

## T20 Statement on Social Development Measurement

The Think20 (T20), the G20's research and policy network, recognizes the importance of the G20 as a multilateral forum that can develop effective solutions to the economic and social consequences of the COVID-19 pandemic.

We are living through a moment of exceptional crisis, with the COVID-19 pandemic catching governments around the world off-guard. The social distancing measures that have been implemented have affected and disrupted all aspects of our lives. The social and economic impacts of the outbreak responses will have long lasting economic and social consequences all around the world. In particular, the self-isolation measures have changed our social lives, from the way we work to our interpersonal relations, in ways never seen before. The global community needs to develop policy measures to respond adequately to these consequences. Aside from the current crisis, there are many other prominent challenges still to resolve, including climate change, environmental degradation, social and political fragmentation, and global and national governance crises.

Many of the prominent challenges of the twenty-first century, including the rise of populism, growing nationalism, a backlash against globalization and multilateralism, arise from the increasing disconnect between economic growth and social equity. While gross domestic product (GDP) per capita, our conventional measure of economic prosperity, has grown over the past four decades, this growth does not appear to have been matched by steadily rising social prosperity and wellbeing. Likewise, shareholder value, the conventional measure of success in the private sector, has been rising considerably but with excessive external costs and an insufficient sharing of the benefits with all stakeholders. The increasing disconnect between economic growth and social equity is shown in the persistence of national, ethnic and religious conflicts around the world, and rising dissatisfaction among large population groups that feel left behind in both developed and developing countries. The effects of the global economic disruption triggered – but not solely caused – by the COVID-19 pandemic will probably worsen this underlying situation.

It is vital that the global community, including governments and private businesses, can rely on high quality data to develop policy measures and norms of management with which to respond adequately to the consequences of the current crisis and tackle the prominent challenges of the twenty-first century. In particular, there is a need to measure social and human development accurately. Human wellbeing is about more than satisfying preferences for the consumption of goods and services. It also includes the pursuit and achievement of value-driven purposes. The success of homo sapiens is built largely on cooperation, and humans have evolved to socialize and to use their capacities to shape their environment.



Consequently, personal empowerment and agency, and social solidarity have become fundamental sources of human wellbeing. Agency and solidarity, alongside economic prosperity and environmental sustainability, are fundamental human needs in all cultures. When important material needs have been met, when people feel securely and meaningfully embedded in society, when they have the power to influence their circumstances in accordance with self-determined goals, and when they live within planetary boundaries, they achieve a wider sense of human wellbeing than when they simply maximize GDP growth. Failure to achieve any of these ends is associated with suffering. The inability to meet basic material needs signifies extreme poverty; lack of agency signifies a lack of freedom, self-expression and self-determination; failure to achieve social solidarity is associated with loneliness and alienation, and living unsustainably means robbing future generations (as well as others in the current generation) of the opportunity to lead flourishing lives.

On this basis, the need to supplement standard statistics with more precise data on agency and solidarity is urgently required. This can be examined alongside data for economic prosperity and environmental sustainability to gain a more balanced and profound understanding of wellbeing. This could take the form of a specific index of agency that would measure people's ability to influence their fate through their own efforts (through their endowment in human capital, the protection of their rights and freedoms, and their access to participatory decision mechanisms). It could include a specific solidarity index measuring how humans experience social belonging and trust, and how they benefit from formal and informal support structures and networks that enable their common participation in a cohesive society.

In addition to taking a more holistic approach to measuring human wellbeing, it is absolutely vital to not only document the average situation but to look at its distribution. The impact of COVID-19 is affecting countries and population groups in distinct ways, and underlying long-lasting inequalities have made it more difficult for many countries to respond to the current crisis. The crisis is already having a disproportionate impact on the world's most vulnerable populations, in particular the poor. Furthermore, the consequences of the pandemic seem to be worse for women, who are more likely to be family caretakers and front-line health workers, than men. However, fatality rates are greater for men. To find adequate policy responses, it is thus vital to document the distribution of human wellbeing in order to identify disadvantaged groups needing special attention.

The private sector can play an essential role in tackling the current challenges. Its influence on social development through the management of human resources, the choice of technology, and its management of externalities and risk, is considerable. Therefore it is crucial to promote responsible behavior in the private



sector by enhancing transparency. This can be achieved through harmonizing norms of reporting on environmental, social and governance impacts, incentivizing socially and environmentally-oriented repurposing of corporations, and enforcing inclusive governance toward a stakeholder-value approach. Accurate data production and wide data dissemination is key to helping all actors, from customers and investors to government procurement and businesses, better align their economic decisions with their broader goals of social cohesion and environmental stewardship.

The T20 calls on the G20 to

- Elevate social development to the same priority level as economic prosperity and public health and safety.
- Measure social and human development more accurately and at a rapid frequency, enabling quick responses to shocks.
- Put fundamental human needs at the heart of its policies. This includes endorsing a more holistic picture of human wellbeing; in particular, including agency and solidarity into the regular reporting of national statistics, and taking these as a basis for policymaking.
- Document the distribution, not just the average situation, to identify disadvantaged groups needing special attention, at the speed needed to tackle shocks and crises effectively.
- Harness the contribution of the private sector by enabling responsible actors through several channels. In addition to promoting the adoption of mission-oriented purpose and stakeholder-inclusive governance, it is crucial to aim to harmonize and disseminate the accurate and comprehensive reporting of private sector impacts on social development and externalities.

At a time when trust in governments as well as information sources, including experts, is low, it is essential to build measurement systems that give an accurate and timely picture of the social situation. This would help give populations a sense that their difficulties are understood and recognized by decision-makers, both in government and in the private sector.

