

## 7 => Special Sessions

### 7.4. Beyond GDP: increasing the policy value of alternative measures of economic welfare

#### *'The value of participation in advocating for alternative measures of economic welfare'*

##### **Summary**

When do alternative measures of economic welfare gain traction amongst policy makers? This paper explores a case study of an apparent success – Oxfam’s Humankind Index in Scotland. It draws on evidence from a recent independent evaluation of this small initiative to reflect on the factors which led to the HKI becoming an influential policy product in the Scottish Parliament and amongst wider civil society. The process of the HKI’s construction was concertedly participatory, with particular effort made to include the views of people who are ‘seldom heard’. This is an important reason for its traction – the public consultation which informed its creation seemed to be compelling to policy makers. This lesson has implications for other efforts to go ‘beyond GDP’ – relying on experts or even stakeholders to determine the composition of alternative measures risks undermining their attractiveness to policy-makers who want to be seen to be listening to constituents.

##### **Abstract**

##### **Introduction**

When economists Sen, Stiglitz and Fitoussi wrote their Commission on the Measurement of Economic Performance and Social Progress they called for a ‘global debate...[and] discussion of societal values, for what we, as a society, care about, and whether we are really striving for what is important’.<sup>1</sup> In the same vein, Anielski declares that ‘future wellbeing indicator work should have a firm foundation in quality of life values expressed by citizens in the community’.<sup>2</sup>

Yet the recent spate of measurement initiatives<sup>3</sup> risk replacing or augmenting a problematic metric (GDP) with an admittedly better one, but one which nonetheless has a serious blind spot: constituting another top-down, elite driven initiative.

To rely on elites to move the world into a safe and just space<sup>4</sup> through (admittedly well-intentioned) challenges to GDP seems an insufficient rebalancing of power. Most emerging initiatives might be considerably *better* than GDP (‘experts’ will probably formulate a product that is intuitive and plausible). But because injustice and poverty is about powerlessness there is a need to place more power in the hands of those excluded from decisions that affect them.<sup>5</sup> Not least because consultation with people often results in unexpected themes being identified by people as

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<sup>1</sup> (Stiglitz, Joseph *et al.*, 2009)

<sup>2</sup> (Anielski, Mark, 2007)

<sup>3</sup> (Fioramonti, Lorenzo, 2013)

<sup>4</sup> (Raworth, Kate, 2012)

<sup>5</sup> See, for example, (Alperovitz, Gar, 2013); (Beck, Ulrich, 2013); and (Polanyi Levitt, Kari, 2013)

important. This means that expert-determined measures, while they might be *close*, are clearly not entirely nor automatically in line with the views of people. More instrumentally, the democratic legitimacy and popular mandate of these initiatives is weak, which undermines their traction amongst policy-makers.

This paper explores Oxfam's Humankind Index for Scotland<sup>6</sup> and suggests that efforts to involve people in its creation underpinned the Index's positive reception and continued traction in the Scottish Parliament.

## **What is the Oxfam Humankind Index?**

Oxfam's work in some of the most deprived communities in Scotland highlights that pursuit of economic growth, reliant on wealth 'trickling down', often from consumption-based activities, inadequately addresses poverty. Instead, inequality, alienation and social breakdown result from the ineffectiveness of this model.<sup>7</sup> Gross Domestic Product (which supposedly measures national income through the lens of exchanges of goods and services) has become the dominant measure of economic and national progress and success. But GDP is consumption orientated and distribution-blind: Oxfam recognised that a new measure is needed.

Oxfam's UK Poverty Programme accordingly created a measure of Scotland's prosperity. The Oxfam Humankind Index (HKI) comprises factors that the people of Scotland identify as important to them. Its construction was deliberately participatory – a process of consultation was undertaken, using mixed methods (focus groups, community workshops, street stalls, an online survey, and a representative poll) and particularly reaching out to seldom-heard communities. Framed using the Sustainable Livelihoods Approach<sup>8</sup>, the consultation asked 'What do you need to live well in your community?' The views of over 3,000 people were considered in the preparation of the HKI and this has been vital to the credibility of the final product as the HKI reflects the priorities of the people of Scotland. The resulting HKI provides a measure that takes into consideration, *inter alia*, good physical and mental health, having a decent, affordable and secure home to live in good relationships, satisfying work and financial security.<sup>9</sup>

The Humankind Index was launched in April 2012 with the aspiration to influence policy-creation in Scotland so it focuses on the real needs of people, especially those in poverty and other disadvantaged groups.

This aspiration was independently evaluated, using the process tracing methodology. This revealed that the Humankind Index garnered strong political interest. The HKI was an example of measuring economic indicators in a Financial Scrutiny Briefing Paper prepared by the Scottish Parliament Information Centre. This was a valuable endorsement of the credibility of the approach – bolstered by Professor Joseph Stiglitz referring to the Humankind Index as a 'commendable example' and supporting its consultative approach in his evidence to the Economy, Energy and Tourism Committee.

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<sup>6</sup> (Dunlop, Stewart and Trebeck, Katherine, 2012)

<sup>7</sup> (Trebeck, Katherine, 2011)

<sup>8</sup> (Church Action on Poverty and Oxfam, 2009)

<sup>9</sup> (Dunlop, Stewart and Trebeck, Katherine, 2012)

A motion in the Scottish Parliament welcoming the Humankind Index received cross-party support and then debated in the Scottish Parliament with all major parties contributing. Following this debate, commitment was secured from the Cabinet Secretary for Finance, Employment and Sustainable Growth to *reconsider Scotland Performs* – the National Performance Framework (NPF). This has been facilitated through a series of on-going round table discussions that have included Oxfam Scotland and consultation on the NPF is forthcoming.

While these discussions have been taking place, the HKI has been adopted, independently of Oxfam pressure, by a wide range of partners seeking to influence the economic agenda. It has become a tool by which a range of partners, including civil society organisations and individual MSPs from a range of political parties, articulate the need for an alternative to GDP as a measure of economic success.

### **Participation and Democratic Legitimacy**

What can this impact be attributed to? Oxfam has been fortunate that it launched the Humankind Index for Scotland at a time when Scotland is considering its future (the 2014 independence referendum). This meant the HKI was relevant to wider political discussions, beyond Oxfam's explicit aim of refocusing policies on reducing poverty and inequality. The Index has also fed into a growing field of sustainability and prosperity measurement – the Oxfam Humankind Index is far from being the only initiative of its kind.

What is relatively unique, and therefore proved eye-catching, is that the Humankind Index is constructed by putting the voices of seldom-heard groups to the fore. The Humankind Index gained traction because:

- People directly determined the composition of the Index (as opposed to arbitrary weightings of components nominated by think tanks or academics)
- It consciously emphasises 'seldom heard' voices
- The process of constructing the Index brought together all major political parties, business interests and social justice organisations via a Steering Group

The inclusive nature of the preparation of the HKI was a key factor in developing early awareness and understanding among key partners including academia, civil society and politicians. Alongside the participative nature of the consultation, this has been crucial in policy-influencing success of the HKI at the Scottish Parliament.

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