

Opinion of the European Economic and Social Committee on ‘GDP and beyond — the involvement of civil society in choosing complementary indicators’ (own-initiative opinion)

(2012/C 181/04)

Rapporteur: **Mr PALMIERI**

On 20 January 2011, the European Economic and Social Committee, acting under Article 29(2) of its Rules of Procedure, decided to draw up an own-initiative opinion on

GDP and beyond — the involvement of civil society in choosing complementary indicators.

The Section for Economic and Monetary Union and Economic and Social Cohesion, which was responsible for preparing the Committee’s work on the subject, adopted its opinion on 7 March 2012.

At its 479th plenary session, held on 28 and 29 March 2012 (meeting of 29 March), the European Economic and Social Committee adopted the following opinion by 172 votes to 5 with 12 abstentions.

1. Conclusions and recommendations

1.1 The European Economic and Social Committee (EESC) echoes the views of the representatives of organised civil society at the EESC Conference *Go sustainable. Be responsible! European civil society on the road to Rio+20* (7 and 8 February 2012) who, in point 8 of the concluding Conference message, declared that they ‘appreciate that the zero draft recognises the limitations of GDP as a means of measuring well-being and call for the involvement of civil society in the urgent development of complementary indicators’.

1.2 The EESC recognises the advances made in recent years in devising complementary indicators to Gross Domestic Product (GDP), at world and European level, and especially in shaping indicators that reflect people’s quality of life and social conditions in relation to the sustainability of economic systems.

1.2.1 The EESC continues to view the development of this work as crucial, in particular by means of a comprehensive approach that puts the European Union (EU) at the forefront, not least with a view to major forthcoming international events (Rio+20) and, most importantly, in response to possible progress in the new European strategies for stability and economic growth, for development and social cohesion, and for environmental sustainability. The first agenda against which the preparation of complementary indicators to GDP should be measured is the Europe 2020 strategy.

1.3 The EESC would argue that the complex path leading to a new definition of well-being and the progress of societies – beyond economic growth alone – cannot be separated from concurrent European policies to tackle the renewed impact of the economic and financial crisis.

1.3.1 Economic recovery and, indeed, overcoming the crisis require a new benchmark that bases development on well-being and the progress of societies. This is the only way of focusing greater attention on the origins of the crisis and its recent

recessionary effects in Europe in order to measure them and prepare the most appropriate policies, in both the short and the medium-long term. EU policies represent a particularly worthwhile challenge in this respect.

1.4 The EESC therefore emphasises that resistance to introducing and officially monitoring economic, social and environmental sustainability indicators – alongside conventional, more strictly economic and financial indicators – and the temptation to water them down must be overcome, because the current crisis can indeed be contained and better governed.

1.5 The gap between economic policies at both national and European level and policies for well-being and social progress has widened considerably. However, given the now widespread adoption of indicators complementary to GDP by official national statistical services, the possibility of narrowing this gap is linked to the capacity to process the large quantities of information available in terms of public knowledge and awareness.

1.5.1 In this regard, a debate needs to be fostered on the fundamental meaning of progress. As well as redefining the concept of development, this debate should touch upon aspects of political accountability. This new approach requires that the various dimensions that comprise progress be identified by

- i) extending national accounts to cover social and environmental aspects;
- ii) using compound indicators, and
- iii) creating key indicators.

1.6 The EESC therefore believes that statistics have taken on a decisive role in filling the continuing knowledge gap:

- between economic and social processes stemming from political decisions, and advances in terms of well-being and social progress
- between political institutions as such and forums for citizenship, especially given the present-day development of information and communication technologies.

1.7 The EESC is convinced that the transparency of democratic decision-making processes requires independent statistical governance that returns to its fundamental role of directing measurement and the methodology it employs towards factors stemming from the new economic, social and environmental demands. Eurostat is, in this regard, set to take on a key role in integrating and harmonising national and regional statistics.

1.8 The EESC also considers that civil society, together with the other social and institutional players, should determine the arenas in which the progress of societies is to be gauged, identifying specific areas and salient facts (in the economic, social and environmental spheres). This can be done by means of dedicated information, consultation and participation instruments.

1.8.1 The EESC believes that the legitimacy of public decisions cannot be assured only by official guarantees and systems – whether institutional, legal or constitutional – emanating from the State, but must necessarily be based on the contribution of civil society.

1.8.2 Civil society's particular contribution to mapping out the prospects for development and well-being represents a necessary policy input not only into combining the participatory dimension with the knowledge dimension, but also into pursuing the objectives set.

1.9 What is lacking, however, is any development of the enforcement and accountability instruments that are needed in order to bind political choices, particularly relating to economic and budgetary policy, to the performance of the indicators themselves.

1.10 In the light of the consultation and participation exercises in the different countries, the EESC considers that the 'deliberative paradigm' (a process of exchanging information and opinions regarding a shared decision in a forum for discussion where collective preferences are formed and expressed), which should serve as the foundation for future well-being and progress indicators, should itself be rooted in:

- face-to-face meetings between institutional actors and representatives of civil society,
- the involvement in the decision-making process of all the interests at stake when envisaging the measurement and pursuit of well-being and social progress,
- constant pursuit of the common good, particularly in outcomes emerging from debate.

1.11 The EESC undertakes to continue monitoring activities that, at national and European level, entail the involvement of civil society in preparing indicators complementary to GDP.

1.12 The EESC emphasises its willingness to act as a meeting place between organised civil society and official European bodies as part of a participatory decision-making process to identify and design indicators of progress for the European Union.

2. Introduction

2.1 The present opinion sets out to represent the EESC's own contribution to the debate on how to involve civil society in the process of creating indicators for well-being and the progress of societies, with a view to both the United Nations Conference on Sustainable Development (*Earth Summit – Rio+20*), to be held in Rio de Janeiro from 20 to 22 June 2012⁽¹⁾, and the 4th OECD (Organisation for Economic Co-operation and Development) World Forum, which will take place in New Delhi, India, from 16 to 19 October 2012, on *Statistics, Knowledge and Policies Measuring Well-Being and Fostering the Progress of Societies*.

2.2 The EESC intends to continue along the path set out in two earlier opinions, carrying forward the process of monitoring the progress made – at European level – in preparing complementary indicators to Gross Domestic Product (GDP). The aim is to produce indicators that can express economic and social development in full compliance with environmental sustainability⁽²⁾.

2.3 In its opinion on *Beyond GDP – measurements for sustainable development*⁽³⁾, the EESC discussed the limitations of GDP, possible corrections and additions, and hence the need to come up with new criteria for identifying complementary well-being and sustainability indicators (economic, social and environmental), in order to move 'towards a more balanced policy'.

⁽¹⁾ <http://www.earthsummit2012.org/>.

⁽²⁾ See the EESC own-initiative opinion *Beyond GDP – measurements for sustainable development*, OJ C 100, 30.4.2009, p. 53, and the opinion on the *Communication from the Commission to the Council and the European Parliament: Beyond GDP – Measuring progress in a changing world*, OJ C 18, 19.1.2011, p. 64.

⁽³⁾ OJ C 100, 30.4.2009, p. 53.

2.4 Two years later, in response to the debate and preparations carried out at European level, the EESC drew up an opinion on *Beyond GDP – Measuring progress in a changing world* (4) in which it welcomed the European Commission's communication on the subject (5), emphasising the importance of taking a long-term view when selecting the most appropriate reference parameters and statistical instruments for extending national accounts to more specific social and environmental spheres – here again, in accordance with the strategic choices made by official policy-makers.

2.4.1 In that opinion, the EESC highlighted the need to look more closely at indicators reflecting people's quality of life and social conditions by adopting a comprehensive approach that puts the European Union at the forefront of this initiative.

3. From economic growth to the progress of societies: a complex path

3.1 Work has been going on for more than 50 years to devise new composite, alternative or, more accurately, complementary indicators compared to the conventional indicator of economic growth – GDP. This is a measurement that 'specialises' in a particular segment of activity – essentially market-based – of a given society. Only by means of a 'lazy' interpretation could this indicator switch from being an 'indicator of production' to an 'indicator of social well-being' (6).

3.1.1 Between the 1960s and the 1990s indicators of a social nature were designed as complements or alternatives to GDP, which could reveal areas of enquiry in addition to the traditional economic domain. This might be defined as the 'social phase' of indicators of the progress of societies.

3.1.2 Towards the end of the 1980s the Brundtland Report (1987) brought the issue of sustainable development to the world's attention (7). The ensuing 1992 UN Conference on Environment and Development (Rio Earth Summit) put environmental issues on the agenda, marking the shift to a 'global phase' in researching and designing indicators with the capacity to measure the progress of society (8).

(4) OJ C 18, 19.1.2011, p. 64.

(5) COM(2009) 433 final.

(6) Even Simon Kuznets – responsible for widely introducing GDP in the United States – had warned against the possible abuses or misunderstandings that misuse of this instrument could cause, and was concerned to set limits to its scope. Costanza, R., Hart, M., Posner, S., Talberth, J., 2009, *Beyond GDP: The Need for New Measures of Progress*, Boston University.

(7) United Nations, 1987, *Report of the World Commission on Environment and Development*.

(8) Research will focus essentially on four different methodological approaches: i) GDP corrective indicators; ii) alternative indicators; iii) composite indicators; iv) the system of indicators.

3.2 The requirement to measure the level of well-being achieved by a society while ensuring its (economic, social and environmental) sustainability has, however, been voiced more strongly over the last decade.

3.3 A key role has been played in recent years by the OECD with its Global Project on measuring the progress of societies, launched in 2003 (9). The Global Project has represented, and continues to represent, a real instance of participatory debate at world level that has generated an awareness of the need to change the paradigm of societal progress and the ensuing overall development model.

3.3.1 The Global Project has led to the establishment of a network of private and public operators interested in pursuing intensive discussion of i) studies and analyses concerning social well-being, environmental sustainability and economic growth; and ii) information and communication technology instruments that can turn statistics from information into knowledge (10).

3.4 On 20 August 2009, the European Commission published its major communication on *GDP and beyond – Measuring progress in a changing world* (11), recognising the need to complement GDP with environmental and social indicators and drawing up a programme of work extending to 2012.

3.5 Scarcely a month later (12), the *Report by the Commission on the Measurement of Economic Performance and Social Progress* (generally known as the *Stiglitz-Sen-Fitoussi Report*) (13) was published, with the explicit objectives of:

- a) identifying the limits of GDP as an indicator of economic performance and social progress;
- b) assessing the possibility of using alternative instruments for measuring social progress;
- c) promoting a discussion on how to present statistical information properly.

(9) The project was launched in Palermo in 2004 during the OECD's first World Forum on *Statistics, knowledge and policy*; three years later (2007) in Istanbul the second forum was held on *Measuring and fostering the progress of society*, at which the Istanbul Declaration was signed by the representatives of the European Commission, OECD, UN, UNDP, the World Bank, and the Organisation of the Islamic Conference. The third OECD Forum was held in 2009 in Busan (South Korea) on *Charting progress, building vision, improving life*.

(10) At the annual forum on 24-25 May 2011, the OECD presented its Better Life Index, an indicator that measures wealth, well-being and the quality of life with the help of eleven parameters (housing, income, jobs, community, education, environment, governance, health, life satisfaction, safety and work-life balance): OECD, 2011, *How's Life? Measuring well-being*, OECD Better Life Initiative. <http://www.oecdbetterlifeindex.org/>.

(11) COM(2009) 433 final.

(12) 14 September 2009.

(13) <http://www.stiglitz-sen-fitoussi.fr/en/index.htm>.

3.5.1 To this end, 12 recommendations were set out in the report, capable of leading to the preparation of measurement instruments to highlight social, material and non-material well-being in all their multiple dimensions ⁽¹⁴⁾.

3.6 On 25 September 2009, the debate on GDP and the need for complementary indicators of social and environmental well-being gained greater authority at the Pittsburgh G-20 summit. Its final declaration emphasised that: 'As we commit to implement a new, sustainable growth model, we should encourage work on measurement methods so as better take into account the social and environmental dimensions of economic development.'

3.7 In December 2010, the European Commission presented the *Fifth Report on Economic, Social and Territorial Cohesion Policy* ⁽¹⁵⁾ containing a section on 'Improving well-being and reducing exclusion' in the chapter on 'Economic, social and territorial situation and trends' (pp. 73-117), in which a series of indicators for well-being are set out.

3.8 In spite of the renewed focus on the progress of societies, strong resistance apparently persists – at official European level – when it comes to implementing the social and environmental indicators in particular.

3.8.1 Between the spring and autumn of 2010, the European Commission presented a plan to strengthen European economic governance in order to redress fiscal and macroeconomic imbalances in the EU Member States ⁽¹⁶⁾. The system is to be based on a scoreboard with an alert mechanism for imbalances of this kind, enabling appropriate corrective measures to be taken in the relevant Member States ⁽¹⁷⁾. Unfortunately, the debate on the system of indicators to be adopted has been

⁽¹⁴⁾ A conference on *Two years after the Stiglitz-Sen-Fitoussi report: What well-being and sustainability measures?* was held in Paris on 12 October 2011 by the OECD, the French National Institute of Statistics and Economic Studies (Insee) and the French Ministry for the Economy, Finance and Industry.

Insee, 2011, *Two years after the Stiglitz-Sen-Fitoussi report: What well-being and sustainability measures?*, Insee contributions, Paris.

⁽¹⁵⁾ http://ec.europa.eu/regional_policy/sources/docoffic/official/reports/cohesion5/index_en.cfm.

⁽¹⁶⁾ *Enhancing economic policy coordination for stability, growth and jobs – Tools for stronger EU economic governance*, COM(2010) 367 final. *Reinforcing economic policy coordination*, COM(2010) 250 final.

⁽¹⁷⁾ *Proposal for a Regulation of the European Parliament and of the Council on enforcement measures to correct excessive macroeconomic imbalances in the euro area*, COM(2010) 525 final - 2010/0279 (COD). *Proposal for a Regulation of the European Parliament and of the Council on the prevention and correction of macroeconomic imbalances*, COM(2010) 527 final - 2010/0281 (COD).

lacking in transparency. Important indicators that can also be used to understand financial, social and environmental imbalances remain completely absent from the Commission's choice.

3.8.2 The same choice seems to have been made with the Euro Plus Pact and the recent 'fiscal compact' intended to counter financial speculation and safeguard the competitiveness of the euro area.

3.8.3 As previously argued – in both the opinion on strengthening and coordinating European policies ⁽¹⁸⁾ and the opinion on macroeconomic imbalances ⁽¹⁹⁾ – the EESC considers that if macroeconomic imbalances are understood as persistent mismatches between demand and aggregate supply (such as to lead to surpluses or deficits in overall consumption and savings in an economy), then it would be advisable at the least to include social indicators, such as: the income and wealth inequality index; the incidence of lower incomes; the 'working poor' component; pay and profits as a proportion of GDP; etc. ⁽²⁰⁾. These indicators highlight the existence of macroeconomic imbalances arising from excessive savings from higher incomes and excessive indebtedness from medium and low incomes. These are unarguably among the origins of the world economic and financial crisis that began in 2008 ⁽²¹⁾.

3.8.4 In other words, a little less than two years after the above-mentioned communication ⁽²²⁾, the European Commission itself, while pursuing new ways of seeking development and social progress and being brought back to its role of managing, coordinating and, above all, monitoring the Member States, is still employing conventional tools and approaches that focus on only certain dimensions of the economic aspect and leaving out the bulk of social or environmental aspects.

⁽¹⁸⁾ *Opinion on the Communication from the Commission to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee and the Committee of the Regions: Enhancing economic policy coordination for stability, growth and jobs – Tools for stronger EU economic governance*, OJ C 107, 6.4.2011, p. 7.

⁽¹⁹⁾ *Opinions on the Proposal for a Regulation of the European Parliament and of the Council on enforcement measures to correct macroeconomic imbalances in the euro area*, COM(2010) 525 final – 2010/0279 (COD), and on the *Proposal for a Regulation of the European Parliament and of the Council on the prevention and correction of macroeconomic imbalances*, COM(2010) 527 final - 2010/0281 (COD) – OJ C 218, 23.7.2011 p. 53.

⁽²⁰⁾ As also proposed in the European Parliament report on the *Proposal for a Regulation of the European Parliament and of the Council on the prevention and correction of macroeconomic imbalances*, by the rapporteur Elisa Ferreira (2010/0281 (COD)) of 16 December 2010.

⁽²¹⁾ ILO-IMF, *The Challenges of Growth, Employment and Social Cohesion*, discussion paper for the joint ILO-IMF conference, Oslo, 13 September 2010 (pp. 67-73).

⁽²²⁾ *Communication from the Commission to the Council and the European Parliament on GDP and beyond – Measuring progress in a changing world*, COM(2009) 433 final.

3.8.5 In the light of this fact, the EESC – together with the European Parliament and the Committee of the Regions – feels that the debate on the idea of social progress cannot be kept within restricted circles, but must necessarily encompass society as a whole.

3.9 A feeling emerges from all the national and international work on indicators complementary to GDP that, if greater attention had been paid to indicators of economic, social, environmental, intergenerational and public and private financial sustainability too, then the current crisis could have been detected in good time and thus certainly better handled.

3.9.1 Measuring well-being and progress is not an exclusively technical issue. The concept of well-being itself touches upon the underlying preferences and values of society and of the individuals that make it up.

3.9.2 One of the most significant aspects to have emerged from the studies and debates on the causes of the crisis and the possibility of ‘measuring’ it with more thorough-going indicators is the greater focus on the aggregate demand (and not only supply) side. The international debate on material well-being has highlighted the need for greater attention to income and consumption rather than production and to take account of wealth concentration indicators too, has recalled the influence that the quality of goods has on well-being, and has placed special emphasis on inequalities, how to measure them and the absolute need not to take only ‘average’ values into account.

3.9.3 There can be no doubt that the prolongation of the economic and financial crisis of 2008-2009 up to the present double-dip makes this discussion all the more relevant, particularly with regard to the origins of the crisis and how to redefine the type of growth, development and progress that the various country-systems and, more broadly, society, wish to create or restore.

4. The new benchmark: the progress of societies

4.1 The debate on the need to use new indicators that extend the economic sphere and take account of social and environmental issues is now warming up, as society’s benchmark has changed. Economic growth – although a factor of vital importance to any country – is no longer enough to ensure real progress for the community, unless it is inclusive and sustainable.

4.1.1 The concept of progress is complementing that of economic growth. This is a far wider-reaching and more complex concept, whose multidimensional character entails a range of: i) objectives to be pursued; ii) policies and actions to be planned; iii) and therefore indicators to monitor the state of progress towards these objectives. The concept of

progress itself may imply different interpretations and meanings in different places, for different populations, cultures and religions.

4.2 Far from simplifying matters, the change of benchmark from economic growth to progress tends if anything to complicate them. That is why it is more necessary than ever to promote a debate on the meaning of progress that in addition to redefining the concept of development, by identifying the objectives to be pursued and the tools to achieve them, should also touch upon aspects of political responsibility. In other words, a debate that enables society, in all its individual parts, to focus on what it considers essential for its own existence.

4.3 This entirely new approach requires the various dimensions that comprise progress to be identified, so that the appropriate indicators can then be designed. The three predominant approaches to measuring progress involve:

- 1) extending national accounts to social and environmental aspects;
- 2) using compound indicators; and
- 3) creating key indicators.

4.4 The most recent and comprehensive work on the progress of societies suggests that it is made up essentially of two systems: the human system and the ecosystem⁽²³⁾. These two systems are closely linked through two different channels: ‘resource management’ and ‘ecosystem services’⁽²⁴⁾.

4.4.1 Within this framework, ‘human well-being’ (as conceived individually and socially) performs the dominant function and represents the fundamental aim of societal progress. Human well-being is thus supported by three domains: *economy*, *culture* and *governance* (which can in turn be considered as ‘intermediate goals’). The ecosystem also consists of a domain represented by the ‘ecosystem condition’ (Figure 1).

4.4.2 In this context, ‘social well-being’ can be defined as the sum of the human well-being and the ecosystem condition and the related ‘progress of societies’ as the improvement in human well-being and the ecosystem condition. This evaluation must, however, be accurate, combining it with the role played by inequalities in human well-being and ecosystem conditions.

⁽²³⁾ Hall J., Giovannini E., Morrone A., Ranuzzi G., 2010, *A Framework to Measure the Progress of Societies*, Statistics Directorate, Working Paper No 34. OECD, STD/DOC (2010)5, Paris.

⁽²⁴⁾ While resource management represents the effects of the human system on the ecosystem (resource depletion and pollution), ecosystem services link the two systems in both directions (food, water, air, impact of natural disasters, etc.), Hall J., Giovannini E., Morrone A., Ranuzzi G., 2010.

The inequalities to be considered are those across and within societies or geographical regions and between generations. In this way, fair and sustainable social progress can be defined.

4.5 The debate on complementary indicators to GDP falls within this broader field of discussion. The reappearance of this debate, and the requirement to measure phenomena other than economic growth alone, stem from the fact that a renewed awareness of the importance of these phenomena has finally put them on the political agenda. Measuring them means that they can be known and consequently can be managed.

4.5.1 These phenomena represent political choices: consequently, they should be monitored so that citizens can be properly informed. This explains why independent, high-quality official statistics have a crucial role to play.

5. Information, consultation and participation in the process of preparing progress indicators

5.1 The resumption of the debate on preparing complementary indicators to GDP is essentially based on the fact that, over the last decade, a real gap has opened up between:

- the measures taken by official statistics bodies (comprising national and supranational statistical institutions) to identify a number of phenomena;
- and the economic, social and environmental trends that affect communities, and which European citizens must contend with daily.

The disruptive economic and social effects of the global crisis have also helped to widen this gap.

5.1.1 In other words, the existence of a gap between reality as captured and represented by official statistics (via its traditional indicators, GDP being the most representative of them) and reality as perceived by the public inevitably gives rise to a series of questions on the role to be played by official statistics in the 21st century.

5.2 All this comes just at a time when, as a result of developments in information and communication technologies (ICT), nothing less than a revolution in communications is taking place, making information flows more accessible. The key question is to what extent these developments are reflected in

real social awareness, and this is where official statistics have a key role to play. The aim must be to pave the way for a shift from *information* to *knowledge*.

5.2.1 The greater availability of information favours transparency in democratic decision-making processes (for example, statistical indicators facilitate an understanding of the dynamics of specific phenomena such as employment, unemployment, inflation, etc.). But the sheer scale of the flow of information can be disruptive to the attention of users, whether they are members of the public or policy-makers (because a greater flow of information does not necessarily lead to better understanding).

5.3 This dilemma has served to make it clear that independent, high-quality governance is needed in statistics. Statistics must return to their basic guiding role in measurements and the relevant methodology, geared to the phenomena determined by the new economic, social and environmental requirements⁽²⁵⁾.

5.3.1 The EESC considers that the Communication from the Commission *Towards robust quality management of European Statistics*⁽²⁶⁾ is highly relevant here, as it emphasises that present-day statistics, as well as providing knowledge of the facts, must enable them to be managed now and in the future. Citizens must be in a position to make informed, rational and democratic choices in this regard.

5.3.2 Eurostat is therefore set to take on a key role in integrating and harmonising national and regional statistics from the 27 EU Member States, particularly in areas concerning the quality of life, sustainability and distribution of income and capital, in order to measure changes in well-being linked to public action.

5.3.3 Eurostat should ensure methodological support in order to provide institutional and social actors, as well as EU citizens, with tools so they can be properly informed and consulted and consequently take part effectively in the public debate⁽²⁷⁾.

⁽²⁵⁾ Giovannini, E., 2007, *Statistics and Politics in a Knowledge Society*, OECD, STD/DOC(2007)2, 29 May 2007, taken on 28.1.2010 from: <http://www.2007oecd.org/dataoecd/39/53/41330877.pdf>.

Giovannini, E. 2009, *Measuring Society's Progress: A key issue for policy making and democratic governance*, taken on 28.1.2010 from: <http://www.oecd.org/dataoecd/6/34/41684236.pdf>.

⁽²⁶⁾ (COM(2011) 211 final.

⁽²⁷⁾ This is the thinking behind the establishment within the European statistical system of the Sponsorship Group on Measuring Progress, Well-being and Sustainable Development with a remit to coordinate work on the issue and to implement the recommendations of the Stiglitz, Sen and Fitoussi commission, with due consideration to the objectives of the Europe 2020 strategy.

5.4 In this new setting, civil society, together with the other social and institutional players, should – by means of round tables and forums on the matter – determine the arenas in which the progress of societies is to be gauged, identifying specific areas and salient facts (in the economic, social and environmental spheres). Statistics, for its part, has a ‘technical’ support role to play, supplying a suitable methodology and pointing to efficient indicators for surveying events.

5.5 Involving the public enables ‘forms of collective intelligence’ to be built up: by allowing active citizenship practices to become embedded, they help to redefine democracy:

- firstly ‘participatory democracy’ with greater interaction and forums for priority-setting by means of progressive understanding and consideration of different points of view regarding the general interest ⁽²⁸⁾;
- and then ‘preparatory democracy’ in order to specify the criteria determining the concept of well-being itself as a shared objective of social progress, identifying the appropriate variables for preparing indicators to measure well-being and map out paths for the progress of societies that can be understood by stakeholders and can therefore facilitate their involvement in pursuing widespread well-being ⁽²⁹⁾.

5.5.1 Practices of this kind help to flesh out the concept of ‘social capital’ ⁽³⁰⁾ that underpins Europe’s objectives of a knowledge-based economy and social cohesion: the ability to fine-tune the concept of well-being for all through greater trust,

understanding and cooperation between civil society and public authorities. This can only come about through strong civic, political and social participation, which the public authorities should foster by means of active consultation ⁽³¹⁾.

5.5.2 A considerable number of countries have recently launched structured deliberative processes involving civil society (Australia, Canada, France, Germany, Ireland, Italy, Luxembourg, Mexico, the Netherlands, the United Kingdom, the United States and Switzerland).

5.5.3 Experience consistently reveals significant differences in the structure and scope of processes to involve civil society actors. These differences emerge more at the interactive discussion stage (public debate and setting of values and priorities) than in the first phase of consultation.

5.5.4 The consultation phase, in contrast, often takes the form of intensive use of specific websites, a number of working groups charged with looking into specific thematic areas, and consultation programmes relying heavily on the use of social networks, blogs and surveys (mainly on-line). No country has yet, however, added an official and meaningful link between the deliberative creation of indicators on the one hand, and economic and financial programming on the other.

5.5.5 The EESC, however, is convinced that civil society can be involved in identifying indicators of well-being and progress through its active participation in both choosing political priorities and in selecting the information that is to be monitored.

Brussels, 29 March 2012.

The President
of the European Economic and Social Committee
Staffan NILSSON

⁽²⁸⁾ For more information on this question, see the EESC Conference on *Participatory democracy as a means of combating the crisis of confidence in Europe*. See also *The Citizen’s Handbook* (<http://www.vcn.bc.ca/citizens-handbook>) and the *European Citizens’ Initiative* (<http://www.citizens-initiative.eu/>), campaigning to promote participatory rights for EU citizens.

⁽²⁹⁾ In analysing the dynamics of participatory democracy, it is customary to distinguish between top-down and bottom-up processes. The use, in both cases, of a reference to interaction between two different levels of organisation and decision-making (absent, on the other hand, from forms of direct democracy) establishes participatory democracy as a dialogue- and process-based entity which is in practice most effectively applied in conflict resolution. The aim here is to bring the two processes together.

⁽³⁰⁾ *The well-being of nations: the role of human and social capital*, OECD, Paris, 2001.

⁽³¹⁾ *Citizens as partners: Information, consultation and public participation in policy-making*, PUMA (Public Management Service), OECD, Paris, 2001.