

Measuring Societal Progress: Indicators that Count

Speaking notes for

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1. Introduction

Good evening everyone. It's great to be with you.

I want to thank the Queen's School of Public Policy and especially Keith Banting, Rachel Laforest and Naomi Alboim for inviting me to speak to you this evening. One of the reasons why I was attracted to this forum – beside the opportunity to return again to the beautiful city of Kingston – was the chance to spend an evening with a group of people who are working to promote positive change.

Many of you are public servants, others are academics and still others are community practitioners. I believe it's vitally important that we bring together people from different areas and with different perspectives. In these difficult times, we have to resist the temptation to retrench into our individual silos and solitudes, polarities and partisanships – as tempting and comfortable as they may be.

We are, as a country and as a planet, facing a number of urgent challenges. If we hope to resolve them in a way that will build a stronger Canada and a better world in the 21st century, then we're going to have to find new ways of engaging with each other, having meaningful conversations, asking the right questions and seeking and finding answers that will lead to change.

I'm especially pleased that your focus at this conference is on the "third sector". It seems to me that there is a greater expectation today than perhaps ever before that citizens – through civil society and the third sector – will be able to participate in the process of policy development and change.

In fact, citizens aren't asking for that right, they are demanding it. They want to be involved in making the decisions that are shaping their world. They are sceptical of the notion of elites – whether political, institutional, corporate or any other forms – making decisions for them.

Citizens around the world are sending a very loud and clear message that leadership in the 21st century is no longer about "command and control" but about "inform and engage". Those who ignore this message, do so at their peril.

One example of this is that people are increasingly turning away from the political process because they feel that the political process has turned away from them.

Trust in Canadian government and public institutions is clearly declining. I note that earlier this month, (former Ontario Progressive Conservative Leader) John Tory observed in a speech “I believe the level of faith people have in politics, politicians and the public affairs of the nation is as low as it has ever been.”

You’ll recall that in the last federal election the participation rate was about 59% – the lowest in Canadian history. Participation rates in provincial and municipal elections are even lower and most noticeably the lowest is among Canadian youth. So we have a challenge on our hands.

2. The Importance of Indicators

Your conference today and tomorrow is built around your common desire to develop measurements that are reliable, high quality, and generate comparable information that will help to achieve policy goals.

That’s very similar to the impetus that drove the creation of the Canadian Index of Wellbeing.

Throughout the past decade, there has been a growing awareness that indicators are very powerful. What we count matters. What we count helps shape the dialogue in this country – on the factory floor, around the water cooler, in the media and in the corridors of power. What we count often influences the policy agendas and decisions of governments.

As the legendary Canadian economist, John Kenneth Galbraith said, “If you don’t count it, it doesn’t count.” For about 80 years now, the dominant yardstick in the western industrialized world has been Gross Domestic Product or GDP.

Since the onset of the global recession – Canadians and people around the world have been bombarded with news about GDP. Numbers have been issued and then updated. Predictions have been made and then revised.

So powerful and predominant has GDP become, that the New York Times referred to it as “a celebrity among statistics, a giant calculator strutting about adding up every bit of paid activity...”

But what is GDP? What does it tell us about how well or poorly we are doing as a society? More importantly, what does it leave out? And what are the consequences of this omission?

GDP is simply the value of all goods and services produced in a country in a given year. It was first introduced in the U.S. during the Great Depression as a way of measuring how much and how quickly the U.S. economy was shrinking.

Over time, GDP has emerged as a surrogate for societal wellbeing – something it was never designed to be. Even the “father of the GDP”, Nobel laureate Simon Kuznets, recognized that “The welfare of a nation can scarcely be inferred from a measurement of national income as defined by the GDP.”

GDP makes no distinction between economic activities that are good for our wellbeing and those that are harmful. Spending on tobacco, natural and human-made disasters, crime and accidents, all make GDP go up. Conversely, the value of unpaid housework, child care, volunteer work and time with our families and friends are not included in GDP because they take place outside of the formal marketplace.

Nor are subtractions made for activities that heat up our planet, pollute our air and waterways, or destroy farmlands, wetlands and old-growth forests. The notion of sustainability – ensuring that precious resources are preserved for future generations – doesn’t enter the equation.

Perhaps the most eloquent summation of the limitations of GDP was expressed more than 40 years ago by Senator Robert F. Kennedy, who noted that the GDP “measures neither our wit nor our courage, neither our wisdom nor our learning, neither our compassion nor our devotion to our country. It measures everything, in short, except that which makes life worthwhile.”

So we have to be very careful about what we measure, how we measure it, and how accurately we measure it. We have to be particularly careful about which indicators we accept as measurements of societal progress. Measurement has consequences.

3. The CIW

A few years ago, I was asked by the Atkinson Charitable Foundation to take on a new leadership role as Chair of the Advisory Board for the Canadian Index of Wellbeing. This past June, we officially launched our signature product, the Canadian Index of Wellbeing or CIW.

The CIW is, in many ways, a typical “third sector” organization. We are independent and non-partisan. We have a strong connection with academe all across

Canada with a newly forming affiliation with the University of Waterloo. And we work very closely with a wide variety of non-profit stakeholders.

Our mission is to regularly and publicly report on the quality of life of Canadians; encourage policy shapers and government leaders to make decisions based on solid evidence; and empower Canadians to advocate for change that responds to their needs.

The Canadian Index of Wellbeing has begun tracking and providing unique insights into the quality of life of Canadians – in eight interconnected categories that matter. These are – our standard of living, our health, the vitality of our communities, our education, the way we use our time, our participation in the democratic process, the state of our arts, culture and recreation and the quality of our environment.

Our ultimate goal is to be able to convert all eight areas into a composite index, much like the GDP or the TSX or Dow, including a single number that will go up or down to provide a quick snapshot of how our quality of life is changing, for better or worse.

How do we know that these are the areas that matter most to Canadians? How do we know that Canadians believe that progress in these areas represents progress toward a better society and better quality of life?

It's very simple. We asked them. Through three rounds of national consultations – coast-to-coast-to-coast – we asked Canadians what their core values were, and what kind of societal characteristics would reflect these values.

We also asked the best measurement experts and practitioners in the world – many of them Canadian, some of them from other countries – to take these answers and design a set of indicators that would allow us to measure whether we are moving closer to or further away from the goals that Canadians have for their society.

And because of this work, Canadians can be very proud of the fact that our country is now at the leading edge of a global movement that is creating new and more holistic ways of measuring societal progress.

The OECD and many individual countries have committed themselves to this effort. I spoke 2 years ago about our project in Istanbul at the OECD 2nd World Forum on Measuring and Fostering the Progress of Societies.

More recently, President Sarkozy of France appointed a commission to recommend more balanced and comprehensive ways of measuring wellbeing. The Stiglitz report was released in September and President Sarkozy has promised to champion a new approach to quality-of-life issues that puts them on equal footing with GDP.

4. Initial Findings

Back in Canada in June, we issued our first report, *How are Canadians Really doing?*, summarizing our findings in three wellbeing categories – Living Standards, Healthy Populations and Community Vitality.

One of the answers provided by our *Healthy Populations* study was that while Canadians are living longer, we are not living healthier.

The good news is that a Canadian born in 2005 could expect to live to over 80-years old – an impressive jump from 75 years in 1979. Women still live longer than men though men are catching up.

The bad news is that when we take into account the limitations brought on by disease and disability, the number of years Canadians live in full health peaked in 1996 and has dropped since. And, while women may live longer than men, often they do so in poorer health.

One reason for all of this is that we're putting on weight – and it's making us sick. Excess weight is the single most important cause of diabetes, and diabetes rates have almost doubled over the past 10 years. This is all the more shocking when you consider that the consequences of diabetes can be heart attacks, blindness, limb amputation and even death.

Canadians' rating of their health status has also declined across the board in recent years and the sharpest drop has been among youth – the group we think of as the healthiest in our society and our hope for the future.

In 1998, more than 80% of 12–19-year-olds reported “excellent” or “very good” health, but by 2005 this had plunged to 67%. We're also seeing a steady increase in the number of teenagers reporting problems with everyday functions like memory, thinking and mental wellbeing.

But even worse, is the health situation among Aboriginal Canadians. The Aboriginal life is a tragically short life. While we're starting to see some small progress, the health gap between Aboriginals and non-Aboriginals is still unacceptably large. Diabetes rates are several times the Canadian average and rates of other chronic diseases are considerably higher. Most worrisome is that the leading causes of death for Aboriginal peoples aged 44 and under are suicide and self-injury. This is a national shame!

Our findings on the *Living Standards* of Canadians are just as bleak. During the so-called "boom period" from 1981 to 2007 it turns out that the lion's share of the benefits went to the wealthiest 20% of Canadians. Inequality increased, with the rich getting richer, the poor staying poor and the middle class muddling through. Now, with the current recession, it's largely poor, middle-class and unemployed Canadians who are being hit the hardest.

While it's somewhat comforting to know that the recession may be starting to end – at least from a technical point of view – the reality on the ground is that it will be many years before Canada returns to the unemployment and poverty levels that existed before the recession. In fact, after the recession of the 1980s, it took seven years for Canada's unemployment rate to return to pre-recession levels.

As we know, when unemployment goes up, so does poverty, but it takes even longer to come down. During the last recession, unemployment rose by about 4 percentage points, as did the poverty rate. But even after unemployment started falling, poverty kept rising for another three years.

Those of you who work at the community level will be pleased to know that our *Community Vitality* study provided the one ray of sunshine in our initial research. Canadians have strong social relationships. Volunteerism and membership in organizations is growing. Compassion for others is growing. We report high levels of social support, extending assistance to family, friends and neighbours.

Crime is down. The national crime rate dropped by 30% between 1991 and 2006. Personal and violent crimes are both down.

Trust is relatively high. A majority of people in every province and territory believe that people can be trusted.

We feel we belong. Canadians express a strong attachment to their local community.

Despite these good news stories, visible minorities report feelings and acts of discrimination – a worrisome finding in a country proud of its tapestry of newcomers from around the world. More research is needed to examine the strength of our social relationships and answer the question posed by our Community Vitality researcher, Katherine Scott: “Are all citizens enjoying the same access to prosperity and wellbeing?” And If not why not?

So, we know what faces Canada today and where new public policies need to be implemented to look after our citizens.

5. Breaking Down the Silos

One of the goals for the CIW is to break out of the straightjacket imposed by silos. Because the types of things that I’ve just talked about don’t happen in a vacuum. They aren’t isolated from one another. And until we start connecting the dots, we’re just going to be spinning our wheels.

In broad strokes, our First Report re-affirmed earlier studies that the wellbeing of Canadians is very much related to their income and education levels. People with higher incomes and education tend to live longer, are less likely to have diabetes and other chronic conditions, and are consistently more likely to report excellent or very good health.

The stark reality is that household income continues to be the best predictor of future health status. The formula is straightforward: more income equals better health, less income equals worse health. This is true in all age groups and for both women and men.

The health-wealth link explains, at least in part, the increased health problems we’re seeing among young people. Their unemployment rate is now about twice that of the general population. Among those working, the percentage in low-paid jobs has skyrocketed.

When we then add on the large debts with which many students are graduating from post-secondary education, we have to wonder if we’re not depriving an entire generation – or at least the better part of it – of a chance for economic and health security.

As this suggests, poverty isn’t an equal-opportunity condition. Some groups are far more likely to be poor than others: lone parents, unattached individuals aged 45-

64, recent immigrants, persons with work-limiting disabilities, and Aboriginal people. Together they add up to 62% of persistent low-income persons, even though they make up only about 25% of the population.

So if we're serious about improving the overall health of our society, and if we're serious about eliminating, or at least substantially reducing the health disparities that exist, we're going to have to develop policies aimed at reducing our glaring economic inequalities. Getting more exercise and eating better – as important as they are – just aren't going to do the trick on their own.

One of our focuses at the CIW has been to connect the dots between past public policy decisions and changes in the quality of life of Canadians, some for better, others for worse.

As an example, the expansion of child benefits through the Canada Child Tax Benefit (CCTB) and the National Child Tax Supplement (NCBS) has helped reduce the incidence and depth of poverty in Canada.

On the other hand, changes to Employment Insurance have made this program less generous in terms of required qualification period, coverage, and duration of benefits. These changes have increased the financial risks to economic wellbeing. Hopefully, Parliament will act quickly on this.

Financial risks have also increased in Ontario due to the delisting of certain medical services and the huge cost of prescription drugs. The cost of out-of-pocket spending on health care has shot up from \$2.3 billion in 1981 to \$16.5 billion in 2007 – mainly due to prescription drugs: more of them and more costly – outside of our medicare. We need action, here, too.

Friends, if one lives in a world of silos then you see poor health, low income and high medical costs as three different problems. But once you start connecting the dots, you see that they are all parts of a vicious cycle: poor people have more health problems, they need more medical services, they can't afford them so they cut back on medications or diagnostic tests, or they pay for them by cutting back on other things like nutritional foods or warm clothes for their kids, which of course leads to more illness and lost time at work, which in turn results in lost income and jobs, which creates more poverty.

Again, it's pretty clear what Canada needs to do.

Good public policy can break this cycle. But we have to take a holistic and integrative approach that sees the full person and full problem. You have to separate cause from effect and focus on upstream solutions instead of downstream symptoms. It's more sensible, more effective and in the long-run much cheaper.

6. Conclusion

For those of us who are engaged in the process of shaping, influencing or informing public policy, it seems to me that the way ahead is clear.

Now, more than ever, we need to root ourselves and our work in the values that have shaped this great country: fairness, diversity, equity, inclusion, health, safety, economic security, democracy and sustainability.

Now, more than ever, we need leadership that is informed by sound, trusted, and regularly reported information about how we are really doing and what's really going on in our communities.

Now more than ever we need the third sector to put forward innovative and far-sighted policy solutions that respond to the real needs of Canadians.

Now more than ever we need to engage people in the process of change, to end their feelings of isolation, alienation and helplessness.

Now, more than ever, is the time to recapture the moral and political strength to see ourselves in our own place, in our own time, informed by our own values, and within our own actual narrative, as an independent nation, worthy of the respect of a world that needs an even better Canada. That's our task and I know we can do it, together. Thank you again for inviting me to be with you today. I wish you the best of luck in your work tomorrow, and beyond.