

**New indicators of well-being and sustainability**  
**(CEE 271F & CEE 171F) – 3 units**  
Stanford University  
Summer Quarter  
Syllabus

Time and place: Tue, Thu 11:30 AM - 13:20 PM at Y2E2 111

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

Email: [eloi.laurent@sciencespo.fr](mailto:eloi.laurent@sciencespo.fr)

Office hours: Tue, 9-11:15

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.

**Desired outcomes:** Students will learn how to define and measure well-being and sustainability, they will build their own indicator of well-being and/or sustainability, they will better understand how data are built and interpreted, they will learn about the big issues of our world, from health and education to climate change and biodiversity.

**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%). Grading Basis: Letter or Credit/No Credit.

**Background:** No specific background required, no formalized economics in class.

**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.

**Data portals:**

Data portals are very useful to understand what well-being and sustainability metrics exist and can be used by students in their own project but also what indicators don't exist and can be created by students.

OECD:

<https://data.oecd.org/>

Human Development Report:

<http://hdr.undp.org/en/data>

Eurostat:

<http://ec.europa.eu/eurostat/web/gdp-and-beyond/quality-of-life/data/overall-experience-life>

Wikiprogress:

<http://wikiprogressdata.org/>

**Honor Code and Fundamental Standard of Stanford are expected to be upheld:**

<https://communitystandards.stanford.edu/student-conduct-process/honor-code-and-fundamental-standard>

**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 see:

<https://communitystandards.stanford.edu/student-conduct-process/honor-code-and-fundamental-standard/additional-resources/what-plagiarism>

**ACCOMMODATIONS FOR STUDENTS WITH DISABILITIES**

Students needing an academic accommodation based on the impact of a disability must initiate the request with the Office of Accessible Education (OAE). Professional staff will evaluate the request with required documentation, recommend reasonable accommodations, and prepare an Accommodation Letter for faculty dated in the current quarter in which the request is being made. Students should contact the OAE as soon as possible (563 Salvatierra Walk; phone: 723-1066; URL: <http://oae.stanford.edu>) since timely notice is needed to coordinate accommodations.

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

### **Session 1 (June 21): Old questions and new answers**

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

### **Session 2 (June 23): 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 1<sup>st</sup> week of class).*

### **Session 3 (June 28): 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 (June 30): Health**

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

*Readings: SEE READINGS & BROWSINGS.*

### **Session 5 (July 5): Education**

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

*Readings: SEE READINGS & BROWSINGS.*

### **Session 6 (July 7): 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 12): Trust**

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

*Readings: SEE READINGS & BROWSINGS.*

**Session 8 (July 14): Inequality**

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

*Readings: SEE READINGS & BROWSINGS.*

**Session 9 (July 19): Institutions and 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
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**Session 10 (July 21): 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 26): “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 28): 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 2): Dynamic sustainability indicators**

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

*Readings: SEE READINGS & BROWSINGS.*

**Session 14 (August 4): 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 9)**

**Session 15 (August 11): Well-being and sustainability Forum**