

Society at a Glance: OECD Social Indicators 2005 Edition

Summary in English

Comparisons of the level of development of different economies often focus solely on the economic dimension, by examining levels of national output (GDP and GDP per capita, for example). But while the availability of economic resources clearly affects living standards and the ability of governments to offer public services, there is also a wide range of other indicators that can be used to measure social development in a wider sense, and to measure the progress that various countries' governments and social systems have made in delivering improvements in the quality of life for as many of their citizens as possible. *Society at a Glance* is the OECD's bi-annual compendium of social indicators, which attempts to satisfy the growing demand for quantitative evidence on whether our societies are getting more or less unequal, healthy and cohesive. It updates some of the indicators included in previous editions, and adds new ones including, for the first time, measures of subjective well-being.

The indicators included in the report have been chosen with a view to shedding light on two key issues: how far have OECD countries progressed in terms of social development, and to what extent has this been the result of deliberate policy actions, either by governments or by other social institutions. The second of these questions is clearly more challenging than the first (though both are made more difficult by limitations on the availability of relevant data). It is relatively straightforward to examine indicators of those aspects of social development that are policy targets (unemployment, for example), and to see how they have changed over time. It is more difficult to assess the extent to which these changes have been the result of government policy. Moreover, it is also necessary to take into account the resources that have been devoted to achieving those targets, and to question whether the results justify the costs involved. Cross-country comparisons can shed considerable light on this. For example, they can indicate whether countries where social spending is relatively high also achieve better social outcomes. Of course, this does not provide an explanation as to why outcomes are poorer in some countries than others, much less suggest a solution, but it can highlight areas where there is room for improvement.

In order to make it easier to make sense of the wide range of social indicators available, *Society at a Glance* groups them into five main categories. **The first consists**

of general background indicators of the overall context within which social policy operates (for example, income levels and population structure). These are not normally the direct targets of social policy, at least in the short to medium term, but they do influence its effectiveness. For example, the proportion of elderly people in the total population is not a direct target of policy, but it does have an important influence on how policy affects the living standards of the elderly and on the costs involved.

Indicators covered: national income per capita; age-dependency ratio; fertility rates; foreigners and foreign-born population; marriage and divorce.

The remaining four categories are broad groupings of indicators chosen to reflect the main objectives of social policy: **self-sufficiency, equity, health and social cohesion**. Each of these categories includes two main types of indicators: those that track the development of various policy targets (unemployment, poverty levels etc), categorised in the report as indicators of ‘social status’, and those that illustrate what society is doing to achieve those targets (categorised as indicators of ‘societal response’). The latter include indicators of the stance of government policy, but also of the activities of the private sector and non-governmental organisations (NGOs), for example, indicators of the development of private pensions, and of the actions taken by individuals and families to care for the elderly and children. Comparing response indicators with status indicators provides a rough indication of policy effectiveness, although it should be noted that differences in the definitions used and the availability of data mean that in many cases the figures are not fully comparable across countries. In addition, there are fewer good-quality indicators of societal response than of social status. This suggests a need for improvements in the collection of data describing public and private actions, including information on private social spending and on the number of people and households receiving different social benefits and services from employers and NGOs.

In many cases, the indicators are relevant to more than one category: For example, the ability to manage without assistance is an indicator of social cohesion, self-sufficiency and of health; similarly, drug use may signal a lack of social cohesion as well as poor health conditions. Rather than list these repeatedly, the report details those indicators that are specific to each category, and cross-references other relevant indicators that are listed elsewhere.

Self-sufficiency: All social security systems rely for their funding on contributions by people in work, and most achieve this by tying eligibility for social benefits to previous employment and/or contribution records. In addition to the benefits to society as a whole that it delivers, work provides economic resources, identity, social interaction and status to individuals and their families. Obviously, unemployment has the opposite effects. Labour force participation rates of women – and of mothers in particular – vary sharply across countries, reflecting both social differences and the effectiveness of measures aimed at helping women to reconcile their work and care responsibilities. In addition, long-term unemployment remains high in many countries, and many young people face difficulties in the transition from school to work. These problems are often concentrated among low-skilled workers, who are more likely to find themselves unemployed or earning lower wages than their better-educated peers.

The societal response to these problems has traditionally combined the provision of cash benefits to the unemployed with policies aimed at overcoming obstacles to work,

such as training schemes. When poorly designed, these two sets of measures may contradict each other: generous unemployment benefits may reduce the financial incentive to take up work, but are often not generous enough to lift recipients out of poverty. Moreover, the tax burden that social protection systems imply can adversely affect labour demand.

Social status indicators covered: employment; unemployment; jobless households; working mothers; educational attainment; age at retirement; youth inactivity.

Societal responses indicators covered: out-of work benefits; benefits of last resort.

Equity: Equity has many dimensions, including the terms of access to social services, economic opportunities and outcomes. Opinions as to what exactly entails a fair distribution of resources or opportunities vary widely within and between countries. Hence, it is not surprising that it is hard to obtain comprehensive information on all aspects of equity, and most of the indicators included reflect financial inequality.

Poverty, restricted access to health and other social services, and low levels of literacy and educational attainment are strongly correlated with each other (and with the employment indicators covered under self-sufficiency, above). Labour market conditions also raise equity concerns for specific groups, in particular for the children of the unemployed. In addition, some groups of elderly (in particular older women with no pension rights of their own) remain disproportionately exposed to poverty.

Social protection systems are the main tool through which policy-makers have responded to these equity concerns. All OECD countries have developed (or are developing) social protection systems that redistribute resources within society and insure individuals against various contingencies. This mainly takes the form of public social expenditure, but households may also have access to social benefits provided through the private sector or through the tax system. In all OECD countries, a large share of these resources is devoted to providing income following retirement, and this section therefore includes indicators of the current level of old-age pensions and the prospective retirement incomes of future retirees implied by existing pension rules.

Social status indicators covered: poverty; income inequality; child poverty; income of older people.

Societal responses indicators covered: public social spending; private social spending; total social spending; current old-age pensions; prospective pension income.

Health: The links between social and health conditions are strong. Indeed, growth in living standards, accompanied by better access to health care and continuing progress in medical technology, has contributed to a significant improvement in health status. However, disparities in health conditions remain large, with poorer countries consistently displaying worse health records. Within countries, some of the most disadvantaged groups in society – the poor, the less educated, those without jobs – tend to fare the worst. As a result, the health status of some categories of the population may not increase even though national health indicators are improving.

Measurements of the policy response are limited, but include total health care expenditure and the share of older persons receiving long-term care in institutions or public support at home. Here again, though, health status is difficult to disentangle from other social conditions such as unemployment and inadequate housing.

***Social status indicators covered:** life expectancy; health adjusted life expectancy; infant mortality.*

***Societal responses indicators covered:** total health care expenditure; long-term care.*

Social cohesion: Simultaneously promoting social cohesion and combating social exclusion are central goals for social policy in many OECD countries. However, there is no commonly accepted definition of either social cohesion or social exclusion, which makes identifying suitable indicators all the more difficult. One approach is to examine indicators that identify the extent to which citizens participate in society and derive satisfaction from their daily activities. Frequency of contacts with other people and membership in groups and associations are two important aspects of this. Subjective survey data are also important “direct” measures of the well-being of individuals and of the cohesion in society as whole. This indicator is included for the first time in this issue of *Society at a Glance*.

Both suicide rates and drug use and related deaths point not just to personal breakdown, but also to risks of social exclusion. Similarly, the prevalence of teenage births can indicate risks of social exclusion and social distress for both the affected mothers – who most often leave the education system without qualifications, and face barriers in getting a foothold in the labour market – and their children.

It is much more difficult to identify relevant response indicators. Few policies are specifically directed at alleviating or remedying the consequences of social exclusion. Conversely all of the policies that are relevant to other dimensions of social policy (self-sufficiency, equity and health) will also impact on social cohesion.

***Social status indicators covered:** subjective well-being; social isolation; group membership; teenage births; drug use and related deaths; suicides.*

© OECD 2005

This summary is not an official OECD translation.

Reproduction of this summary is allowed provided the OECD copyright and the title of the original publication are mentioned.

Multilingual summaries are translated excerpts of OECD publications originally published in English and in French.

**They are available free of charge on the OECD Online Bookshop
www.oecd.org/bookshop/**

For more information, contact the OECD Rights and Translation unit,
Public Affairs and Communications Directorate.

rights@oecd.org

Fax: +33 (0)1 45 24 13 91

OECD Rights and Translation unit (PAC)
2 rue André-Pascal
75116 Paris
France

Visit our website www.oecd.org/rights/

