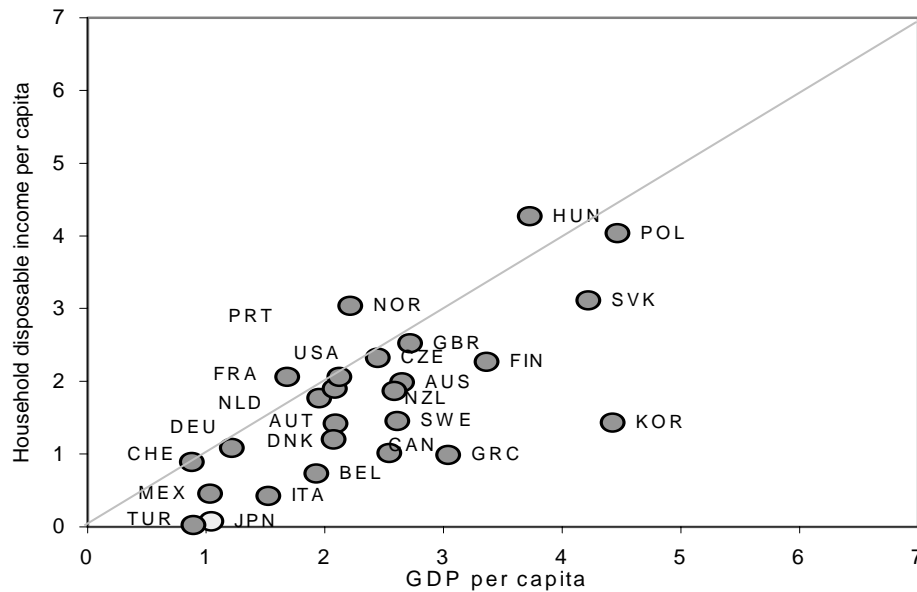


Flow measures of well-being (2):

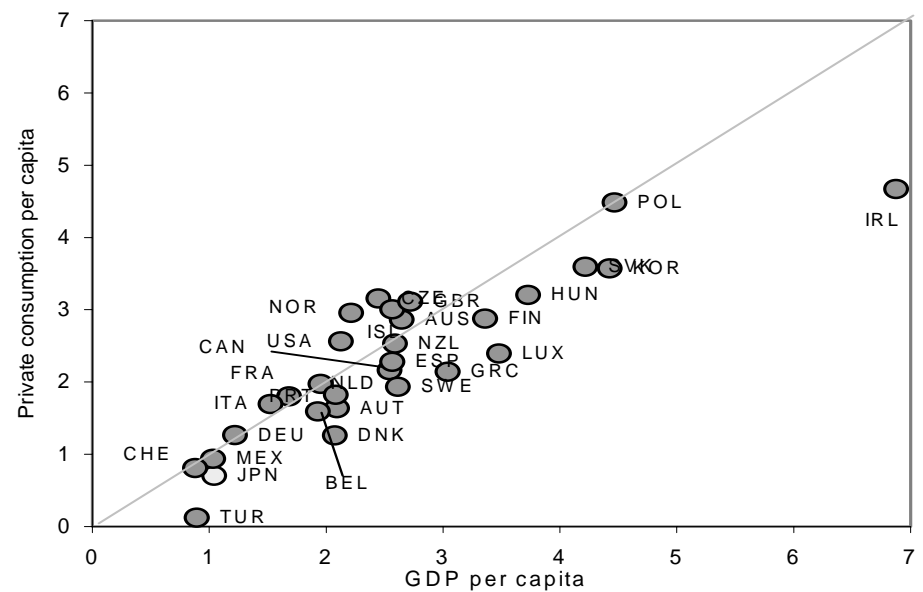
Measures of household income and consumption tell a different story from GDP per capita

Real annual growth in household's disposable income, actual consumption expenditure and real GDP per capita, 1994-2003

GDP and household disposable income per capita

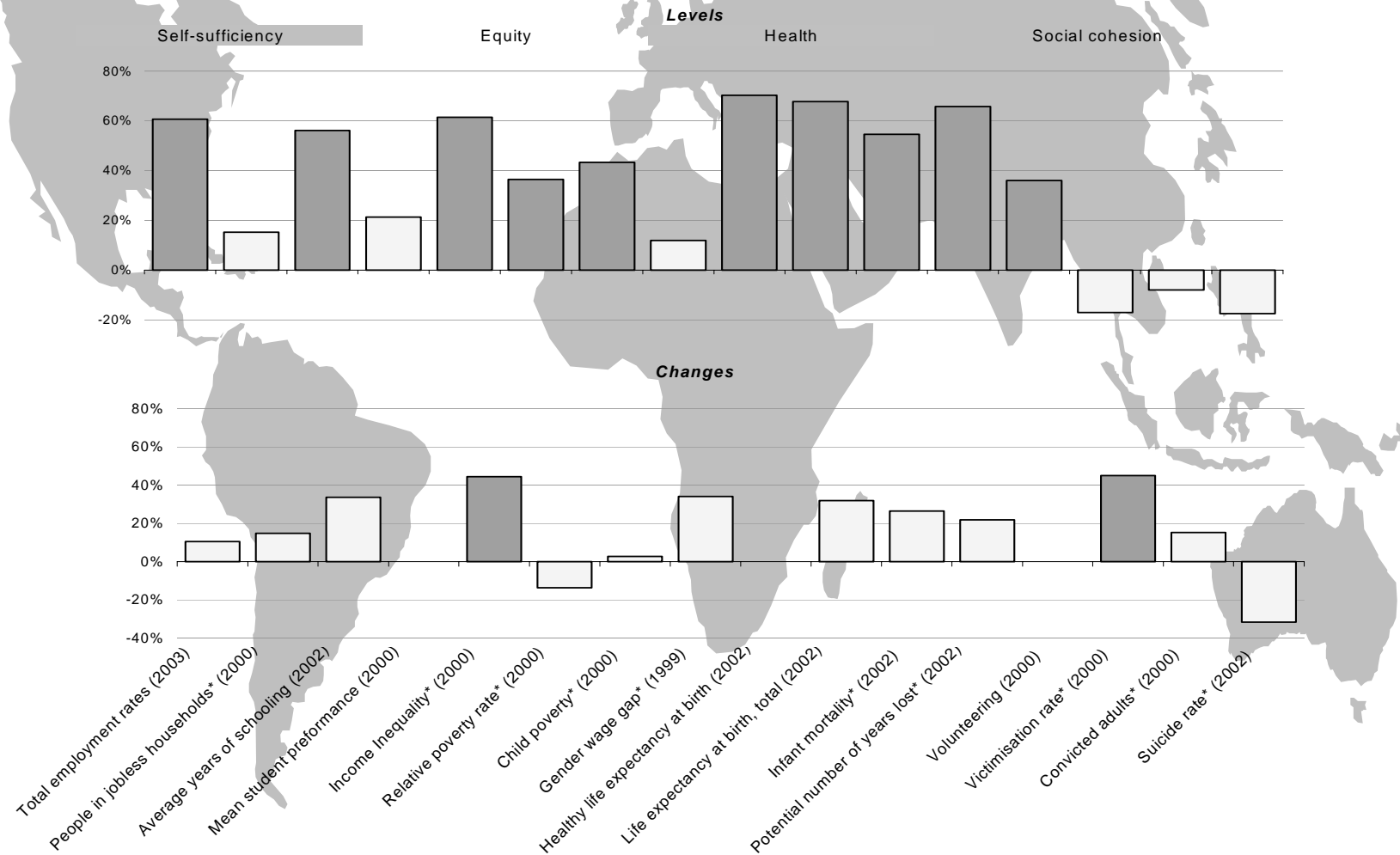


GDP and final consumption expenditure per capita



Flow measures of well-being (3):

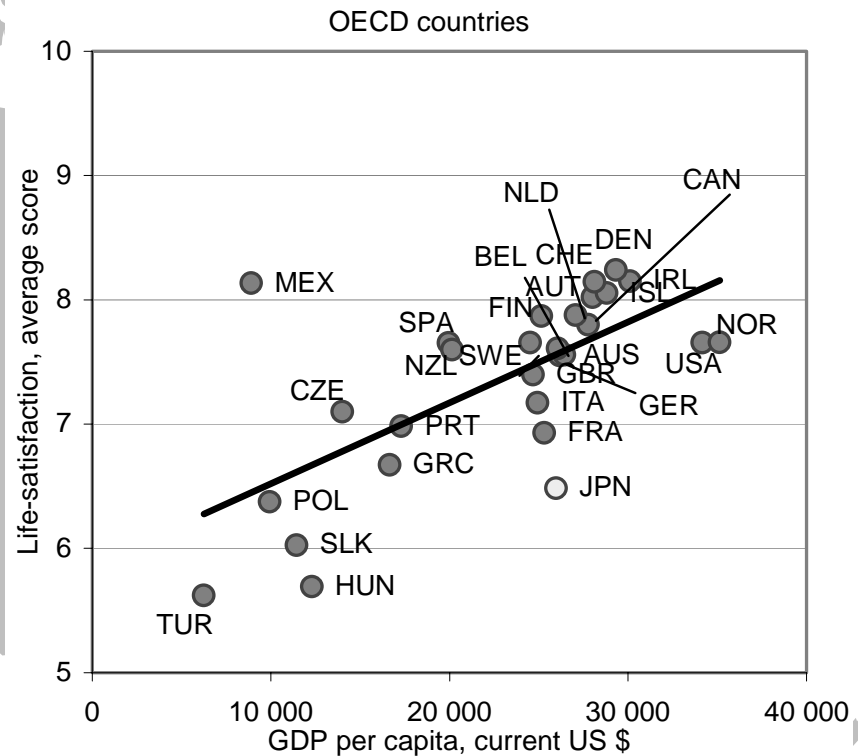
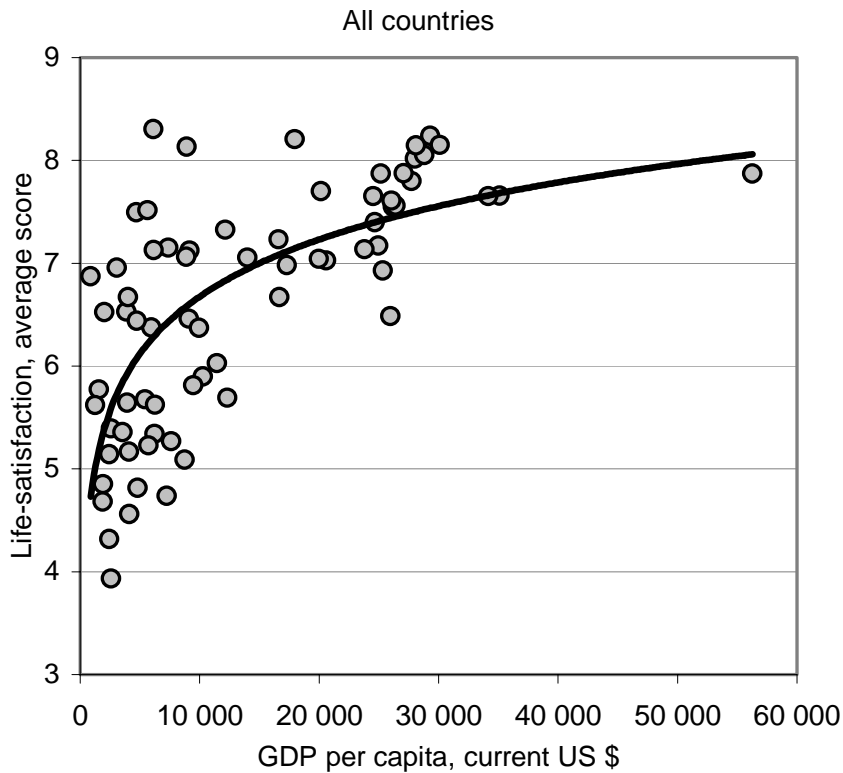
GDP per capita is weakly related to both social indicators...



Flow measures of well-being (3bis):

... and subjective measures of well being

GDP per capita and mean level of satisfaction, 2000



Implications for SD measures



- ◆ The range of relevant assets varies with the specific flow measure of well-being that is selected
- ◆ Social aspects are not captured by considerations about non-declining stocks of different types of capital
- ◆ Equity concerns crucial for social dimension: not only between but also within generations (the two interact)

Way forward?

- ◆ Shorter-term: integrate indicators informative of social conditions (health, equity, self-sufficiency, social cohesion)
- ◆ Longer-term: Satellite accounts for the household sector (combining monetary and non-monetary elements; informing about “averages” and “distribution”)