

New indicators of well-being and sustainability
(CEE 271F & CEE 171F)
Stanford University
Summer Quarter
Syllabus

Time and place: Tue, Thu 11:00 AM - 12:50 PM at Y2E2101

Instructor: Dr. Éloi Laurent (OFCE/Sciences-po; Stanford in Paris)

Email: eloi.laurent@sciencespo.fr

TA: TBD

Course overview and objectives:

“If the GDP is Up, Why is America Down?” asked *The Atlantic Monthly* a few years ago, echoing Robert Kennedy, making the case in 1968 that economic growth “measures everything...except that which makes life worthwhile”. The economic crisis we are witnessing is also a crisis of economics and more generally a crisis of the indicators we routinely use to assess our individual and collective success. Simply put, indicators matter because they determine policy: what is not measured is not managed. To *measure* is actually to *govern*. At least two priorities have thus made their way to the top of the global agenda in recent years: how to better measure human development (what really matters for humans to flourish); how to better assess the sustainability of our socio-economic systems (the ability of our economies and societies to project themselves in the future while maintaining their fundamental balance). This class will explore these two issues – well-being and sustainability – through the lens of the new indicators that are being developed in all corners of social sciences and at the frontier with natural and physical science.

The class will also work as a lab where students will learn how to build their own indicator of well-being or sustainability, an experience that will result in a formal proposal 60% of their final grade

Part I (“*Going beyond GDP: why and how*”) offers an historical perspective on well-being and sustainability thinking since Aristotle; a brief but panoramic overview of the standard economic indicators and their limits and finally a methodological roadmap to start building a new indicator of well-being and sustainability. Part II (*Well-being*) is devoted to the issues of well-being indicators and focuses on health, education, happiness, trust, inequality and governance. Part III (*Sustainability*) sheds light on new research in sustainability indicators, exploring sustainable development, environmental performance indicators, material flow analysis and decoupling and inclusive wealth indicators; Part IV (*Policy*) finally examines how building new indicators changes policy at the global, national and local level. The class will conclude with a “Forum on well-being and sustainability” where students will present and discuss their work.

Grades: Class participation, including commenting readings (15%), a 15 pages (10 pages text / 5 pages annex) proposal of new indicator of well-being or sustainability (60%), closed-book in-classroom multiple choice quiz (20 questions, 1 hour) (25%).

Special section on plagiarism

Plagiarism is severely sanctioned at Stanford. According to the Board on Judicial Affairs (May 22, 2003): “For purposes of the Stanford University Honor Code, plagiarism is defined as the use, without giving reasonable and appropriate credit to or acknowledging the author or source, of another person's original work, whether such work is made up of code, formulas, ideas, language, research, strategies, writing or other form(s)”. Please refer to the section devoted to plagiarism on the Stanford website:

<http://www.stanford.edu/dept/vpsa/judicialaffairs/students/plagiarism.htm>

Readings:

There is no textbook or reader required for this course. Each session will be prepared on the students' end by one reading and one browsing (exploring a website), both available online at no cost. Readings and browsings will be debated in class. No reading is required for the first (introductory) session.

Part I: "Going beyond GDP": why and how

Session 1 (June 23): Old questions and new answers

- Course purpose, outline and organization;
- Introduction: From Aristotle to Amartya Sen;

Session 2 (June 25): GDP & standard economics: why we need to know much more

- What is GDP, what is it good for;
- Standard economic indicators: unemployment, stock market;
- Why we need to know more.

Readings: SEE READINGS & BROWSINGS (posted on Coursework 1st week of class).

Session 3 (June 30): Building your own indicator: Methodology

- Data ethics;
- Data source;
- The example of the HDI & the Better Life Index
- "Sustainability" and sustainability indicators

Readings: SEE READINGS & BROWSINGS.

Part II: Well-being

Session 4 (July 2): Health

- Individual and social health;
- Health and development;
- Health & the environment;

Readings: SEE READINGS & BROWSINGS.

Session 5 (July 7): Education

- Theories of education and development;
- How to measure education?
- PISA;

Readings: SEE READINGS & BROWSINGS.

Session 6 (July 9): The pursuit of happiness

- What is happiness?
- How to measure it?
- Exploring the Easterlin paradox;
- What is a "happiness policy"?

Readings: SEE READINGS & BROWSINGS.

Session 7 (July 14): Trust

- The power of trust in our societies;
- How to measure trust: surveys & experiments;
- Trust and development.

Readings: SEE READINGS & BROWSINGS.

Session 8 (July 16): Inequality

- The rise of inequality;
- Measuring global inequality;
- Measuring national inequality;
- Reducing Inequalities.

Readings: SEE READINGS & BROWSINGS.

Session 9 (July 21): Governance

- Governance and collective well-being;
- Civil liberties and political rights;
- The role of institutions;
- Democracy and development;

Readings: SEE READINGS & BROWSINGS.

Part III: Sustainability

Session 10 (July 23): What is sustainable development?

- A brief history of human prosperity and ecological crises;
- How to define sustainability;
- How to measure sustainability.

Readings: SEE READINGS & BROWSINGS.

Session 11 (July 28): “Static sustainability”: Environmental performance indicators and genuine progress

- EPI and ESI;
- The Nature indicator in Norway;
- Ocean health index;
- Genuine progress.

Readings: SEE READINGS & BROWSINGS.

Session 12 (July 30): Material flow analysis and decoupling

- Material flow analysis;
- The four forms of decoupling;
- Can we really decouple?
- Sustainability in space: material footprint and ecological footprint

Readings: SEE READINGS & BROWSINGS.

Session 13 (August 4): Dynamic sustainability indicators

- Comprehensive wealth;
- Environmental national accounts;
- Genuine savings & the inclusive wealth index

Readings: SEE READINGS & BROWSINGS.

Session 14 (August 6): Policy: Global, national and local

- Buthan as a pioneer;
- Initiatives worldwide (Italy, France, Germany, etc.);
- Current projects and future perspective.

Readings: SEE READINGS & BROWSINGS.

Quiz session (August 11)

Session 15 (August 13): Well-being and sustainability Forum