

*Global Social Indicators

- **HDI** (Human Development Index)
- **IHDI** (Inequality Adjusted HDI)
- **PHDI** (Perceived HDI - Subjective)
- **MPI** (Multidimensional Poverty Index)
- **MDGs** (8 Millenium Development Goals)
- **SDGs** (17 Sustainable Development Goals)
 - International Poverty Lines (1,9 U\$S a day PPP), Shared Prosperity (Bottom 40%), My World (Subjective Priorities)
- **Happiness and Well-Being** (Gallup World Poll)
 - Beyond GDP & Better Lives (OECD)
- **Expert Commission** ((Mis)Measuring Our Lives)

Expert Commission – Stiglitz, Sen, Fitoussi ((Mis)Measuring Our Lives)

Also Arrow, Atkinson, Deaton, Heckman, Kanehman, Piketty...

* Pages 11-18 Executive Summary

Recommendations#

- 1: When evaluating material well-being, look at income and consumption rather than production
- 2: Emphasise the household perspective
- 3: Consider income and consumption jointly with wealth
- 4: Give more prominence to the distribution of income, consumption and wealth
- 5: Broaden income measures to non-market activities

Expert Commission (cont)

6: Quality of life depends on people's objective conditions and capabilities (health, education, etc) measures of social connections, political voice, and insecurity

7: Quality-of-life indicators should assess inequalities

8: Surveys should be designed to assess the links between various quality of-life domains

9: Statistical offices should provide information on quality-of-life dimensions

10: Measures of both objective and subjective well-being provide key information about people's quality of life. Statistical offices should incorporate questions to capture people's life evaluations, hedonic experiences and priorities in their own survey.

11 & 12 – Environmental Considerations

OVERVIEW (My Take on the Expert Commission directions)

A good guide can be found in the 2010 book *Mis-Measuring Our Lives* by two Nobel prize winners in Economics, Joseph Stiglitz and Amartya Sen. The book discusses the conclusions from an international committee of experts on how to measure social progress, and they can be summarized in four recommendations:

Growth in household surveys – The work calls attention to the need to improve the current economic development measures centered on the GDP. In particular, also to emphasize the growth prospects of the average income and expenditure of families interviewed in household surveys, to measure the improvement in mean living standards.

Equality – Measurements of income, consumption and wealth must be accompanied by indicators that reflect their distribution among people and social groups. This means we must keep an eye on the vertical and horizontal inequality of income flows and asset stocks.

- **Sustainability** – To consider asset stocks such as, for example, environmental attributes to incorporate the sustainability of performance indicators as time goes by, in other words whether current welfare levels can continue for future generations. The different assets inventories collected by the surveys and, especially, education and housing to analyze the stability of labor earnings and living standards.
- **Perceptions** – Lastly, the conjugation of objective and subjective well-being measurements by using questions raised in opinion polls relating to the assessment of their lives is designed to obtain a more realistic view of the quality of life in different countries. In other words, it is not enough to objectively improve our lives, but it is also necessary for people to recognize this development. Here, we use as a benchmark of subjective indicators, measurements of happiness or life satisfaction that has become more prominent in the recent economic literature.

How to Measure and Explain Social Progress? (Ends approach)

Equality

Looking at the **distribution among individuals and social groups** of income flows, stocks of assets and rights.

1

Sustainability (Assets)

Ability to maintain the standards of living achieved. **Stocks of human, environmental, physical, cultural and social (institutional) assets.**

Stability

3

Prosperity (Growth)

Growth in mean income and consumption (**not only GDP/National Accounts but also look to Household Surveys data and PIT**).

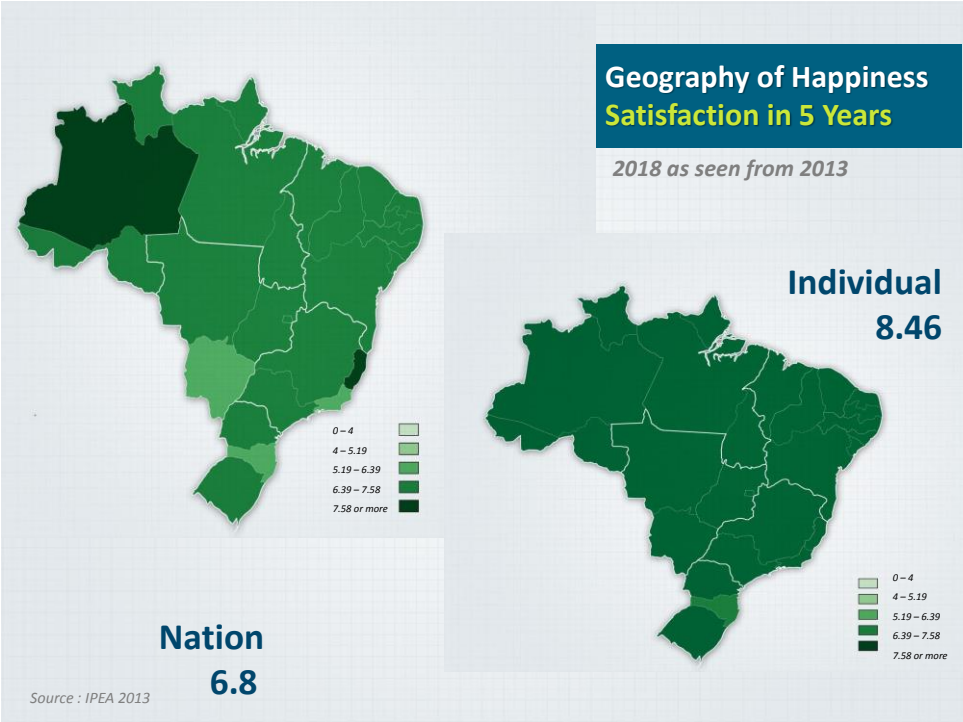
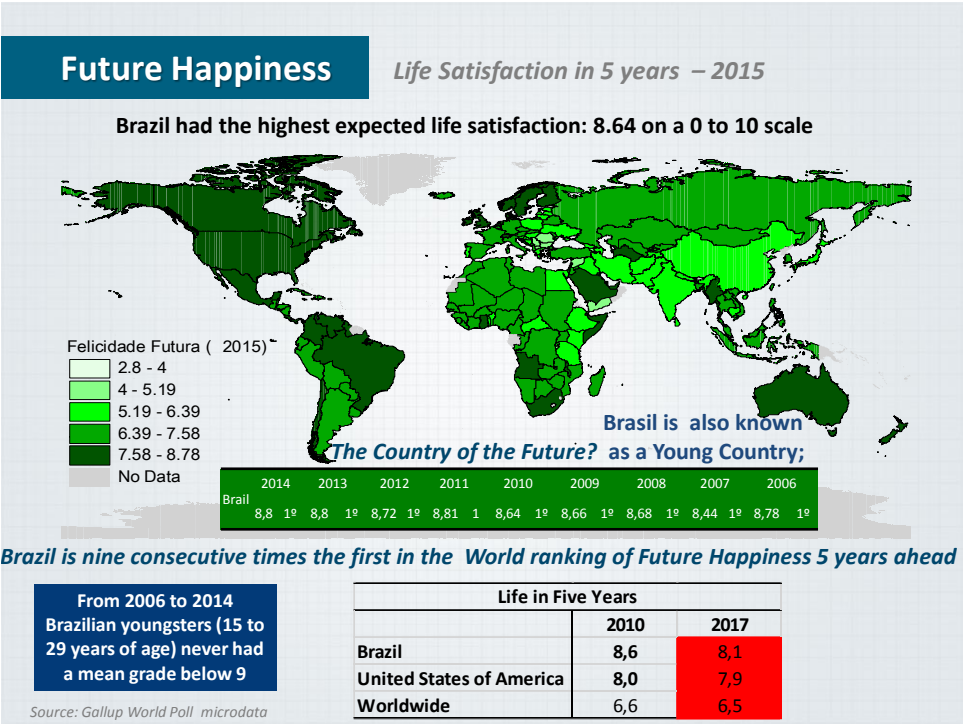
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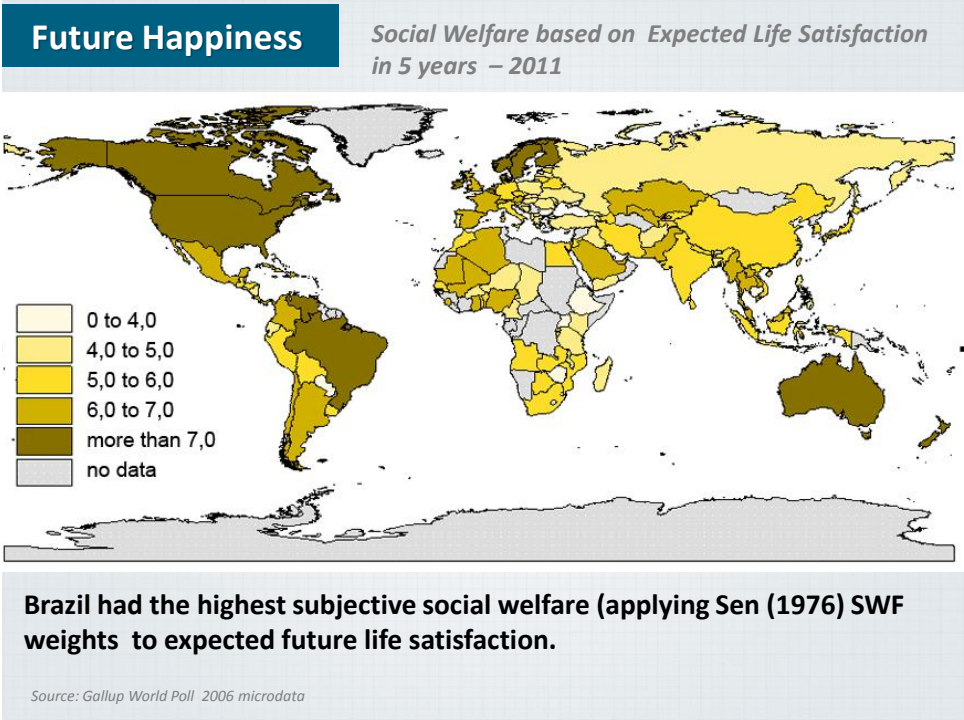
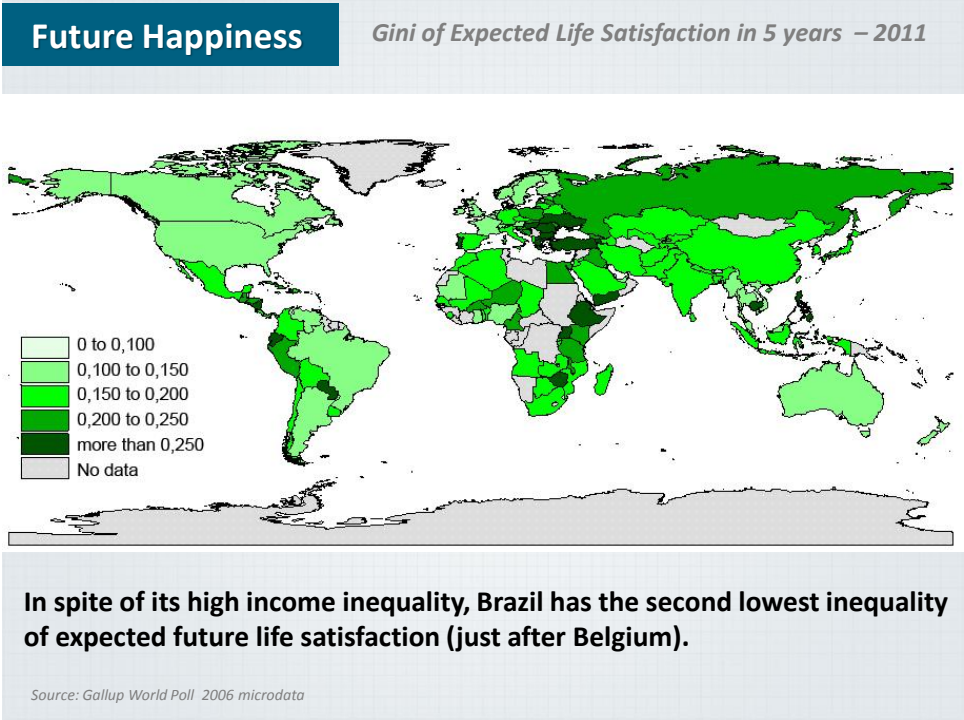
Sensibility (Perceptions)

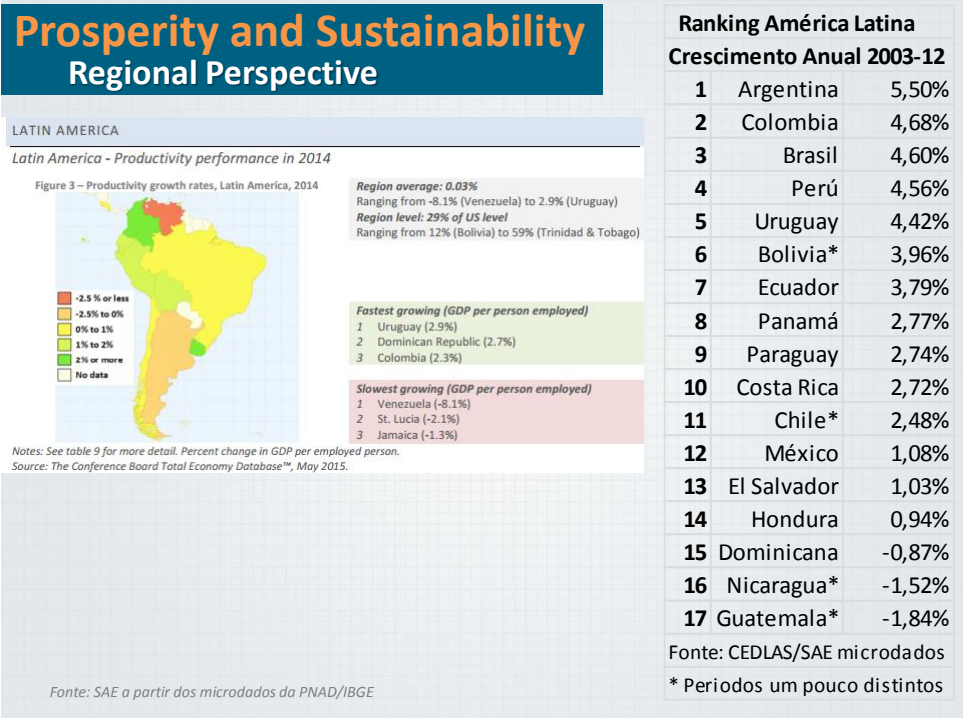
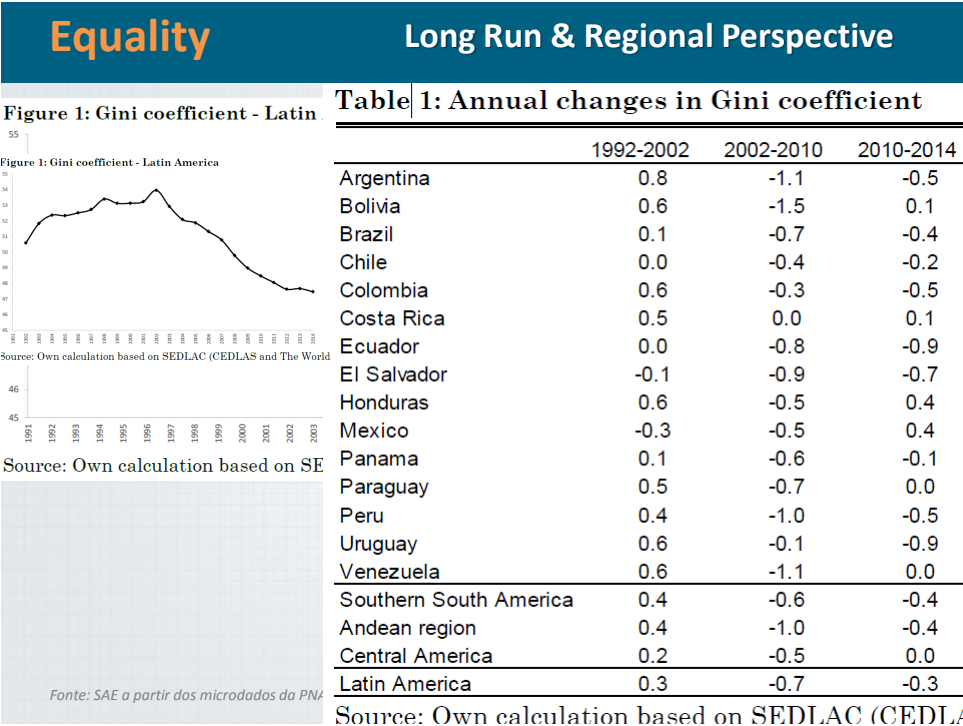
The last dimension is **subjective**, based on **people's perception** about the **country**, the **public services** and **life quality**.

4

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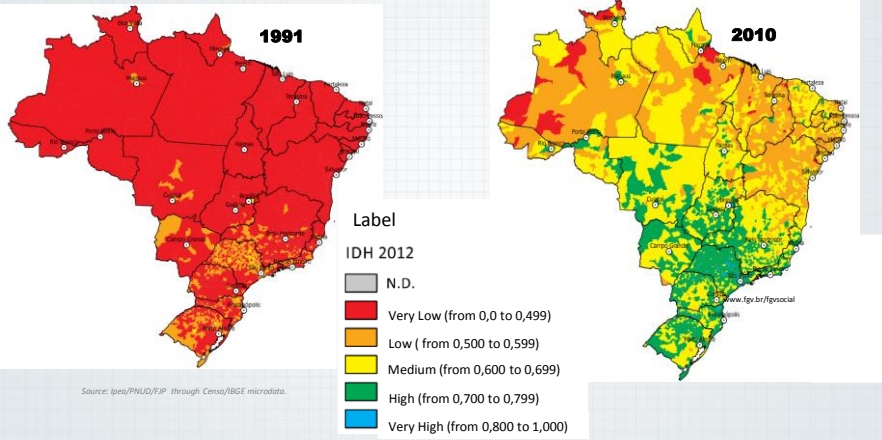
Sustainability

In 1991, 85,8% of the municipalities had a **very low HDI**. In 2010 only 0,6%.

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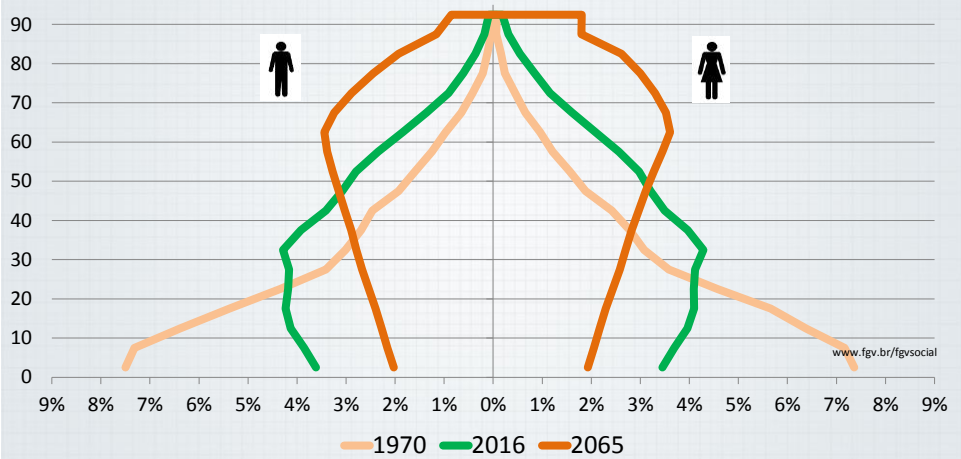
HDI 1991-2010

HUMAN DEVELOPMENT INDEX (HDI) – Education, Health & Income



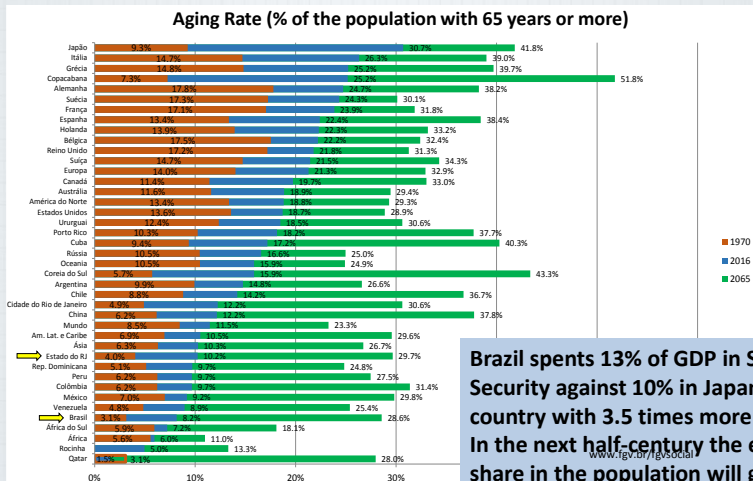
DIRECTIONS: DEMOGRAPHIC EVOLUTION – BRAZIL

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DEMOGRAPHIC TRANSITION ACROSS COUNTRIES

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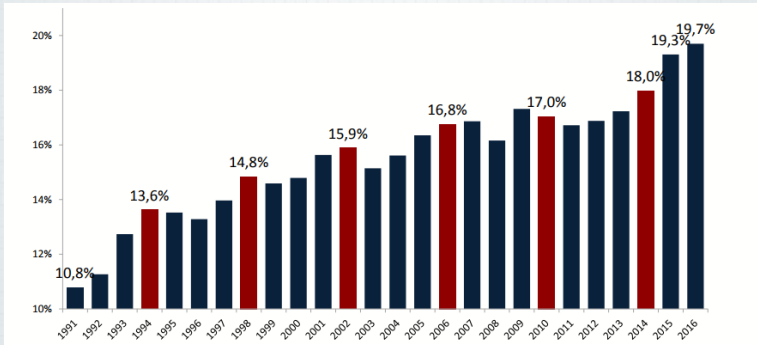
Brazil spends 13% of GDP in Social Security against 10% in Japan, a country with 3.5 times more elderly. In the next half-century the elderly share in the population will grow 488% more here.

We saw the financial cost/social benefit ratio of different official transfers including social security

THE FISCAL CHALLENGE

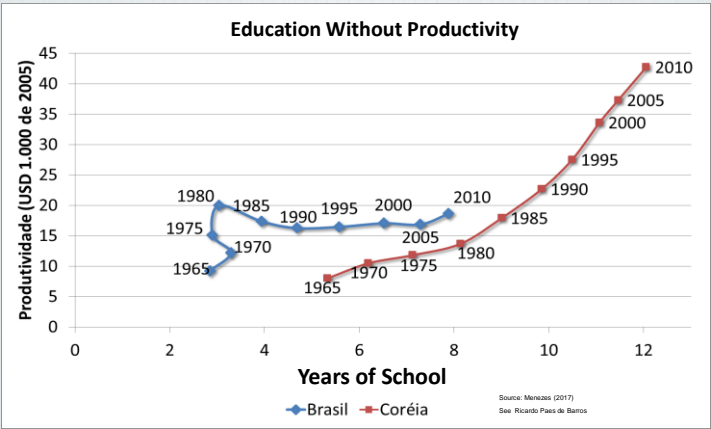
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Evolution of the Central Government Primary Expenditures (% GDP)



IF NOTHING IS DONE, IT WILL CROSS THE NEW EXPENDITURE CEILING

EDUCATION ALSO IMPACTED LITTLE BRAZILIAN PRODUCTIVITY:
MAIN LONG RUN CHALLENGE with Fiscal adjustment



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Channels of Impact of Various Types of Policies (means approach)

