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The Sarkozy Commission and the Measurement of Economic Well-being in Canada

On September 14, 2009 French President Nicolas Sarkozy released the report of the Commission on the Measurement of Economic Performance and Social Progress (<http://www.stiglitz-sen-fitoussi.fr/en/index.htm>). Named after Commission Chair and Nobel Prize recipient Joseph Stiglitz, the Stiglitz report identified the limits of GDP as an indicator of social progress and economic performance and called for efforts to improve metrics in this area.

The Centre for the Study of Living Standards (CSLS) today released new estimates of economic well-being in Canada and 13 other OECD countries that are consistent with the recommendations of the Stiglitz report.

The Index of Economic Well-being (IEWB) focuses on consumption rather than production, emphasizes the household perspective, integrates wealth into well-being measurement, and gives prominence to distributional issues.

It also includes non-market activities such as household work, highlights the economic security aspect of well-being, incorporates an environmental sustainability dimension into well-being measurement and makes use of surveys of subjective well-being.

The IEWB estimates are being released in two reports, authored by Lars Osberg of Dalhousie University and CSLS Executive Director Andrew Sharpe. The **first** compares the Canadian provinces for the 1981-2008 period in levels and growth rates of overall economic well-being and its four dimensions: current consumption, sustainability (i.e. stocks of man-made and natural wealth), equality, and economic security. The **second** uses the same methodology to assess the level and growth in economic well-being in Canada relative to 13 other OECD countries for the 1980-2007 period.

The key findings of the two reports are:

- Economic well-being advanced at a slower rate than GDP per capita in Canada over the 1981-2008 period due to decreased equality and economic security.

- In 2008, Alberta had the highest level of overall economic well-being among the ten provinces due to high levels of current consumption and wealth. Quebec and New Brunswick had the lowest levels of economic well-being.
- When each dimension of economic well being is equally weighted, Canada ranked 9th out of the 14 OECD countries for which IEWB estimates are currently available. Norway ranked first and Spain 14th. The United States was 13th.
- In term of the four dimensions of economic well-being captured by the index, Canada ranked 7th in stocks of sustainability/wealth, 8th in consumption, 9th in economic security, and 11th in equality among the 14 countries.
- The falling consumption and rising unemployment and poverty produced by the current economic crisis is resulting in a significant fall in economic well-being in this country and in other OECD countries.

The reports are posted at the CSLS web site under [Research Reports](#).

A summary of the studies is found in the Fall 2009 issue of the [CSLS newsletter](#).

The **Centre for the Study of Living Standards** (CSLS) is an Ottawa-based national, independent, not-for-profit research organization which began operations in August 1995. Its objectives are twofold: first, to contribute to a better understanding of trends and determinants of productivity, living standards, and economic well-being in Canada through research; second, to contribute to public debate by developing and advocating specific policies to improve the standard of living of Canadians.

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