



European Foundation for the Improvement of Living and Working Conditions

# Monitoring quality of life in Europe



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**Foundation project:** Monitoring living conditions and quality of life in Europe

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Cataloguing data can be found at the end of this publication

Luxembourg: Office for Official Publications of the European Communities, 2003

ISBN 92-897-0210-9

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Printed in Ireland

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# Foreword

The challenges arising from social exclusion, an ageing population, changing family structures and gender roles, and now enlargement, have pushed quality of life issues to the fore in the EU policy debate. Their impact is direct on people's everyday lives, families, communities and society. The Foundation's recent work in the living conditions sphere has thus focused on monitoring trends and changes in living conditions and quality of life across the EU and in candidate countries.

The Foundation's current four-year programme 2001-2004 emphasised the need to strengthen its expertise in the living conditions area, enabling it to monitor and analyse trends on a comparative basis, to identify and research emerging issues, and to respond in a timely and relevant way to the needs of policy makers and decision takers. The programme underlines the need for an integrated and holistic view of issues across both living and working conditions.

The first challenge has been to develop a concept or approach to living conditions that is appropriate to the Foundation's mission, and therefore relevant to the needs of policy makers in public authorities and among the social partners, specifically at EU level.

'Living conditions' clearly embraces a very wide area of policy interest, with a particular need to map and understand disparities associated with age, gender, health, ethnicity and region. The Foundation's four-year programme points to the need to link the assessment of living conditions to the changing nature of employment, work organisation, and working conditions on the one hand, and to the modernisation of social protection and social welfare services on the other. Quality of life for Europe's population is at the centre of the Foundation's work.

This report, *Monitoring quality of life in Europe*, provides the conceptual background and proposes a framework for the monitoring of living conditions and quality of life. The framework should not only set out clearly the meaning assigned to the core concepts of living conditions and quality of life, but also help define the key spheres and indicators of the proposed survey.

We are pleased to make this report available as a basis for the development of monitoring activities that we hope will contribute to the improvement of living conditions and quality of life in Europe.

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# Summary

## Introduction

The first challenge for the Foundation in launching its initiative to monitor and report on living conditions and quality of life in Europe was to develop an approach to living conditions that would be appropriate to the Foundation's mission and therefore relevant to the needs of policy-makers among the public authorities and social partners, specifically at EU level. The conceptual framework would have to:

- be scientifically grounded and robust;
- focus on areas directly relevant to the European policy agenda; and
- allow the Foundation to fill gaps and add value.

The aim of the report summarised here is to point to the most satisfactory conceptual framework, and within it to identify which areas are most relevant to European policy, where gaps exist and where the Foundation's activities can best add value.

The report emphasises at the outset that tracking change over time is at the core of monitoring. However, in the case of multidimensional entities, such as living conditions and quality of life, it is also necessary to explore the relationships between the different dimensions, and between them and external factors. This is a more complex task than the regular measurement of trends in key indicators, but an analytical rather than a descriptive approach to monitoring is essential if it is to make the desired contribution.

## Conceptual review

The report first reviews key relevant concepts. The need to go beyond income in measuring social progress is now well recognised. 'Living conditions' generally refer to the circumstances of people's everyday lives, in terms of, for example, family housing and general standard of living. Although the term has been the focus of social reporting for many years, it is not based on a clear underlying theoretical concept. 'Quality of life' on the other hand, is broader and has a more developed conceptual underpinning, referring to the overall level of well-being of individuals in a society.

The report emphasises that, while living conditions are very important, a central element in improving quality of life is enabling people, as far as possible, to attain their own goals. This has to be achieved, of course, within the constraints imposed by economic sustainability and respect for the rights and needs of others. It also takes place in a particular institutional and policy setting, and in the context of a community and a society. The nature of an individual's relationships with others in their household, their community and beyond, as well with institutions and policies, are fundamental influences on quality of life.

Whereas living conditions are measured through 'objective' indicators of resources and conditions, both objective and subjective aspects are inherent in the notion of quality of life. The resources and opportunities open to people, as well as their living conditions, need to be captured. This has to include collective as well as individual resources: notably social provision in areas such as education, health care, housing and social services, widely regarded as fundamental to the quality

of life. The opportunities open to people, as well as the actual choices they make and the observed outcomes (both objective and subjective), are central.

It is the combination of these elements that makes up an individual's quality of life. Since quality of life is by its nature culturally relative (and normative or value-based in character), indicators intended to reflect different aspects ultimately derive their meaning and legitimacy from public consensus that they are significant components of a better or worse quality of life. The breadth and depth of the notion of quality of life mean that monitoring is indeed challenging.

A variety of other related concepts, such as social exclusion and inclusion, social cohesion, social integration and social capital, social quality, human development and 'liveability' are also reviewed. The conclusion reached is that quality of life can serve as an overarching frame encompassing many of these other concepts that apply at the level of the individual, family, community and society. Combating social exclusion and promoting an inclusive society, for example, involves enhancement of the capacity of people to participate in the life of their society, which is central to quality of life. Similarly, discussions of the concept of social quality emphasise elements such as socio-economic security and empowerment, which play a central role in quality of life.

### **The European policy agenda**

Since monitoring quality of life takes social goals as the point of departure, the core elements of the European policy agenda are of central importance. In reviewing these, the report notes the overall strategic goal set for the EU in Lisbon: to become 'the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion'. It shows that the concerns of European policy, and in particular the social policy agenda, have expanded and deepened in response to challenges. These arise from factors such as sustained high unemployment, the ageing of the population, the increasing importance of knowledge and skills, the transformation of traditional family structures and gender economic roles, and environmental degradation. The report identifies core aims that now include:

- raising living standards and improving living and working conditions;
- strengthening social cohesion and combating exclusion;
- promoting equal opportunities; and
- safeguarding sustainability.

More specific goals are also noted. These include supporting the 'knowledge society', achieving and maintaining high levels of social protection, promoting health and making high quality health care available to all, promoting participation and trust, reducing pollution, and strengthening families while meeting new challenges in terms of caring for children and the elderly.

The focus of social policy itself is on the modernisation of the European social model, investing in people, and combating social exclusion, within a broader agenda that focuses on quality as the driving force and has, as a guiding principle, the strengthening of the role of social policy as a productive factor. There is also a clear concern with the balance between economic, social and

political spheres in the everyday lives of Europeans. The forthcoming enlargement of the EU is also a critical element.

Like the corresponding and generally similar aims that can be identified at Member State level, the goals of European policy are of course the product of an ongoing political process, not an entirely coherent, consistent, and comprehensive set of goals. Potential conflicts or trade-offs between goals may sometimes be masked or minimised, and there are areas where the European policy agenda is currently underdeveloped, not fully capturing emerging concerns among Europe's citizens.

There are also many areas where policy goals have been reasonably well articulated and policies have been developed, but where the central processes at work are poorly understood. These considerations reinforce the point that quality of life monitoring should go beyond tracking trends across different dimensions of life. It should also investigate the causal factors and processes underlying them. It then has a realistic chance of picking up emerging trends and concerns, as well as issues already on the policy agenda.

### **Relationship with other European monitoring activities**

The Foundation's activities need to add value, so other existing and prospective monitoring activities in this field at European level are reviewed in the report. It notes the very substantial progress, made in a short period of time, in agreeing and regularly producing a set of structural indicators relating to employment, innovation, economic reform, social cohesion and the environment. In addition, more detailed indicators on employment and more recently poverty and social cohesion have been agreed and are being monitored, on the basis of the open method of coordination. Development of further indicators is under way in relation to quality of work, for example, childcare facilities, the knowledge economy, e-society and ICT investment, the environment, pensions and health care.

Other strands in official monitoring activities relating to living conditions and quality of life in the EU include the annual *Report on the social situation in the European Union*, and a range of other regular publications from the European Commission and Eurostat. While enormously valuable, most of this regular monitoring activity is essentially concerned with tracking key indicators, rather than understanding the causal processes at work and the relationships across indicators and dimensions of quality of life.

There have been improvements in the availability of comparative statistics to support social monitoring in the Union, but serious gaps remain, affecting both specific areas and the capacity to draw out linkages across different dimensions. This underpins the value of developing the Foundation's capacity to contribute to monitoring living conditions and quality of life in Europe, and is central to deciding what type of contribution would be of most value.

### **Further issues in monitoring living conditions and quality of life**

The report addresses some important issues concerning the manner in which living conditions and quality of life are monitored. Recent research on poverty and deprivation has highlighted the role

played by the dynamics of income and labour force participation over time, over and above a 'snapshot' picture of circumstances at a point in time. It also brings out the importance of taking collective as well as individual resources into account – especially the provision of public goods in the form of health care, for example – in seeking to capture and understand the evolution of living standards.

Regarding the use of different types of indicators, in particular subjective as opposed to objective ones, focusing entirely on one or the other would miss an important aspect of the reality one is seeking to capture. However, simply tracking what people say about their overall level of satisfaction with life is not particularly informative. A focus on the relationship between reported satisfaction levels and objective resources and conditions within specific, well-defined spheres, on the other hand, will facilitate the development of a deeper understanding of how people come to evaluate their work, family and community life and the interrelationships between them. It will therefore make it easier to reach a better understanding of the determinants of quality of life.

The identification and categorisation of distinct domains is an important stage in the measurement of key aspects of living conditions and quality of life. Examination of several categorisations in use in different countries shows that they have much in common, even when starting from somewhat different conceptual starting points, and that appropriateness for the purpose at hand is a key criterion. The issue of whether quality of life across various dimensions should be summarised in a single measure is also considered.

For the Foundation's monitoring of living conditions and quality of life, the report argues strongly that more is to be lost than gained by such aggregation, with much of the interest and value of the exercise lying in tracking and understanding the many dimensions of quality of life. In the same vein, it was emphasised that such monitoring must seek to encompass available data from various sources and carefully put in context the trends and developments revealed in key features of the societies in which they occur. Simply tracking social change or social progress is not enough. It is by making a serious contribution to understanding and thus to promoting social progress that monitoring will ultimately be seen as valuable.

### **Perspective for the future**

The report proposes that the conceptual framework adopted by the Foundation should:

- focus broadly on quality of life rather than narrowly on living conditions;
- see quality of life primarily in terms of the scope individuals have to achieve their own goals;
- thus seek to encompass resources as well as living conditions, and where possible key contextual characteristics of the various arenas in which people operate;
- measure resources and living conditions through objective/descriptive indicators;
- incorporate subjective information, but focus on the relationship between reported satisfaction levels and resources/conditions;
- incorporate preferences and attitudes in key areas insofar as these appear likely to affect behaviour and satisfaction; and

- where there is a sufficient normative base, also seek to capture aspects of a society's well-being, going beyond individuals' capacity to pursue their own goals.

It then suggests a particular categorisation of areas of interest and concern into twelve domains. Criteria for assessing the areas of greatest interest are:

- How central is the area to the quality of life of Europe's citizens, in terms of broadening the scope for individuals to achieve their own goals?
- How high does the area feature on the European policy agenda, and how great an impact is policy at that level likely to have?
- How central is the area to the Foundation's own activities?
- How well served is the area by existing or planned monitoring activities at European level?
- From a technical or methodological perspective, how easy is it to monitor empirically key trends in the area across countries?

Applying these criteria is not straightforward, and they do not always point in the same direction. It is then necessary to find a balance and make judgements about which are to be decisive. It would seem critically important for the Foundation's activities to add value to existing European monitoring activities, and to include areas that are seen as central to people's quality of life and to the goals of societies, including Europe's. The report concludes that this points towards the following key areas:

- the core domains of employment, economic resources, family life, community life, health, and educational attainment;<sup>1</sup>
- the interrelationships between them, in particular between work and family and community life;
- time use as a crucial aspect of that interaction, and of interrelationships across the domains of life more generally; and
- access to and quality of social provision (notably health care) as a key aspect of quality of life within these core domains, which is not captured well in other monitoring activities.

The report suggests that the Foundation in its monitoring activity should allocate a major proportion of available resources to analytical monitoring in these areas, while seeking to encompass other aspects in a descriptive fashion. The monitoring activity within this framework would allow the Foundation to use existing and new data to provide, through a programme of inter-linked reports over time:

- descriptive pictures of key trends and developments across the domains, highlighting major developments and differences across the Member States, and allowing areas and sub-areas where progress is and is not being made to be distinguished;

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<sup>1</sup> Note that in this context it is the role of educational attainment as a key influence on life chances and on attitudes and values that is the focus of interest, not the institutional structures of education systems and processes of educational acquisition.

- more detailed pictures of key trends and developments within and across the core domains, and how they relate to each other; and
- analyses of topics within core domains which would serve to bring out the key causal processes at work and highlight the implications, including those for national and EU-level policy formulation in the medium term.

The report also discusses the basis on which specific indicators for use in the monitoring activity should be selected, and develops a set of criteria to guide this process. These include, for example, how well an indicator captures both the level and the extent of change in a social outcome of interest, and the extent to which there is consensus about the direction in which that indicator should be moving in order to represent social progress. It envisages that indicators relating both to social outcomes, to the context in which they occur, and to barriers to participation across the dimensions of life (for instance, working and family life) will be used.

The conceptual framework and analytical approach put forward in this report for the Foundation's monitoring activity in the area of living conditions and quality of life, and the focus it suggests in terms of key domains and interrelationships, are being taken forward in the other, complementary elements of the broader project of which this report forms part. These entail identifying and collecting relevant data in the form of a database, the production of an *Illustrative report on Quality of life in Europe*, and an assessment of the options open to the Foundation in its future activities in this area. Taken together, these different elements aim to provide a firm basis for the development of the Foundation's monitoring activity in the area of living conditions and quality of life at a crucial stage in its evolution.

# Introduction

Achieving the goal of improving living and working conditions for Europe's citizens requires that policy-makers in the Union have high quality information. Quality of life for Europe's citizens, notably the options and opportunities available for participation in economic, social and community life, is the central focus of the work of the European Foundation for the Improvement of Living and Working Conditions. By monitoring, analysing and identifying the impact of changes in society, the Foundation aims to provide the data and knowledge needed to support action. Reflecting its mandate, the Foundation places a particular emphasis on:

- the implications for the quality of living conditions of the changing nature of employment, work organisation and working conditions and of the modernisation of social protection and social services; and
- the continuing need to understand and address disparities, especially those resulting from poverty and unemployment, and to identify new opportunities and risks in the move towards a knowledge-based economy and society.

So the Foundation wishes to develop a monitoring tool to monitor developments in living conditions and quality of life across the EU. Its aim is to try to relate attitudes and experiences to contexts in terms of policies and living situation, to give meaning to 'quality of life', not just for workers but for all citizens, and to accommodate enlargement. A conceptual framework is therefore needed, which sets out clearly the meaning assigned to the core concepts of living conditions and quality of life, and serves to guide and justify the selection of dimensions to be covered and indicators to be included. This conceptual framework must:

- be scientifically grounded and robust, with a coherent underlying concept of what is to be monitored, a clearly defined set of distinct areas or dimensions, and a consistent approach across those dimensions;
- focus on areas directly relevant to the European policy agenda; and
- allow the Foundation to fill gaps (rather than duplicate other available material) in what are clearly its own central areas of interest.

In the light of the desired end-use, the aim has to be to point to the most satisfactory conceptual framework, and within it to identify the areas of greatest relevance to European policy, where gaps exist, and those that are of central interest to the Foundation.

It is also necessary to clarify what 'monitoring' entails. The tracking of change over time is at the core of monitoring, but in the case of a multidimensional entity such as quality of life that task requires more than simply a measurement of the various dimensions at regular intervals. It is also necessary to probe and track the relationships between the dimensions, and between them and external factors. This points to a more complex task than simply the regular measurement of trends in key indicators, which might be labelled 'descriptive' monitoring and lies at the simpler end of the range of possibilities which monitoring embodies (even though it may entail complex data collection tasks). What one might call 'analytical monitoring', on the other hand, is open-ended in the level of complexity it may entail.

This report is concerned with development of the conceptual framework and the approach to monitoring best suited to the Foundation's goals in this area. We begin with a critical review of the

key concepts. This especially brings out the breadth of the concept of quality of life. It also shows that a central element in its improvement is enhancing the opportunities people have to attain their own goals. This directs attention at both the choices people make and the complex systems of economic and social resources and constraints that condition those choices. The next chapter deals with the European policy agenda, identifying its core concerns in terms of raising living standards and improving living and working conditions, and of promoting social cohesion, equal opportunities and sustainability.

Chapter 3 looks at other European monitoring activities, focusing both on the ground covered by those activities and the type of monitoring exercises they entail. This shows that much of current monitoring is concerned with tracking key indicators, and that enhancing understanding of the causal processes at work and filling gaps in comparative data would be important contributions.

Chapter 4 discusses some further issues that need to be taken into account in designing a monitoring approach, emphasising the importance of taking a dynamic perspective and incorporating both objective and subjective measures.

The final chapter sets out the proposed conceptual perspective and framework. This emphasises that the monitoring exercise should move beyond pure description towards analysis of relationships and underlying mechanisms, that certain core domains of life and the linkages between them should receive most attention, and that ability to capture emerging trends and concerns in the medium term is critical.

The term 'quality of life' refers to the overall level of well-being of individuals. It is a concept that selects a number of dimensions of human existence and defines these as essential to a rounded human life. It indicates how those dimensions might collectively be viewed and measured so as to provide an overall assessment of how well individuals are faring. Its distinctive feature is its attempts to move beyond narrow or one-dimensional views of the human personality towards a many-sided and more encompassing view. Operational definitions of quality of life must therefore specify the dimensions of human existence which they consider as essential to this broader view and the particular indicators that best reflect those dimensions and are measurable in a reliable and valid way.

It is important to consider at the outset the normative underpinnings of such an exercise, and the relationship between its normative (value-based) and scientific dimensions. This is the first topic addressed in this section. The discussion then outlines the broad approaches to the area covering the concepts of living conditions and quality of life, social exclusion, social cohesion/social integration and social capital, social quality and sustainable development.

## **The normative and scientific dimensions of social indicators**

Monitoring tools of the type being considered here are made up of social indicators that aim to provide empirical, valid measurements of a number of key dimensions of human well-being. As such, they are at once both normative and scientific. Concepts of human well-being are culturally relative and are essentially normative in character. Different religious and secular philosophies offer widely different views of what it means to be truly human, and there is no scientific basis for determining which of these views is the more correct. They draw their authority, rather, from the level of consensus and sense of legitimacy they attain in particular cultural contexts. Social indicators derive their meaning from such contexts.

Land's (2001, p. 398) characterisation of social indicators as 'norm-referenced' highlights this aspect. He refers to them as 'measures of life circumstances on which there is consensus among the general public that they are significant components of better or worse life circumstances'. The public consensus underlying the social indicators commonly used in the social sciences today arises within the culture of western, secular, democratic individualism. While that value system enjoys cultural hegemony in the western world, different bases for the definition of human well-being can be found. Some of these, such as Islamic fundamentalism, various strands of conservative Christianity and the green movement, are important in the world today and could claim to be considered as alternative normative bases for social indicators. If accepted as such, they would point the monitoring of social life in very different directions from those found in the currently established approaches in this field.

In the present instance, the proximate normative basis of the monitoring tool to be developed arises from the policy principles officially set down by the European Union and from areas of interest (such as family, volunteering and social integration) that are not specifically defined by policy but could be seen as elements of the European social model. The dimensions to be considered are further influenced by reference to the remit and strategic priorities of the Foundation, which highlights certain domains of the EU policy field as particularly important and which identifies concrete aspects of living circumstances that correspond to those domains.

We will look in detail below at the foundations provided by this policy framework, but the point being made here is that such exercises are by their nature normative, and this should be clear from the outset. The more explicit and transparent the goals, the more straightforward it will be to monitor progress towards achieving them. While a society's goals often remain implicit or are stated at only a very high level of generality, an interesting attempt to define desired social outcomes is presented in the recent New Zealand social report, discussed in more detail in Chapter 4 below. These goals include:

*All people have the opportunity to enjoy long and healthy lives. Avoidable deaths, disease and injuries are prevented. People have the ability to function, participate and live independently in society.*

*Everyone has access to an adequate income and enjoys a standard of living that means they can participate fully in society and have choice about how to live their lives.*

*People enjoy constructive relationships with others in their families, communities and workplaces. They are able to participate in society and have a sense of belonging.*

While these are necessarily framed in rather general terms, they do provide a point of reference when it comes to individual indicators, so there is a greater prospect that these will relate to the desired goal in a transparent way.

The scientific dimensions of social indicators come into play at the point where normatively determined concepts of human well-being have to be acted on and measured, that is to say, where they have to be captured through social statistics. To be useful as monitoring tools, such statistics have to meet a range of requirements. Some of these are narrowly technical and pose practical rather than intellectual or analytical problems. For example, monitoring statistics need to form consistent time series in order to track change through time. As such they can impose data collection demands that statistical agencies frequently do not have the resources to meet.

Similarly, social indicator statistics have to be capable of being aggregated or disaggregated to appropriate levels so that comparisons can be made across social categories of interest (for instance by nation or global region, by sex, age, social class, and so on). This again leads to formidable data requirements that in most cases cannot be completely fulfilled. It means, for example, that data definitions and collection methods ought to be harmonised across nations and accessible to researchers from different countries. This is difficult to attain in practice.

In addition to such practical data requirements, adequate construction of social indicators poses serious analytical challenges and makes methodological demands that the social sciences are only partially equipped to meet. The construction of social indicators to monitor health provides examples of the difficulties that arise, and these are worth bringing out briefly here. At the broadest level, the inclusion of health indicators in a monitoring tool should be based on an understanding of the relative importance of health (compared with, say, family circumstances or material living standards) as an influence on some core notion of human well-being.

Working along these lines, empirical research has established that various measures of health status correlate strongly with well-established measures of subjective well-being. These results strongly justify the use of health indicators in social monitoring, but as yet fall short of enabling

researchers to specify what precise weighting should attach to them or which particular indicators are the most efficient for the purpose.

However, as Land (2001) demonstrates, there are, in addition, difficulties in constructing individual health indicators in an adequate fashion. The most widely used health indicators are those based on mortality data. This is because such data are widely available, constitute extended time series in most countries, are usually capable of a considerable degree of disaggregation, and are generally quite reliable. Certain standard social indicators, such as average life expectancy and infant mortality rates, have been created from these data and have almost universal currency.

Whether one is alive or dead, however, is a crude (though fundamental) measure of health. The refinement of health indicators in recent years has focused on efforts to go beyond mortality data and to incorporate measures of morbidity status and level of physical functioning that impinge on well-being among the living. Traditional life expectancy measures have been refined by incorporating data on physical disability into life tables to create measures of 'active life expectancy': the period of life free of disability in relation to daily activities. These measures are now emerging as important new indicators for use in the monitoring of health, especially among older people.

These efforts are nevertheless fraught with problems, of which we will mention only two here. One is the difficulty of weighting different kinds of disability against one another in constructing overall measures of disability. Concepts of ability and disability do not refer to a simple dichotomy or even to a linear continuum, but to a complex of states that are difficult to position relative to each other, and even more difficult to represent in statistical measures. This problem can be resolved only by a much more refined modelling of different dimensions and levels of disability, and of how they relate to each other. The second problem is that one can depart from as well as enter into disability. Adaptations of the life table approach designed to cope with that fact require both complex data and highly sophisticated computational techniques.

Manton and Land (2000) provide estimates of active life expectancy in the United States that attempt to take these difficulties into account. These estimates arrive at results that differ significantly from those based on simpler methods. Apart from showing substantially higher overall levels of active life expectancy, they also alter the relationship between men and women on this indicator. Men are more likely to recover from disability than women. So, in measures of active life expectancy that take recovery from disability into account, they gain relative to women.

However, as Land says, the significance of the results derives not just from their empirical interest, but from what they show about the extent and nature of the scientific effort involved in the pursuit of adequate indicators. Their active life expectancy estimates are 'interpretable within the context of a sophisticated mathematical model of human mortality and aging that has been developed, applied empirically, and elaborated upon in dozens of publications over the past two decades' (Land, 2001).

The point to be emphasised here is that, even in connection with such an intuitively understandable concept as active life expectancy, adequate indicators are not readily arrived at. Rather, they require long and intense research effort, and even then are likely to be capable of further refinement in the future.

Few social indicators have been subject to the kind of analytical development that Land describes in the case of active life expectancy measures. For the most part, individual indicators and the categories to which they belong are more ad hoc and commonsensical in character. So choices as to which indicators to use and how to bring these together within summary frameworks rely to a large extent on judgement rather than precise scientific assessment. To some extent the judgement involved may be normative: one set of indicators may be chosen over another because the constructs they tap into are more highly rated in one's normative framework. Alternatively, the basis of judgement may be scientific, or may strive to be scientific, even if scientific understanding may be too underdeveloped and clouded to provide definitive guidance.

### **Living conditions and quality of life**

We now turn to a consideration of key concepts around which systems of social indicators have been constructed. It is not our purpose here to review the large number of quality of life measures which can be found in the research literature (see, for example, Hagerly et al, 2002), or arrive at a new conceptual framework on which yet another approach to social indicators might be based. Our purpose is rather to outline and assess a number of conceptual bases for quality of life monitoring which seem particularly relevant to the European social model, and point to the conceptual focus and framework that provides the most promising point of departure for present purposes.

Recognition of the need to go beyond income and wealth in measuring welfare/well-being has underpinned the development of a variety of broader concepts such as living conditions and quality of life, and more recently social exclusion, social capital, human development, and social quality. We first focus on living conditions and quality of life, the central concerns of the current project, and then turn to these other concepts.

Both the precise meaning attributed to the concepts of living conditions and quality of life, and the way in which these are used empirically, vary across different authors and studies. So our first objective is to clarify how these terms might best be understood in the present context. 'Living conditions' is generally used in relation to the circumstances of people's everyday lives, in terms of employment, for example, family situation, housing, local neighbourhood and general standard of living as reflected, for instance, in consumption patterns. Living conditions in this sense have been the focus of social reporting in official publications in various European countries (such as France, the UK, Italy, Spain and Portugal) for many years.

The annual 'Social trends' volume, published for many years by the UK's official statistics office, may be taken as a representative example. Trends reported include household size and composition, educational attainment, employment and unemployment, the distribution of income, expenditure levels and patterns, recorded crime levels, housing conditions and leisure activities. Similarly, Eurostat, in its regular reports on 'Living conditions in Europe', presents key indicators relating to population, households and families, education and training, labour market, earnings, income, social protection, consumption and housing, health, social participation and crime. In the annual publication, 'The social situation in the European Union' (Eurostat and the European Commission), areas discussed under 'living conditions' include the labour market and migration, education, health, housing, transport and commuting, family life and crime and safety.

Such reporting on living conditions is generally based on objective measures rather than on subjective evaluations of levels of satisfaction with different dimensions of life. But it does not generally start from a clear definition of the term itself. This means that there would not be consistency in terms of precisely which aspects of life should be included (health, for example?) and how they should be captured to properly reflect living conditions in the round. There would be a widespread common-sense understanding that ‘improving living conditions’ – a commonly stated aim in EU social policy documents – related to improving disability-free life expectancy, for example, access to quality health care and education, and reducing unemployment, homelessness, crime, and social exclusion. However, from a social reporting perspective, as Berger-Schmitt and Jankowitsch (1999) point out, what distinguishes this term from the related notion of ‘level of living’ is the absence of an underlying theoretical concept.

In Swedish welfare research, the individual’s resources, the arenas in which they are to be used, and his or her most essential conditions, make up his or her ‘level of living’ (see, for example, Erikson and Aberg, 1987). Level of living is defined in terms of the access to resources in the form of money, possessions, knowledge, mental and physical energy and social relationships, through which an individual can control and consciously direct his living conditions. This represents first of all a very substantial broadening beyond purely economic resources to include health, knowledge and skills and so on. However, it also goes beyond resources alone to include essential conditions.

Some conditions, especially good health, are both important resources and ends in themselves, while aspects of living conditions such as quality of the work environment or amenities in the home are important for an individual’s well-being but can only be regarded as resources in a very remote sense. Finally, the value of a given set of resources depends on the context in which it is used, so the characteristics of the arenas in which resources are used also affect the scope for individuals to direct their own lives.

The core notion is that it is not simply outcomes that matter, because these can be affected by the different choices people make, but rather the capacity to affect those outcomes in a purposive way. So living conditions – measured in terms of outcomes across a variety of domains – certainly matter, but if one is to understand both what produces differences in observed living conditions and what to read into these differences in terms of welfare, it is necessary to incorporate resources and, where possible, key contextual characteristics.

This position, as Erikson (1993) points out, although independently arrived at, has much in common with the thrust of Sen’s more recent, influential concept of ‘capabilities’ (see, for example, Sen, 1993). Sen defines ‘functionings’ as the various things a person manages to do or be in leading a life – such as being adequately nourished and in good health, having self-respect and being socially integrated. The ‘capability’ of a person then reflects the alternative combination of functionings he or she can achieve. If resources are very severely constrained it may not, for example, be possible both to eat enough to be healthy and to have clothing decent enough to maintain dignity and self-respect. It is freedom or ability to achieve rather than simply outcomes that we care about: ‘If our paramount interest is in the lives that people can lead – then it cannot but be a mistake to concentrate exclusively only on one or other of the *means* to such freedom. We must look at impoverished lives and not just depleted wallets’ (Sen, 2000).

As Ysander (1993) points out, ‘capabilities’ has proved empirically to be an elusive concept. Investigators pursuing it have very often fallen back on outcomes when it comes to measurement. Indeed, relatively little effort has been made to apply the concept empirically, certainly as far as developed countries are concerned. Discussion of capabilities and functionings usually takes place at a high level of generality – the Swedish welfare approach is much more highly developed in empirical application.<sup>2</sup> In both approaches, the emphasis on the processes linking resources and outcomes, the concern with the manner in which outcomes combine to constitute particular lifestyles, and the emphasis on empowerment, freedom and expansion of choice are important contributions.

What then does the concept of ‘quality of life’ mean? Quality of life in a society can be defined as the overall well-being of those living there. Well-being then reflects not only living conditions and control over resources across the full spectrum of life domains, but also the ways in which people respond and feel about their lives in those domains. So an increase in income levels, for example, would not provide a sufficient basis on its own for concluding that quality of life has improved. For an individual, increasing income might be offset or indeed outweighed by the fact that work life had become more stressful and took more time and effort, leaving him or her resentful about the impact on family life or leisure opportunities. At the level of society, higher income might be offset by increased concerns about personal security, for example, or about loss of community identity and connectedness.

Research developing from the 1960s, principally in the USA and focused explicitly on quality of life (see for example Campbell et al, 1976), has concentrated very much on subjective well-being as the focus of interest, relying for the most part on responses to questions asking people to evaluate their own conditions. This research draws heavily on psychology and social psychology, and distinguishes for example between happiness and life satisfaction. The former is seen as more of an affective state, whereas the latter represents more of a cognitive state (see for example McKennel and Andrews, 1980).

Often the aim has been to construct summary measures of quality of life, intended to capture both affective and cognitive components of life experiences. Such quality of life indices vary greatly in their coverage and definition of the domains to be included, and in the way in which these domains (and indicators within them) are weighted to produce the summary measure. A recent review also concluded that the relationship between such measures and public policy is often very difficult to trace, limiting their value from a policy perspective.

As we will argue in detail below, we do not see the summarisation of quality of life across dimensions to produce a single measure as being productive for present purposes, essentially because it obscures more than it reveals. The role of subjective and objective aspects is however a crucial conceptual (as well as operational) issue. If quality of life in a society is defined as the overall well-being of those living there, trying to capture it simply through people’s own assessments of their degree of satisfaction is highly problematic. These assessments will be

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<sup>2</sup> Much of the discussion of Sen’s approach has revolved around his argument that a capability approach helps to clarify the absolute versus relative poverty debate: ‘Poverty is an absolute notion in the space of capabilities but very often it will take a relative form in the space of commodities or characteristics’. There is substance in Piachaud’s criticism that ‘Sen’s absolute goals, save that of physical survival, are too vague to be of any theoretical or practical use’ (Piachaud, 1987:14).

determined partly by their expectations and aspirations, which in turn will be influenced by their experiences and conditions. So measured satisfaction may reflect how well people have adapted to their present conditions as much as the nature of those conditions.

It is clearly very important to understand how people's resources and conditions influence their levels of satisfaction (and ideally how their levels of satisfaction may, in turn, feed back into behaviour and so affect resources and conditions). Erikson (1993) expresses a preference for the alternative labels, 'descriptive' and 'evaluative' indicators rather than objective and subjective. He justifies reliance on the former, in measuring levels of living, both in terms of its importance as an input to the planning process and because of the complexities of the processes producing the evaluative outcomes expressed by respondents.

We will return to the issue of how best to incorporate subjective aspects of quality of life below. At this point our focus is on their relevance to clarifying the concept itself. We fully agree with Erikson on both the centrality of policy relevance and the complexity of using subjective information. But, from a conceptual point of view, we believe 'quality of life' (as opposed to level of living) has to incorporate both objective and subjective aspects: both are inherent in the notion itself.

One would for example be reluctant to conclude, on the basis of objective information about living conditions and resources, that quality of life for a particular group in society was high, if at the same time they uniformly displayed very low levels of satisfaction with their lives. One would at least want to explore why this was the case and whether some critical dimension of life, which this group found more important than others, was being missed.

As Zapf (1984) shows, one can always expect to find individuals displaying combinations of good objective living conditions with low levels of subjective satisfaction and vice versa<sup>3</sup>. But where this occurs for a whole group or society, that is clearly something that a social reporting framework should seek to capture and explore.

There is now a quite widespread convergence of view in regarding the concept of quality of life as incorporating both objective and subjective aspects, both resources/conditions and satisfaction. It can be seen, for example, in Allardt's (1973, 1995) approach, which builds on the Swedish/Scandinavian tradition but distinguishes three basic needs of human beings: 'having', 'loving' and 'being'; and both objective and subjective aspects are included within each of these.

Subjective indicators have also been incorporated into official social reporting in Germany and the Netherlands, for example, since the 1970s. The German system of social accounts is exceptionally well-developed from a conceptual point of view, and seeks to capture both objective living conditions and subjective welfare. As Zapf (1984) and Noll (2000) put it, the notion of quality of life underlying this monitoring approach focuses on the constellation of objective living conditions and subjective well-being across different life domains. We will show later how little one learns by simply measuring satisfaction at a very general level, and the complexities involved in trying to incorporate subjective information. At this point our concern is just with conceptual clarification.

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<sup>3</sup> He labels the situation where objective living conditions are high but subjective well-being is low as 'dissonance', whereas poor living conditions with high levels of subjective well-being he terms 'adaptation'.

In the same vein quality of life, in our view, goes beyond both living conditions and subjective evaluations to incorporate the scope individuals have actively and consciously to direct their own lives. By this measure, a high quality of life is attained not when a predetermined lifestyle becomes universal, but rather when people's scope to choose the lifestyle they wish for themselves is enhanced. This has, of course, to be achieved within the constraints imposed by economic sustainability and respect for the rights and needs of others. It also takes place in a particular institutional and policy setting, and in the context of a community and a society. The lives of individuals are not 'atomised', but are intertwined with others in their household, community and beyond. The nature of those relationships, and the institutions and policies in place, are fundamental influences on quality of life.

The point to be emphasised here is that monitoring quality of life entails focusing not just on outcomes (which partly reflect the choices people make) and on subjective assessments (which partly reflect adaptation) but also on resources (the factors that condition, facilitate and constrain such choices) and other constraints in the various arenas in which people operate.<sup>4</sup> The opportunities open to people, as well as the actual choices they make and the observed outcomes (both objective and subjective), are central. It is the combination of these elements that makes up an individual's quality of life, and this is what makes monitoring quality of life so challenging.

In concluding this discussion of quality of life we may note that, while our emphasis has been primarily on individuals, collective resources and the nature of the society in which they live clearly play a key role in influencing the quality of their lives as individuals. The individual's efforts to attain personal goals take place within a specific social and cultural setting. Institutional and cultural features of that setting may well be critically important. This operates most obviously at the level of economic resources/constraints, in terms of public provision of services, for example. The quality of education, health care, housing and social services available to the population would be widely seen as fundamental to the quality of life experienced by the citizens of any country.

Public provision plays, to a varying extent, a key role across these different social areas in many countries. This means that, as well as individual or household resources, the nature of access to and the quality of such social provision have to be fully incorporated into any monitoring activity. This is something that has not always been adequately taken into account at either conceptual or empirical levels, though it is something on which the Swedish welfare tradition, for example, places considerable emphasis.

Another aspect of the context in which people live relates to the extent and nature of their interconnectedness with others in the community and the broader society. This is discussed in some detail below in focusing on social cohesion, social integration and the newly fashionable concept of 'social capital'. This emphasises that levels of trust and cooperation, for example, play a crucial role in a well functioning society supporting individual quality of life.

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<sup>4</sup> It is important to be clear that although the distinction between resources and outcomes is analytically useful, empirical reality cannot easily be dichotomised in this way. In the empirical world, what is an outcome at one phase of a process becomes a resource at the next and that in turn feeds into a subsequent outcome. The distinction between resources and outcomes is therefore meaningful only in the context of a focus on a particular phase of a process rather than in any absolute sense.

The collective rather than purely individualistic perspective is also critical given the role played by social and cultural norms in influencing what individuals see as appropriate behaviour and appropriate goals in the first place. So it is important to emphasise at this point that a primary focus on the scope that individuals have to attain their own ends should in no way be taken as underplaying the importance of the social context in which that quest takes place.

## **Social exclusion and inclusion**

The widespread use of the term 'social exclusion' is relatively new, and is the result of a deliberate shift in usage, in some circles in the 1980s, away from 'poverty'. The fact that the term came to centre stage at that time may partly reflect the hostility of some governments to the language of poverty and the attraction of a 'less accusing' expression (Room, 1994; Berghman, 1994). However, it also reflects increasing concern with issues such as cumulative disadvantage. Kleinman (1998) for example concludes that the term is currently being employed in a UK context to denote multiply deprived groups, trapped in cycles of fatality, concentrated in the worst housing and at risk of transmitting their fate across generations.

Similarly, the term social exclusion took centre stage in France as increased emphasis was placed on the processes leading from precariousness to exclusion, in the sense of exposure to cumulative disadvantage and a progressive rupturing of social relations. Paugam (1996) describes this process as a 'spiral of precariousness'. The need to move from a static definition of poverty based solely on income to a dynamic and multidimensional perspective was also stressed.

One of the problems with the manner in which the concept of social exclusion has been used, as Sen (2000) emphasises, is that by indiscriminate use it can be extended to describe every kind of deprivation: 'the language of exclusion is so versatile and adaptable that there may be a temptation to dress up every type of deprivation as exclusion'. It is, however, possible to identify and distinguish key elements. The notion of social exclusion, as Silver (1994, 1996) argues, has meaning only by implicit reference to normative ideas of what it means to be a member of, and participate in, society.

Similarly Kronauer (1996) notes that the emergence of such concepts is directly related to the fact that, for the first time since the Second World War, high unemployment threatened, from the 1980s onward, to become a permanent feature and threatened national modes of integration. The notion of social exclusion, Kleinman argues, has no meaning outside of the history and prosperity of the welfare state after the Second World War, because it presupposes a counterpart: a shared understanding of what it is to be included.

This context is also reflected in the official justification, set out by the European Commission, for the increasing use of the term (European Commission, 1993, p. 43). The term is intended to draw attention to the fact that a variety of groups experience periods of sporadic or current poverty as a consequence of changing employment and family structures, rather than one group living in permanent poverty. Similarly the term 'social inclusion' has come to play a very prominent role in European discourse about poverty (as we shall see in detail in the next section). It reflects the growing concern of policy-makers about new forms of exclusion and the political imperative of enhancing opportunities for people to participate fully in the life of their society. An inclusive

society from this perspective is one that reduces barriers to participation and allows those who might otherwise be excluded to be fully integrated into the economic and social life of society.

This can be seen clearly in a specific area that has been the focus of particular concern: the impact of unemployment on social integration. Social inclusion, in terms of social relationships, or social isolation (its converse) have in many ways been at the heart of the concern with social exclusion: labour market marginalisation and poverty may be accompanied by the breakdown of everyday social networks. Recent research has in fact shown that caution must be exercised in offering generalisations in this area, particularly across societies. Gallie and Paugam (2000) and Whelan et al (2002) have shown, using data from the ECHP, that the relationships of unemployment and persistent poverty to social isolation are relatively weak. However, the intrinsic value in promoting research on these crucial issues is beyond question.

More generally, the focus on social exclusion tends to overstate both the novelty of emphasising cumulative disadvantage and the limitations of traditional poverty and social class analysis. Poverty research, driven by the increasing availability of panel data, has in fact led the way in highlighting income and poverty dynamics (Bane and Ellwood, 1994). Class analysis has been centrally concerned with the consequences for life chances of employment relations and the processes through which people are distributed and redistributed among positions over time (Goldthorpe and Marshall, 1992, p. 382).

So it is not surprising that there is actually a significant resemblance between poverty and social exclusion research programmes. For example authors associated with the Centre for the Analysis of Social Exclusion at the London School of Economics have stressed five aspects of the notion: relativity, multidimensionality, agency, dynamics and multi-layering (Atkinson, 1998; Burchardt, 1998; Hills, 1999). Hills (1999) acknowledges that these are hardly new ideas and that this type of focus is simply what one should be doing anyway, if one is trying to understand poverty properly.

Similarly recent research from the Economic and Social Research Institute (ESRI), using the ECHP data set, confirms the value of an emphasis on dynamic processes. But it also shows that many of the claims by adherents of the social exclusion perspective, relating to the extent and significance of social isolation and to cumulative and multiple disadvantage, require substantial qualification (Whelan et al, 2001; Layte and Whelan, 2002; Whelan et al, 2002, a, b; Whelan, forthcoming).

The social exclusion perspective has, however, played a particularly valuable role in highlighting the issue of the extent to which different types of deprivation overlap and accumulate over time, and in drawing attention to multiple layers of deprivation and in particular to the role of communities and neighbourhoods. This has led, as in the recent survey of poverty and social exclusion in Britain by Gordon et al (2000), to a broadening of the concept of deprivation to include concern with access to basic services such as transport, shopping facilities and financial services.

The type of coincidence of economic marginality and social isolation receiving most attention is that arising from concentrated pockets of urban deprivation. Rising levels of urban deprivation, and a perception that poverty has both become more concentrated in such areas and taken on a qualitatively different form, have provoked a variety of popular and academic responses. Wilson's

(1987, 1991) work in America has been particularly influential. Once again, however, the empirical evidence on the scale of neighbourhood effects in other countries is much more mixed. There are clear dangers in generalising from US experience, and even there the situation is much more complex than is often appreciated (see Friedrichs, 1998).

Sen (2000) has recently argued that the distinctive element associated with the concept of social exclusion is the emphasis on relational features in generating deprivation. Over and above types of social exclusion that have an intrinsic importance, such as not being able to take part in the life of the community, there are forms of social exclusion that have instrumental importance because they lead to the impoverishment of social life through their consequences. The crucial issue in assessing the value of the concept of social exclusion is not then its novelty or political usefulness, but the emphasis it places on social relations. Thus Sen argues that the concept should be located in the context of the notion of poverty as 'capability deprivation', recognising that it has antecedents that are far older than the specific history of the use of the term suggests. Correspondingly, one could argue that a policy focus on social inclusion, and on promoting an inclusive society, is entirely consistent with prioritising the enhancement of capabilities, which we earlier argued is central to quality of life.

### **Social cohesion, social integration and social capital**

We now turn from social exclusion to the interrelated concepts of social cohesion, social integration and social capital. Going back to Durkheim, social cohesion may generally be taken as referring to the extent of connectedness and solidarity among groups in society (see, for example, Kawachi and Berkman, 2000). While there is always a temptation to hark back to the 'good old days' when local communities were cohesive and supportive, this has undoubtedly emerged as a major concern across many industrialised societies. In a context where promotion of mobility across Member States is an explicit aim of policy, it is likely to become more rather than less prominent.

Two quite different versions of the concept can be found in recent social science literature. One interprets social cohesion as the absence of latent social conflict – whether in the form of income/wealth inequality, racial/ethnic tensions or other forms of polarisation. Broadly speaking, this interpretation echoes themes found in discussions of poverty and social exclusion referred to earlier, in that it views social cohesion as, roughly speaking, the opposite of social inequality.

There are shades of difference in how social cohesion in this sense is interpreted. For example, lower levels of social cohesion may be understood as the product either of higher levels of inequality or of the absence of legitimisation of particular levels of inequality. The former notion underlies, for example, Wilkinson's (1996) cross-national analysis of the relationship between the degree of income inequality and health inequalities. The latter understanding, on the other hand, points towards analyses of perceptions and evaluations of inequalities and their consequences for social cohesion (as in, for example, a good deal of recent research based on 'International social survey programme' (ISSP) modules and the 'International justice survey'). Nevertheless, both of these variants of the concept of social cohesion can be grouped together since they are based on the notion of social equality as a necessary condition for the full integration of society.

A quite different approach to social cohesion is associated with the concept of social capital, particularly as elaborated and popularised by David Putnam in his book, 'Bowling alone: the collapse and revival of American community' (2000). Putnam's main concern is with the living circumstances of 'middle America', that is the largely white middle classes who populate the suburbs of American cities. These are a sub-population with unusually high levels of resources and capabilities. They have good jobs, good incomes, long life expectancy, high levels of personal autonomy and so on. By any conventional reckoning, they come closer than most of humanity to achieving the ideal conditions of autonomy and freedom from constraint referred to earlier, and therefore to fully choosing the lives that they live. Yet, according to Putnam, the quality of their lives is in decline in a fundamental way in that they have experienced, in his view, a steady loss of social connectedness and participation in community.

As far as the United States is concerned, this is a trend which Putnam identifies as having started around the mid-1950s and as having moved ahead relentlessly since then. This trend is evident not in any radical social breakdown, but in a multitude of small losses in community life. Putnam draws on a broad range of data to suggest that Americans do not have dinner together as often as before (either with family members or with friends or neighbours); they no longer go on picnics together; they are less and less inclined to join voluntary associations, trade unions or professional associations; they take a less active part in local civic activity or politics; they go to church less often; if they watch television they are more likely to do so alone than in the company of other family members; and if they go bowling, they are more likely to do so alone than as part of a group of friends.

In short, even if their personal, financial and material capital may be on the increase, their 'social capital' – their level of networking and engagement with other people – is in decline and they are progressively withdrawing from social and civic life. Social capital, conceived in this way, is a property of a community or society arising from the way people interact, rather than a property of the individuals themselves. Its decline is argued to be important by authors like Putnam both because they regard social engagement as a good thing in itself, and because it has knock-on effects in areas such as education, children's welfare, economic prosperity, democracy and happiness.

There has been a good deal of questioning as to whether social capital is actually in decline in the United States or, if it is, whether other developed countries follow the same pattern. (For a review of evidence on this question in the UK, Netherlands, Sweden, Australia, Japan, France and Germany, see OECD, 2001, pp. 99-103.) Nevertheless, some researchers have taken the view that the issue needs to be taken seriously by those who carry out research into social indicators. They have suggested that it is both desirable and possible to develop a set of indicators of social capital – along which societies could vary – such as strength of social relations, shared values, feelings of common identity, a sense of belonging to the same place as well as the extent of inequalities (Wooley, 1998; Jenson, 1998). Berger-Schmitt (2001) in this context points to the definition of social cohesion by the Social Cohesion Network of the Canadian government's Policy Research Initiative as 'the ongoing process of developing a community of shared values, shared challenges and equal opportunity within Canada, based on a sense of trust, hope and reciprocity among all Canadians'.

Empirical investigation of social capital, defined as a structural property of an aggregate – such as a community or nation – certainly requires considerable care. One major concern is the problem of circularity, where social capital can appear to serve as both cause and effect. As Portes (1998) puts it, ‘It leads to positive outcomes such as economic development and less crime, and its existence is inferred from the same outcomes.’ Another methodological issue relates to what is known more generally as the ecological fallacy, whereby inferences are made about individuals in an area, based on aggregate data for that area. The classic example is that simply looking at the numbers of immigrants and the literacy rates across US states showed a correlation indicating that immigrants had higher literacy rates than native-born Americans, even though that was not the case. The reason was that the higher literacy rates were also found in states that had spent more on education, and they just happened to have the highest percentages of immigrants.

The OECD’s (2001) survey, ‘The well-being of nations: the role of human and social capital’ faces methodological issues of this kind. It begins its treatment of the role of social capital with the most general statement of the importance of social networks and trust in supporting collective endeavours. It proceeds fairly quickly to a functional definition of social capital as: networks together with shared norms, values and understandings that facilitate cooperation with or among groups.

However, it also notes that the measurement of social capital is in its infancy; that some forms of social capital can have negative aspects (relating, for example, to the suppression of individuality and autonomy); that care is needed in drawing conclusions from studies that rely on highly aggregated or undifferentiated proxy measures of social capital; and that, although the research is suggestive, there is as yet no robust evidence that social capital is generally related to some of the positive outcomes that have been claimed for it (for example, its hypothesised effects on economic growth).

Care must, therefore, be taken not to confuse normative prescription with causal explanation, or to ignore potential negative aspects of ‘community’. Among the possible negative consequences, one may mention the exclusion of outsiders, excess claims on group members, restrictions on individual freedom and downward levelling of norms. Acknowledging this makes it possible, as Portes puts it, ‘to avoid the trap of presenting community networks, social control and collective sanctions as unmixed blessings (and to) keep the analysis within the bounds of serious sociological analysis rather than moralising statements’.

In addition, the complications faced in extending analysis of social cohesion and social capital across national boundaries should not be underestimated, given what are often very different cultural contexts. This is obvious from even a cursory study of membership of clubs or associations, for example, which data from the ECHP show to vary widely between Northern and Southern Europe. Measuring patterns of social interaction is complex: teasing out the implications of different patterns in different cultural settings is even more challenging. This means that, while indicators of social integration and community involvement should form part of any broad-ranging exercise monitoring quality life, a great deal of care has to be taken in interpreting trends over time or differences across countries.

It is also worth highlighting another point brought out by a consideration of social cohesion and social capital, though it has more general applicability. This relates to the role that measures

pertaining to the characteristics of society as a whole, rather than of individuals or households within that society, can play in monitoring quality of life. To take one example, the extent to which those living in a society share a common language, religion or set of attitudes and values is of interest, over and above the way in which these characteristics might help in understanding individual behaviour. As European societies become increasingly heterogeneous, it will be important to capture the changing context in which individuals live – though, once again, making direct links with quality of life is extremely hazardous.

### **Social quality**

A quite recent notion of welfare is that embodied in the concept of ‘social quality’. This concept was first introduced at a conference held in Amsterdam in January 1997 under the auspices of the Dutch Presidency of the European Union. Its main proponents, Wolfgang Beck, Laurent van der Maesen and Alan Walker, provided what they called a ‘very provisional presentation and elaboration’ of the concept, at the conference and in a subsequent publication (Beck et al, 1998, pp. 301-40). Since then it has been elaborated by the researchers involved in the Network on Indicators for Social Quality, in various working papers and articles and in a more recent volume (Beck, van der Maesen, Thomese and Walker, 2001).

The distinguishing feature of the ‘social quality’ approach is that it aims to be integrative. That is, its main aim is to outline a framework within which a wide range of existing indicators might be brought together. This framework identifies two axes of differentiation: the micro-macro distinction and the distinction between institutions/organisations and communities/groups of citizens. Taking these two axes together, it is possible to define a ‘social quality quadrant’ that identifies four dimensions of social quality. These are socio-economic security, social inclusion, social cohesion and empowerment.

There has been some subsequent questioning of the clarity and usefulness of this four-fold distinction (see, for example, Berger-Schmitt and Noll, 2000). It is not yet clear whether the particular social quality approach being advanced along these lines will in time form the foundation for a coherent system of indicators, but at this point it could not be said to be sufficiently developed to do so. What is clear, however, is that social quality is coming centre stage in terms of the policy agenda and European discourse. As discussed in some detail in the next section, the European policy agenda is now placing great emphasis on the need to maximise mutual positive reinforcement between economic policy, employment policy and social policy.

The Lisbon summit, in particular, affirmed the role of social policy as a fundamental element (together with economic policy and employment policy, comprising the ‘Lisbon triangle’) in Europe’s policy framework and strategy. While competitiveness and dynamism are core aims of economic policy, and full employment and quality of work are key aims for employment policy, social quality and social cohesion are the stated key aims for social policy. Thus the notion of social quality, while in need of conceptual and empirical development, will certainly be an important feature of the background against which monitoring of living conditions and quality of life is being undertaken.

## Human/sustainable development

Some of the most influential steps forward in social indicators research have emerged out of a concern for the developing world that has grown since the 1960s. Early confidence in the value of economic growth as an engine of global development faded in the post-1960s period, as the living conditions of hundreds of millions of the world's poorest people failed to advance at the expected pace. At the same time, rapid population growth and increased pressure on the physical environment in underdeveloped countries gave rise to fears that worse catastrophe might be in store. The concern was not only that the condition of the poor was failing to improve, but also that the foundations for possible future progress were being threatened by environmentally unsustainable forms of social and economic exploitation.

One consequence of these concerns was the demand for more rounded and comprehensive ways to measure living conditions and quality of life that would apply to societies at low levels of development as well as those in the developed world. Furthermore, these measures had to be capable not just of tracking the circumstances of households in poor countries, but also of quantifying the risks to the global ecology, created both by developed and developing countries but likely to have their harshest impact on the world's poor. In addition, it was felt that material living conditions were not the only issues of concern in much of the underdeveloped world. There were also fundamental problems of what might broadly be called political development, as reflected in the widespread denial of human rights, political disempowerment, violence, the dislocation of populations through war and civil strife, the abuse of women and children, and so on.

The most important authoritative outcome of these concerns about measurement of human progress on a global scale has been the 'Human development report'. This is a compilation of data and commentary on global living conditions, which has been produced annually since 1990 by the United Nations Development Programme. The initial 'Human development reports' developed and presented data on a wide range of human development indicators (the following account is based on UNDP, 1998).

Four key indicators were selected and summarised into a 'Human development index' (HDI). These four indicators were: life expectancy at birth, adult literacy rate, combined first-, second- and third-level gross enrolment ratio, and real GDP per capita. The import of the HDI was that it allowed all countries to be scored and ranked according to a single development scale. These scores in turn had an important impact on national debate and policy development in underdeveloped countries. By 1998, 100 countries (mainly in the developing world) had produced national development reports with UNDP assistance.

As the 1990s progressed, the UNDP approach to the measurement of human development was refined and elaborated. Two poverty indices were introduced: the 'Human poverty index-1' (HPI-1), which measures poverty in the developing world, and the Human poverty index-2' (HPI-2), which measures poverty in the industrialised world. Both these indices focus on three kinds of deprivation – longevity, knowledge and a decent standard of living – but treat them in different ways.

In the HPI-1, deprivation of longevity is represented by the percentage of people not expected to live to 40 years of age, deprivation of knowledge by the percentage of adults who are illiterate, and deprivation of a decent standard of living by a composite of three variables: the percentage of

people without access to safe water, the percentage of people without access to health services, and the percentage of moderately and severely under-weight children under five years of age.

In the HPI-2, deprivation of longevity is represented by the percentage of people not expected to live to 60 years of age, deprivation of knowledge by the percentage of adults who are functionally illiterate as defined by the OECD, and deprivation of a decent standard of living by the percentage of people living below 50% of the median disposable personal income.

In addition, the 'Human development reports' have incorporated gender issues into the concept of human development. Two indices have been created for this purpose. One is the 'Gender-related development index' (GDI), which is the HDI adjusted to take account of disparities in scores between men and women on the variables in the HDI. The second is the 'Gender empowerment measure' (GEM), which is constructed to measure the relative empowerment of women and men in political and economic spheres of activity. It is based on three variables: women's and men's percentage shares of administrative and managerial positions, their percentage shares of professional and technical jobs, and their percentage shares of parliamentary seats.

Measurement of human development along these lines by the UNDP has been enormously important for development awareness and policy in the Third World. It has had less of an impact on self-awareness or policy in the industrialised world. This is largely because the industrial countries cluster quite close to each other towards the top end of most of the indices. Apart from the HPI-2 described above, these indices are constructed to reflect sharp global inequalities rather than to capture the finer distinctions that arise between developed countries. They are also constrained by the limited availability of data in the poorer countries of the world, and therefore do not make full use of the much fuller data sources available in the richer countries. So despite their undoubted importance for tracking human development on a global scale, and despite the richness of the data sources they assemble, the UNDP indicators have added little to social indicators research that is more narrowly focused on the industrialised world.

### **Liveability**

A final approach to the assessment of quality of life that should briefly be mentioned is the 'liveability' perspective proposed by Veenhoven (1996). It is one of a number of dimensions used to characterise the 'quality of nations' (see Berger-Schmitt and Noll, 2000, for a short account). The 'liveability' of a nation is defined 'as the degree to which its provisions and requirements fit with the needs and capacities of its citizens'. The needs in question include both the physiological (food, shelter, etc.) and the psychological (sense of security, identity, trust, etc.). While there are minor distinctive features in the liveability approach, it is basically similar to other perspectives on quality of life. As Berger-Schmitt and Noll (2000, p. 13) conclude, 'it is difficult to find differences in principle between the concept of liveability and the quality of life approaches previously described'.

### **Implications of the conceptual review**

This review of a range of concepts in the broad area of living conditions and quality of life has sought to clarify the meaning of core concepts, and to identify which are most valuable in the

context of the Foundation's future monitoring activities. In concluding this section, it is worth bringing out the key implications of the discussion so far.

The Foundation's monitoring activities are to be centrally concerned with living conditions and quality of life, so it has been critically important to clarify at the outset how these key terms are generally understood. We have seen that 'living conditions' generally refers to the circumstances of people's everyday life, whereas quality of life is a broader concept, referring to the overall well-being of people living in a society. Concepts of well-being are culturally relative, so monitoring quality of life necessarily has both scientific and value-based dimensions.

We have argued that a central element in improving quality of life is now seen to be enabling people, as far as possible, to attain their own goals, within the constraints imposed by economic sustainability and respect for the rights and needs of others. Accepting this perspective entails recognising first of all the diversity of outcomes that people may pursue in their quest for quality of life, rather than seeking to prescribe a specific set. It then focuses attention on the resources and contexts that condition, facilitate and constrain such personal quests.

A variety of other related concepts, such as social exclusion and inclusion, social cohesion, social integration and social capital, social quality, human development and liveability have also been reviewed in this section. We have argued that quality of life can serve as an overarching frame, encompassing many of these other concepts that apply at the level of the individual, family, community and society: notably opportunities, disadvantage and exclusion, social cohesion and social capital. Combating social exclusion and promoting an inclusive society, for example, involves enhancing the capacity of people to participate in the life of their society, which is central to quality of life. Similarly, authors elaborating on the concept of social quality have emphasised elements such as socio-economic security and empowerment, which have played a central role in our discussion of quality of life.

The breadth and depth of the notion of quality of life mean that monitoring is indeed challenging. Seeking to monitor quality of life will entail focusing not just on outcomes and subjective assessments, but also on resources and other constraints in the various arenas in which people operate. This has to include not only individual but also collective resources, notable social provision in areas such as education, health care, housing, and social services, widely seen as fundamental to the quality of life but often inadequately captured. However, this also means that such monitoring has the potential not only to track key changes in society, but also to reveal both underlying causal processes and emerging trends and concerns for the future. As developed below, these are central to the role that the Foundation can play in this area.



We have already emphasised that monitoring living conditions and quality of life is not to be seen as a purely 'scientific', value-free exercise, which could be carried out without reference to 'desirable' versus 'undesirable' social change in the societies in which it is taking place or without abstracting from a society's goals. Instead, it is in essence a normatively based exercise, and its value is enhanced by the extent to which it taps into the central concerns and goals of a society.<sup>5</sup> This means that, in the Foundation's work, the European policy agenda has to be to the forefront in developing and following through the conceptual framework for monitoring of living conditions and quality of life. So the key focuses of that policy agenda are central here, and have to be examined in some depth.

For many years from the original establishment of the EEC, its main objective was to create an area where free movement of goods, services, capital and people would enhance economic growth. The predominant focus was economic rather than social. However, in more recent years that focus has shifted. The EU has an increasing interest and competence in social policy, partly in the light of the perceived need to offset some of the potential negative effects of creating the single market.

Important landmarks in the development of that competence were the 1989 Social Charter, the Social Protocol of the Maastricht Treaty in 1992, and Articles 136 and 137 of the Amsterdam Treaty requiring the Community to support Member States' action to combat social exclusion. The concerns of European policy now encompass raising living standards and improving living and working conditions, strengthening social cohesion and combating exclusion, promoting equal opportunities, and sustainability. Thus the social policy agenda has expanded and deepened in scope, as we detail below, but with a continued emphasis on the long-standing goals of achievement and maintenance of high levels of health and social protection.

## **Challenges and linkages for economic and social policy**

This broadening in focus is, however, occurring in a context that sees the links between economic and social spheres as of central importance. The linkage between different policy domains is highlighted in the Lisbon European Council's identification of a fresh set of challenges that must be met so that Europe can become 'the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion'.

Promoting competitiveness, employment and social cohesion are clearly identified as the central aims of European policy. This reflects among other things the economic context, and in particular the persistence of high unemployment in Europe, the acknowledged need to coordinate macroeconomic policies in the framework of Economic and Monetary Union and the Growth and Stability Pact, and the perceived importance of adaptability and removing structural impediments to flexibility that place Europe at a competitive disadvantage.

It is within this context that social exclusion is being identified as a key focus for social policy. It is seen as a qualitatively new phenomenon created by transformation and new challenges in the economic sphere, at a time when social protection systems are lagging behind this transformation

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<sup>5</sup> This is stressed for example by Noll (2000).

(But the key route to promoting inclusion is seen to be through the labour market and implementation of the 'European employment strategy', bringing out once again the linkages across spheres.)

More broadly, social systems in the Member States are seen to be facing significant common challenges: not only the need to adapt to the changing world of work but also new family structures, persistent gender inequalities, demographic changes, immigration and the requirements of the knowledge-based economy. The skills and adaptability of its workforce are seen as crucial to Europe's ability to be productive and innovative and to attain its social objectives.

Improving social protection, public health, and security are also important elements in the explicit European agenda. Another important recent development has been the growing importance assigned to environmental protection and sustainable development, focusing in particular on efficient use of energy and reducing environmental pollution. Without seeking to detail comprehensively the thrust of policy across these areas, it is worth highlighting some features of particular interest in the present context.

### **Employment and unemployment**

Promoting employment and combating unemployment have long been identified as key priorities for European policy. More recently, with unemployment remaining stubbornly high in many Member States, employment was put at the centre of the EU's economic policy agenda by the Employment Title in the Amsterdam Treaty. A coordinated 'European employment strategy' and a common framework for action (the employment guidelines), with specific targets and objectives, have been adopted in what is known as the Luxembourg process (initiated at the Luxembourg Council in 1997).

Under this process the European Council agrees employment guidelines for the Member States on an annual basis. Progress towards achieving the objectives laid down in the guidelines is monitored by the Council through an annual review of 'national action plans for employment' (NAPs), describing how the guidelines are being put into national practice. The Commission and the Council jointly examine the NAPs and present a 'joint employment report' to the Council.<sup>6</sup> Getting Europe back to work was one of the areas agreed at the Barcelona Council as requiring special attention, and the Council set out guidelines for review of the five-year old employment strategy, calling for the strategy to be simplified, targeting the employment rate, and aligned with the Lisbon deadline for full employment by 2010.

### **Education, training and the 'knowledge society'**

Enhancing education and vocational training has long been seen as an important way to achieve these labour market objectives and increase competitiveness. This emphasis has been reinforced more recently by the importance assigned to information and communication technologies. It is widely recognised that European societies are facing major challenges in adapting to a rapidly

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<sup>6</sup> See for example EU Employment and Social Policy, 1999-2001, (European Communities, 2001).

changing global environment. Globalisation, technological change and the increasing importance of knowledge and skills are identified as central and interlinked trends. The recent Communication on 'Employment and social policies: a framework for investing in quality',<sup>7</sup> for example, stated that: at a macroeconomic level a positive correlation between investments in education and overall economic performance is well established; and that analytical work on the determinants of economic growth and rising living standards generally highlight the growing importance of human resource and investment in knowledge.

Although the processes underlying these relationships are in fact rather poorly understood and the causal role of education may be exaggerated, the case for regarding expenditure on education as 'investment' now seems to have been very widely accepted, to a much greater extent than with other social spending. The promotion of life-long learning in particular was highlighted at the Feira European Council in 2000 as a key element in the strategy to achieve the Lisbon aim of a knowledge-based society. This was followed by a Europe-wide consultation process and a Communication from the European Commission setting out a way forward.<sup>8</sup> Removing the institutional barriers that mature students face in some educational systems may be more difficult than is often appreciated, but this is clearly going to be a high-priority area for medium-term economic and social policy.

### **The 'Social policy agenda 2000'**

The need to ensure the positive and dynamic interaction of economic, employment and social policy is brought out by the 'Social policy agenda' set out in the Commission's Communication on that topic published in 2000.<sup>9</sup> This forms part of the integrated European approach towards achieving the economic and social renewal outlined at Lisbon. The aim is to provide a comprehensive and coherent approach with which the EU can confront the new challenges to social policy, resulting from the radical transformation of Europe's economy and society. This is particularly the case for the changes engendered by the new knowledge-driven economy, which affects the working and personal lives of all people living in Europe.

A guiding principle of the new 'Social policy agenda' is strengthening the role of social policy as a productive factor. This reflects the belief, not simply that poorly-designed social protection systems can act as a barrier to growth (notably by creating disincentives and 'poverty traps'), but more positively that there is substantial scope for properly designed systems to contribute to the better functioning of the economy and to productivity growth. In particular, social protection can play this role by promoting flexibility in the labour market, enhancing the health of the workforce, and assisting in the reintegration of those whose potential to contribute economically would otherwise be lost. There may be some danger that this potential (for social protection as investment) is being over-sold at the expense of the more traditional perspective (as transfers promoting redistribution and solidarity). But, as Begg and Berghman (2001) emphasise, it is a dimension of policy that cannot be ignored in the present climate.

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<sup>7</sup> Communication from the Commission, COM(2001) 313 final.

<sup>8</sup> Communication from the Commission, 'Making a European area of lifelong learning a reality', COM(2001) 678 final.

<sup>9</sup> See Communication from the Commission, Social Policy Agenda, COM (2000) 379 final.

### **The focus on 'quality'**

The focus of European social policy is, therefore, on the modernisation of the European social model, on investing in people and on combating social exclusion, within a broader policy agenda that focuses on quality as the driving force for a thriving economy, more and better jobs and an inclusive society.<sup>10</sup> Its aim is articulated as the achievement of competitiveness, full employment and quality of work, quality in industrial relations and quality of social policy.

Quality of work is seen as including better jobs and more balanced ways of combining working life with personal life. It implies better employment policies, fair remuneration and an organisation of work adapted to the needs of both companies and individuals. It is to be based on high skills, fair labour standards and decent levels of occupational health and safety, and includes facilitating occupational and geographic mobility.

Quality of social policy is seen to imply a high level of social protection, good social services available to everyone, real opportunities for all and the guarantee of fundamental and social rights. As the Social Affairs Commissioner put it in a recent speech, 'quality provides the link between competitiveness and cohesion'. The emphasis is on the potential for developing mutually reinforcing policies, underpinning productivity and facilitating adaptation to change, and playing an essential role in transition to the knowledge-based economy.

Rather than seeing economic and social policy – or working and family life – in isolation from one another, then, the emphasis in the European policy agenda is now very firmly on the need to maximise mutual positive reinforcement between economic policy, employment policy and social policy. Full employment and quality of work are key aims for employment policy, while social quality and social cohesion are key aims for social policy. But these are to be seen as interlinked and mutually reinforcing. This clearly has to be of central importance for the way the Foundation approaches its work, both in terms of the focus of its activities on monitoring living conditions and quality of life, and in how that relates to its own parallel activities in relation to working life.

### **Finding the balance**

In this context it is worth bringing out the clear concern, at European level and in many Member States, with maintaining – or restoring – the balance between economic, social and political spheres in the everyday lives of Europeans. Social policy is responding to the way in which changes in the economic sphere, notably in the level of employment and the way work is structured, spill over and affect the life of the family and the community. There is an underlying notion that equilibrium or balance between these spheres is central to quality of life and to a healthy society.

Concern about the impact of changes in the world of work on many aspects of family and community life is becoming more widespread. For example, where economic policy aims to promote participation of women in the paid workforce, and social policy aims to ensure that

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<sup>10</sup> See for example Communication from the Commission 'Employment and social policies: a framework for investing in quality', COM (2001) 313 final.

women are in a position to work and enjoy economic independence, inadequate child care comes to be seen as a key problem. Indeed, there is an emerging concern in some Member States about fertility levels, and whether women fully engaged in the paid labour force see themselves as still able to 'afford' to be mothers.

Higher levels of female participation in the labour force and the increasing demands of work may also affect participation in the life of the broader community, across a variety of dimensions. This is one of the factors behind growing interest in the concept of social capital. The increasing pace of life and its accompanying stresses may have a detrimental effect on physical and psychological health. These are some of the issues underlying concerns, which are coming to greater prominence on the policy agenda, that economic growth may be achieved at the expense of quality of life.

### **Modernising social protection and promoting social sustainability**

Focusing specifically on social protection, the challenge facing the social protection systems of Member States is to adjust to the accelerating pace of demographic changes and the requirements of the rapidly evolving knowledge-based economy. The ageing and shrinking of the labour force, and the pressure on pension and health expenditures, are key emerging trends – though their pace varies across Member States. The expectation is that there will be a drop in the number of young entrants to the labour market; an increase in the average age of the workforce and a fall in its overall size; a rise in the number of pensioners and an increase in the number of very elderly, and frail and dependent people. An overall employment rate of 70% was set as the target for 2010 by the Lisbon summit. The implication is that a priority in reforming social protection systems is the reduction in the number of inactive people and the encouragement and facilitation of participation in the labour force.

This should include encouraging later retirement, for example, promoting mobility, combating discrimination on the basis of gender, for instance, or ethnic origin, and removing barriers to the full integration of people with disabilities. Social protection systems should, therefore, be designed both to 'make work pay' and to provide secure incomes, as part of what some are referring to as the 'active welfare state'. Reversing the trend towards earlier retirement, an important goal of the employment strategy, would also make a direct contribution towards the sustainability of pensions, a key concern for what has come to be termed 'social sustainability'.

A major preoccupation of social protection policy is the risk, posed by an ageing population, of undermining the European social model, as well as economic growth and stability in the European Union.<sup>11</sup> Therefore the Göteborg European Council in 2001 endorsed three broad principles for securing the long-term sustainability of pension systems: safeguarding the capacity of pension systems to meet their social aims; ensuring the financial sustainability of pension systems; and enhancing the ability of pension systems to respond to the changing needs of society and individuals. (This includes contributing to enhanced flexibility in the labour market, and equal opportunities for men and women in employment and social protection).

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<sup>11</sup> See Commission Communication 'The future evolution of social protection from a long-term point of view: safe and sustainable pensions' COM (2000) 622 final, and Report of the Social Protection Committee on *Adequate and sustainable pensions* (2001).

It has also been agreed that what is called 'the open method of coordination' is to be used to formalise and strengthen cooperation in the pension area. This approach to policy and cooperation, already in use for the European Employment Strategy and discussed in more detail below in the context of social inclusion, entails the setting of common goals, agreed indicators, regular reporting and identification of best practice. As far as pensions are concerned, the Commission has proposed a set of objectives and supporting indicators. The high-level Social Protection Committee is charged with arriving at an agreed approach, corresponding to the progress already achieved via the same process on social inclusion targets and indicators to be outlined below.<sup>12</sup>

### Public health and care

The Göteborg Council also focused attention on the issue of health and care for the elderly as an important aspect of social sustainability. The EU's obligations in relation to public health have been strengthened considerably in recent years, especially through successive treaty changes. The Amsterdam Treaty stipulated that the objective of ensuring a high level of human health protection must be incorporated in the definition and implementation of all Community policies and activities. The Community's role is to complement national policies, to encourage cooperation between the Member States and to support their actions aimed at improving public health, preventing human disease and reducing risks to human health.

In the field of social protection, guaranteeing a high and sustainable level of health protection has been identified as one of the priority objectives of European cooperation.<sup>13</sup> Health care systems in the Union face the common challenges of the impact of demographic ageing on health care systems and expenditure, the growth of new technologies and treatment, and the impact of higher incomes and education levels on the demand for health care. Three key aims have been set: attaining access to health care for all, a high level of quality in health care, and the financial viability of health care systems.

Once again, progress is to be made via the open method of coordination, but the nature of the contribution that this can make in the health area is particularly unclear at this stage. The diversity of national institutions and the nature of the public/private mix in financing and delivering health care make it particularly difficult for the Union to 'add value' in this area, but the development of the internal market in itself makes it more and more difficult for this dimension to be ignored by national governments.

The increase in the numbers of elderly people not only poses a challenge to health care systems per se, it will also increase the pressure on the public sector for long-term care. Age-related illnesses mean that some elderly people are more or less dependent on others, along a spectrum from requiring support and care in the community to long-term institutional care. At the same time the increase in the number of smaller and more unstable family types and increased employment rates for women could undermine family networks of solidarity and make the provision of health and

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<sup>12</sup> See Commission Communication 'Supporting national strategies for safe and sustainable pensions through an integrated approach', COM (2001) 362 final.

<sup>13</sup> Communication from the Commission 'The future of health care and care for the elderly: guaranteeing accessibility, quality and financial viability' COM (2001) 723 final.

care within families more difficult to sustain. This is an area where reconciling economic objectives in terms of employment rates with social and family goals could be especially problematic. Once again it points to reconciling the needs of work and family life as a central challenge for national and EU policy-makers.

## **Enhancing opportunities and combating discrimination**

It is also worth bringing out the significance of the emphasis in the European agenda, across a variety of policy areas, on removing barriers and enabling people rather than simply providing passive supports. Thus investing in people through education and training is seen not only as critical for competitiveness and growth, but also as the way in which both abilities and aspirations can be raised. Promoting life-long learning, for example, was highlighted at the Feira European Council in 2000 as a key element in the strategy to achieve the Lisbon aim of a knowledge-based society. This was followed by a Europe-wide consultation process and a Communication from the Commission setting out a way forward.<sup>14</sup>

Gender mainstreaming and the promotion of gender equality in employment are correspondingly seen as one important contribution to equalising opportunities for all. (It is also, of course, increasingly seen as an economic necessity). Equal pay, recognition of women's skills and abilities, and policies that enable employees to combine work and family life can all be seen as helping to broaden the opportunities open to women. Measures to combat discrimination in the labour market, on gender or other grounds, and measures aimed at assisting the participation of those with disabilities, can be seen in the same light.

Similarly in the context of social exclusion, the central aim is to ensure that people have the resources (financial and other) to be able to participate fully in the life of their society. High quality social policies are thus seen as making it possible for each person to become integrated, participate in society and develop to their full potential. This, of course, resonates with our earlier discussion around the concept of capabilities.

This is also true of the core aim of the employment strategy, to increase labour force participation and the proportion of people of working age actually in work. The strategic approach focuses on participation over the whole life cycle, as recent reports and communications from the Commission<sup>15</sup> on this topic have brought out. The approach is to address four objectives: more jobs and better quality in work; making work pay; providing higher and adaptable skills at work; and making work a real option for all. So the emphasis is both on assisting people attain the skill levels required and on providing a supportive environment and making employment attractive. This includes support with childcare and other family responsibilities.

## **Social inclusion and social exclusion**

The Amsterdam Treaty assigned a central role in the social policy agenda to the fight against social exclusion. The focus of that strand of the European agenda deserves particular attention in the

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<sup>14</sup> Communication from the Commission, 'Making a European area of lifelong learning a reality', COM(2001) 678 final.

<sup>15</sup> See for example the Report on 'Increasing labour force participation and promoting active ageing' (European Commission, 2002a) and 'Making a European area of lifelong learning a reality' (European Commission, 2002b).

present context. The Lisbon European Council explicitly stated that the extent of poverty and social exclusion in the Union is unacceptable, and that building a more inclusive European Union is an essential element in achieving its ten year strategic goal of sustained economic growth, more and better jobs and greater social cohesion. While Member States retain the primary responsibility in this area, it was agreed to adopt the 'open method of coordination' in seeking to make a decisive impact on the eradication of poverty and social exclusion by 2010.

The key elements in the open method of coordination are the agreement, at the Nice Summit in December 2000, of common objectives on poverty and social exclusion; the preparation of national action plans against poverty and social inclusion (NAPs/incl), submitted for the first time in mid-2001; the preparation of the 'Joint report on social inclusion' by the Commission and the Council – the first joint report was submitted to the Laeken Summit in December 2001; and the adoption of common indicators to monitor progress towards the common objectives and comparing best practice across Member States, (discussed in detail in our next section). As well as being central to developments in the areas of employment and social cohesion, adoption of agreed indicators and monitoring via the open method of coordination is set to play a correspondingly key role in areas such as pensions and health care.

The common objectives on poverty and social exclusion agreed by the European Council are as follows:

- To facilitate participation in employment and access to resources, rights, goods and services for all, via social protection systems and policies focused on housing, basic services, health care, education, justice and other services such as culture, sport and leisure.
- To prevent the risks of exclusion, including those relating to new information and communication technologies, the needs of people with disabilities, life crises that can lead to social exclusion, and family solidarity.
- To help the most vulnerable, focusing on women and men at risk of persistent poverty, social exclusion among children, and areas marked by exclusion.
- To mobilise all relevant bodies by promoting, for example, the participation and self-expression of people suffering exclusion, mainstreaming the fight against exclusion into overall policy, and encouraging the active engagement of all citizens in combating social exclusion.

### **Environment/sustainable development and food safety**

Environmental protection and sustainable development are also being assigned increasing importance on the European agenda. At the Göteborg summit the European Council agreed a 'strategy for sustainable development', which added a third, environmental dimension to the Lisbon strategy (in addition to the commitment to economic and social renewal). The EU's sustainable development strategy is based on the principle that the economic, social and environmental effects of all policies should be examined in a coordinated way and taken into account in decision-making.

As part of that strategy, Member States draw up their own national sustainable development strategies, and key environmental indicators have been adopted to supplement the social and

economic structural indicators already in use (as discussed in detail in Chapter 3 below). Policy initiatives are focused in particular on efficient use of energy and on reducing environmental pollution. The Union also seeks to contribute to improved global governance in this field, through supporting, for example, the Kyoto Protocol and participating in the World Summit on Sustainable Development.

The EU is also trying to respond to public concern about issues relating to consumer protection and safety. This has been demonstrated most recently in the setting up of such institutions as the European Food Authority, the European Air Safety Agency and the European Maritime Safety Agency. Increased consumer protection in the areas of product safety, indebtedness, and specific aspects of medicine are also on the agenda. Many of these issues are being tackled at a level where it will be difficult for individual citizens to see a direct measurable benefit. They may, therefore, be beyond the scope of monitoring quality of life focused on the citizen, but their prominence on the policy agenda undoubtedly taps into real and often growing concerns for ordinary people.

## **Enlargement**

The forthcoming enlargement of the EU is clearly critical to the context of both the policy agenda and the monitoring of living conditions and quality of life. The candidate countries for membership of the Union seek to raise their living and social standards, and to enhance economic and employment performance. They face major challenges in transforming and adapting their economies and social protection systems. They also have to confront many of the problems being tackled by, or emerging on the horizons of, existing Member States.

Candidate countries are already in the process of implementing the EU social and employment '*acquis communautaire*'. Employment policy reviews are being carried out as they engage with the 'employment strategy' and associated processes. While cohesion in the traditional sense of convergence in average living standards will clearly be the central preoccupation, the current emphasis on the inter-linkage between economic and social policies, on social policy as a productive factor, and on modernising the European social model, is seen as holding out the promise of both economic and social benefits for these countries in particular.

## **Social integration and European identity**

In addition to strengthening social ties within countries and cohesion between regions, there is a strand of the European agenda concerned with strengthening feelings of solidarity across citizens of different Member States and with promotion of a common European identity. The Maastricht Treaty, for example, outlined for the first time the notion of a European citizenship. This is being promoted by easing barriers to mobility, for example, and to cultural exchange across Member States. Such mobility can also impact on and promote debates about pluralism and multiculturalism, and these are likely to become even more prominent as the EU enlarges. Once again notions of equal worth and enhancing opportunities play a central role in promoting integration and mutual respect.

The 'Declaration on the future of the Union' annexed to the Treaty of Nice stressed the need to examine institutional structures and the role of the national parliaments. The Declaration issued

at the Laeken summit (December 2001) put the issues of European identity and institutional reform right at the forefront of the policy agenda. This emphasised that the Union needs to become more democratic, more transparent and more efficient, and that European institutions must be brought closer to its citizens.

It argues that while citizens undoubtedly support the EU's broad aims, they do not always see a connection between those aims and its everyday actions, and they want the European institutions to be more efficient and open. It also acknowledges that many also feel that the Union should not be intervening, in every detail, in matters by their nature better left to Member States' and regions' elected representatives, and that this is perceived by some as a threat to their identity.

The Declaration also formally raises the question, in the long run, of the adoption of a constitution for European citizens. More immediately, the Convention on the Future of the European Union, set up by the EU Heads of Government in February 2002, has been leading a wide-ranging public debate on the future of Europe ahead of the planned reforms of the EU scheduled to take place in 2004. While perhaps only indirectly connected to living conditions and quality of life, these issues relating to European identity and European citizenship are clearly of central relevance to the future of the European project, to the development of policy and ultimately to the ordinary citizen.

### **The role of policy research and monitoring**

A key aspect of the open method of coordination in the areas of employment, social inclusion and pensions, and of the social policy agenda more broadly, is a new recognition of the importance of monitoring, policy analysis and research and the statistical base to support it. A central role is assigned to the assessment of performance and of the impact of policy in different Member States; and to the encouragement of convergence towards best practice, on the basis of sound and transparent indicators covering both quantitative and qualitative dimensions.

The European Commission has acknowledged the gaps and limitations in that statistical base, in terms of timely and robust quantitative data and information on qualitative factors: indicators that measure the real impact of policies on the basic goal of improving the everyday lives of the citizens of the Union. The Laeken European Council also stressed the need to reinforce the statistical machinery for eradicating poverty and promoting social inclusion, taking in health and housing.

The Social Policy Agenda noted that there will be regular reports on employment, gender equality, social situation and industrial relations, and that the European agencies active in the social area have an important contribution to make – especially the Foundation. To see where the Foundation's activities are best focused, it is necessary to take into account the range of other monitoring activities in this area, and that is the topic of our next section.

### **The goals of European policy**

In concluding this section, then, it is clear that the concerns of European policy, and in particular the social policy agenda, have expanded and deepened in recent years. This has been a response to the challenges posed by sustained high unemployment, for example, ageing populations, the

increasing importance of knowledge and skills, the transformation of traditional family structures and gender economic roles, and environmental degradation. A set of core aims can however be identified. This will be a key consideration in specifying what the monitoring of 'quality of life' from a European perspective must aim to capture. These core aims can be formulated as:

- raising living standards and improving living and working conditions,
- strengthening social cohesion and combating exclusion,
- promoting equal opportunities, and
- safeguarding sustainability.

These may be regarded as what is sometimes referred to in the social reporting literature as key 'goal dimensions' (see for example Noll, 2000). More specific goals can be identified as sub-dimensions within these and/or cutting across them. They include supporting the 'knowledge society', achieving and maintaining high levels of social protection, promoting health and making high quality health care available to all, promoting participation and trust, reducing pollution, strengthening families while meeting new challenges in terms of caring for children and the elderly, and so on across the range outlined in our previous discussion.

This is not to suggest that the goals of European policy represent an entirely coherent, consistent and comprehensive set of social goals. Just like the corresponding and generally similar sets of goals that can be identified at Member State level, they are instead a product of an ongoing political process, where goals may well be articulated without potential conflicts between them being explicitly recognised or addressed. Thus, to take one important example, the way in which economic and social policies are now being seen as mutually reinforcing represents a very significant development. The recognition is very welcome, that social spending is not simply a 'deadweight' cost, but instead that there are highly complex dynamics and interrelationships between the economic and social spheres.

However, it may well risk overstating the contribution social policy can actually make to productivity and growth, or at least minimising the trade-offs that in certain circumstances do operate. There is also the danger that, in emphasising the potentially positive relationship between social policy and economic performance, the value of social progress in its own right – and the contribution economic growth makes to that – may be undervalued.

One can also point to areas where the European policy agenda may currently be under-developed, not fully capturing concerns that are emerging within Member States. Fertility levels are an example we have already remarked on; these are coming to be seen as worryingly low in some Member States. Finally, there are wide areas where policy goals have been reasonably well articulated and policies developed, but where the central processes at work are poorly understood. We can see for example that the level of average income/standard of living in a Member State is not always a good predictor of 'quantity of life' – with life expectancy as high or higher in some of the poorer Member States as in some with incomes above the average – much less quality of life.

Rather than being a counsel of despair, however, this reinforces the point we have already made forcefully: that monitoring of quality of life needs not just to track trends across different

dimensions of life, but also to investigate the causal factors and processes underlying them. It then has a realistic chance of picking up emerging trends and concerns, as well as issues already on the policy agenda.

To make a real contribution, the Foundation's monitoring activities will also have to focus on areas where policy intervention – at national and European level – can indeed make a difference. There is no shortage of such areas, and there will also be a need to sharpen the focus rather than try to cover everything in equal depth, as we discuss in detail in Section 6 below. In that context the Lisbon agenda, identifying the promotion of competitiveness, employment and social cohesion as the central aims of European policy, clearly has to be of central importance. It encompasses concerns about the quality of work and social life and the balance between work, family and community.

As we shall see in the next section, significant progress has been made in the last few years in agreeing on progress indicators for use at EU level across a range of areas – including employment, social inclusion, the environment – and this is being deepened through the open method of coordination to include other areas, such as pensions and public health. The monitoring activity should serve to complement these and other efforts to track progress and change, and seek to highlight emerging trends and key causal processes.

# Relationship with other monitoring activities

# 3

In reviewing other EU monitoring activities, the main issues to consider are the fields they cover and the particular policy contexts in which they arise. These are the main topic of this section. In addition, it is important to note the type of monitoring undertaken, particularly with regard to the distinction between descriptive and analytical monitoring highlighted earlier. This question is dealt with briefly at the end of this section.

## Structural indicators

We look first at official monitoring activities at European level. The Lisbon Council, set the EU the 'strategic goal for the next decade of becoming the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs'. It acknowledged the need to discuss and assess regularly progress made in achieving this goal on the basis of commonly agreed structural indicators. To this end it invited the Commission to draw up an annual synthesis report on progress, on the basis of structural indicators to be agreed relating to employment, innovation, economic reform and social cohesion.

Structural indicators prepared by the Commission have been presented at subsequent European Councils, and the coverage and content continue to develop. The aim is to have indicators that are easy to read and understand, relevant to policy, mutually consistent, available in a timely fashion, comparable across Member States and as far as possible with other countries, taken from reliable sources, and that do not impose too heavy a burden on Member States and respondents.<sup>16</sup>

The list of 36 indicators for the 'synthesis report 2002' comprises six indicators in each of the following domains:

- employment,
- innovation and research,
- economic reform,
- social cohesion,
- the environment, and
- the general economic background.

Some of these indicators are clearly more directly relevant than others to living conditions and quality of life: this would appear to be true of the employment, social cohesion, and environment domains. The detailed indicators included under these domains are as follows:

### *Employment:*

- employment rate,
- employment rate of older workers,
- gender pay gap,
- tax rate on low-wage earners,
- life-long learning (adult participation in education and training), and
- accidents at work (quality of work).

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<sup>16</sup> See for example Communication from the Commission 'Structural indicators', COM (2001) 619 final.

### *Social Cohesion:*

- distribution of income (income quintile ratio),
- poverty rate before and after social transfers,
- persistence of poverty,
- regional cohesion,
- early school-leavers not in further education or training, and
- long-term unemployment.

### *Environment:*

- greenhouse gas emissions,
- energy intensity of the economy,
- volume of transport relative to GDP,
- modal split of transport,
- urban air quality, and
- municipal waste.

While stability over time in the list of indicators is seen as important, the need for the structural indicators to be flexible is also recognised and they continue to be developed. Among the areas flagged for development in the most recent report on these indicators, the following are particularly relevant to living conditions and quality of life: quality of work, childcare facilities, the knowledge economy, e-society and ICT investment, social cohesion, and the environment. As this list demonstrates, the types of indicators in use and being developed represent a mixture of society-level and individual-level indicators (or at least indicators constructed by aggregating across individuals). This is a conceptual distinction brought out in Chapter 1 earlier, when we contrasted, for example, indicators of the extent of ‘trust’ in a society with the income or education levels of its individual citizens.

## **Social indicators of the Social Protection Committee**

Specifically in the field of poverty and social cohesion, in parallel with the broader structural indicators, the high-level Social Protection Committee (SPC) and its technical subgroup on indicators developed a more extensive set of indicators, adopted at the Laeken Council in December 2001.<sup>17</sup> These indicators distinguish three levels. Primary indicators consist of a restricted number of lead indicators that cover the broad fields that have been considered the most important elements in leading to social exclusion.

Secondary indicators support these lead indicators and describe other dimensions of the problem. Both these levels represent commonly agreed and defined indicators, to be used by Member States in their ‘National action plans on social inclusion’ and by the Commission and Member States in the ‘Joint report on social inclusion’.

Member States themselves may include in their national plans a third level of indicators, not harmonised at EU level, to highlight specific factors in particular areas, and to help interpret the primary and secondary indicators. (This multi-level approach was also recommended in the study

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<sup>17</sup> See Social Protection Committee Indicators Sub-Group, Report from the Chairman to the SPC, October 2001.

carried out for the Belgian Presidency of the EU in the second half of 2001 and published as Atkinson, Cantillon, Marlier and Nolan, 2002).

The primary indicators produced by the Social Protection Committee cover: the percentage below 60% of median income (with breakdowns by gender, age, most frequent activity status, household type and tenure status); the distribution of income (measured by the income 'quintile' ratio); the persistence of low income; the median low income gap; regional cohesion; the long-term unemployment rate; the proportion of people living in jobless households; early school leavers; life expectancy at birth; and self-perceived health status. The secondary indicators then cover, for example, dispersion around the 60% median low income threshold, very long-term unemployment, and the proportion with low educational attainment.

The committee also identified a substantial number of areas where indicators needed to be developed as a matter of priority. These included housing conditions and homelessness, social participation, access to public and private essential services, indicators at local level, indebtedness, benefit dependency, the gender dimension of poverty and social exclusion, literacy and numeracy, quality-adjusted life expectancy, premature mortality by socio-economic status and access to health care, and indicators for groups not living in 'private households' (both the homeless and those living in institutions such as old people's homes, prisons and orphanages).

In our view, perhaps the most critical but also the most difficult of these gaps to fill relate to homelessness (clearly one of the most serious forms of exclusion being experienced by EU citizens), illiteracy and its consequences, and socio-economic inequalities in health and access to health services (which are now widely regarded as a key aspect of a society's performance).

As far as conceptual focus and terminology are concerned, it is worth noting that these indicators are described by the SPC at some points as relating to social exclusion, and at others as 'commonly agreed social inclusion indicators'. This brings out the point already made in our conceptual review in Chapter 1 above, that in the EU context social exclusion and social inclusion are generally seen, in effect, as two sides of the same coin: policy aimed at combating social exclusion is equivalent to that aimed at promoting social inclusion.

Further, the Commission applies the term 'social cohesion', in describing the overall structural indicators, to the set dealing with low income, income distribution, unemployment, regional cohesion and early school-leaving. This mirrors the terminology of the Lisbon summit in its emphasis on 'more and better jobs and greater social cohesion'. Social cohesion appears to be used in some instances as effectively synonymous with social inclusion. In other contexts it may refer to a somewhat broader notion encompassing, for example, the desirability of convergence across regions. 'Cohesion' itself has, of course, long been used in the context of promoting convergence in living standards between the Member States.

### **Employment indicators**

The process of developing indicators focused on poverty and social exclusion mirrors that implemented first on the employment front as part of the employment strategy. Here a core element of the employment guidelines, national action plans for employment (NAPs) of Member States,

and joint employment report of the Commission and Council has been the setting of measurable objectives and targets on the basis of common indicators. Performance is assessed against a set of headline indicators including the numbers in employment, the employment rate in different age ranges, and overall, youth and long-term unemployment.

In addition, a set of policy indicators has been agreed by the Employment Committee for use in the joint employment report, and these include for example unemployment inflow and outflow rates, the proportion on 'individual action plans' aimed at getting them back into work, and participation in training. Further sets of indicators focus on educational attainment levels, early school leaving and computer and Internet access in schools, and on gender gaps in employment and unemployment. The Employment Committee is also developing indicators in the areas of lifelong learning, the tax 'wedge' and benefit dependency.

In addition to these employment-related indicators, the European Commission has in a recent Communication devoted considerable attention to indicators of the quality of employment, in the context of the overriding aim of creating 'more and better jobs'. This proposes a set of indicators covering 10 main elements of quality within two broad dimensions: the characteristics of the job itself, and the work and wider labour market context.

Possible indicators relating to the characteristics of the job itself include job satisfaction among workers, the proportion advancing to higher-paid employment over time, educational levels of those carrying out the job, and the proportion in training. Indicators relating to the work and wider labour market context include the gender pay gap, gender segregation, accidents at work, stress levels, the proportion with flexible working arrangements, and productivity. Some of these proposed indicators are already in use in other contexts, for example in reporting on equal treatment, and one (on accidents at work) is already included in the overall set of structural indicators as we saw earlier.

Studies of job quality indicators (including work by the Foundation drawing on its surveys on working conditions in Member States) bring out the difficulties of capturing adequately the extent and complexity of the changes affecting the world of work (notably the transformation of jobs, feminisation of work, psychosocial problems and stress). The indicators most commonly used (such as occupational accidents and illnesses) are limited in scope, and tend to focus on traditional male-dominated industrial work.

However, making it easier to reconcile working and non-working life is now coming to be seen as an essential element in quality of work itself, essential both to encourage entry into the labour market and to enable people to remain at work. Work by the Foundation indicates that key issues include: the 'double workload' for women in the paid labour force who also have to carry out the bulk of household tasks, time management, and how to enable employees to improve their skills and receive recognition for it.<sup>18</sup>

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<sup>18</sup> See 'Quality of work and employment in Europe: issues and challenges', European Foundation for the Improvement of Living and Working Conditions Foundation paper No. 1, Luxembourg: Office for Official Publications of the European Communities, 2002. The Foundation's ongoing work in this area includes a monitoring instrument on quality of working life based on regular questionnaire surveys to workers, a company panel survey, the European Industrial Relations Observatory (EIRO), and the European Monitoring Centre on Change (EMCC) recently set up to support the capacity of key actors to understand, anticipate and manage change.

## Sustainability indicators

Since the Amsterdam Treaty enshrined the principle of sustainable development as an aim, monitoring of environmental indicators has also received high priority. The list of structural indicators in that area given earlier illustrates that the focus so far has been on monitoring the overall level of pollution, air and water quality, energy use, and so on, rather than the impact felt at the level of the citizen or household in terms of quality of life. As well as the environmental indicators currently included among the structural indicators, further indicators of the same broad type are currently being developed to cover for example the consumption of toxic chemicals, the generation of hazardous waste and the recycling rate for selected materials.

Besides these indicators, focused on the environment, a measure of disability-free life expectancy is to be developed. This would represent a significant broadening in scope for this area (though difficult to link directly to environmental quality) and tie in with emerging interest in public health issues at European Union level. In addition, the Social Protection Committee is now giving priority to the area of pensions, and to the development of indicators in that area – now seen as central from the point of view of socio-economic sustainability.

## Report on the social situation of Europe

We now turn to another central strand in official monitoring activities relating to living conditions and quality of life in the EU, namely the annual 'Report on the social situation in the European Union'. This is produced jointly by DG Employment and Social Affairs and Eurostat. It aims to provide a broad description of the social situation in Europe using harmonised statistical data and an assessment of their impact on the quality of life of Europe's citizens. It seeks to provide qualitative and quantitative analysis on European social trends, based on a variety of statistical sources. These include, most importantly, demographic and labour force statistics produced by Eurostat, the European Community Household Panel Survey (ECHP), and Eurobarometer.

The report describes and discusses the main social developments in the areas of population, living conditions, income distribution, and trust and participation in society. It then presents a series of 'statistical portraits' focusing on different social policy domains, such as education, employment, migration, social cohesion, social protection, gender equality and health. The report also contains statistical annexes presenting figures on 21 'key social indicators' for each Member State, harmonised in terms of source and definition, together with a variety of other statistical data. It also seeks to highlight specific policy issues and challenges. For example, the second report points to the implications of demographic change for health care systems and the labour market, the implications of increasing employment among women for the reconciliation between work and family life, and the impact of the information revolution and of migration.

## Other regular publications

A range of other regular publications by the European Commission and Eurostat are also relevant, though not intended to provide an encompassing view of social developments. The Commission, for example, produces annual reports on 'Employment in Europe', 'Social protection in Europe', 'Industrial relations in Europe', and the 'Gender equality report'. Eurostat produces regular statistical publications on employment, health, demography, the environment and other areas.

In terms of statistics, the OECD also has regular series producing mostly aggregate data on employment, education, social protection and health (and also makes available the databases underpinning them). While enormously valuable in tracking some key aspects of the evolution of living conditions, these aggregate statistical sources do not, of course, allow for the teasing out of the interrelationships between them, and their impact on well-being, at the level of the individual and the household. The same is true of the recent publication on social indicators by the OECD, 'Society at a glance', (2001).

### **The European Community Household Panel (ECHP) survey and EU-SILC**

This is where Europe-wide micro-data on large samples of individuals, harmonised across the Member States, have proved so valuable. The ECHP, organised by Eurostat and carried out in most Member States since 1994, has been enormously useful in demonstrating the potential of this type of resource. It has allowed harmonised comparative figures on some key aspects of socio-economic conditions – notably income distribution and poverty – to be produced for the first time.<sup>19</sup>

It has also allowed a variety of other dimensions of living conditions – notably patterns of lifestyle and deprivation – to be investigated. More fundamentally, though, it has opened up the scope for analysis of key interrelationships at the level of the individual and the household: between family and health status and labour force participation, between labour force participation and household income, and between household income and lifestyle/deprivation, to give just a few examples.

The ECHP also includes some questions relating to subjective satisfaction (in relation to work, for example, housing and financial situation). So, together with its in-depth quantitative measurement of key variables such as income and labour force participation, it also offers considerable scope for analysis of the complex relationships between them.

Finally, the panel nature of the ECHP, following individuals from one year to the next, was an exciting innovation in harmonised European data. It has made possible the analysis of dynamics over time in key dimensions, such as income, labour force participation and family structure. But it has also made it possible to analyse the effects of changes across these dimensions on other quantitative and qualitative measures of living conditions and quality of life for the individual concerned.

So quality of work and quality of life, the interrelationships between work and family life, and the processes underlying them and how they change over time, can be explored in a way that simply was not possible before the ECHP. While some valuable research has been carried out, its potential has not so far been fully exploited and a great deal can still be learned from it.

Unfortunately the ECHP came to an end in 2001. It is being replaced (in 2003) by a new monitoring tool on income and living conditions, called EU-SILC. Considerable development work on the EU-SILC instrument has taken place, including pilot-testing during 2002. A Regulation has been prepared that will provide a legal basis for EU SILC and will outline its aims. It will specify

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<sup>19</sup> See for example European Social Statistics: Income, poverty and social exclusion, (Eurostat 2000).

certain quality requirements (including minimum effective sample sizes), topics and target variables to be covered, and the timing of data delivery and of the initial publications by Eurostat based on the data. It is especially important, for present purposes, to emphasise that the material currently available (notably the pilot questionnaire) makes clear that EU-SILC is to be more limited than the ECHP in many important respects.

The priority with EU-SILC is to be the provision of timely cross-sectional information on household incomes and social exclusion indicators. The emphasis is on output harmonisation rather than input harmonisation: the data may come from different sources in different EU Member States, and countries with highly developed population registers will be encouraged to use it. Notwithstanding the efforts at output harmonisation, the international comparability of data from EU-SILC will, inevitably, be seriously diminished by comparison with the ECHP.

EU-SILC will also have a much more limited longitudinal component than the ECHP. Only a subset of the cross-sectional target variables will be included and the longitudinal component will cover only four years, after which a household will be replaced. This means that the maximum length of time spent in the sample by any household is four years. In addition, the coverage of the main cross-sectional element will itself be much more limited. The range of non-monetary deprivation indications in EU-SILC is quite restricted. For example, use of health services is no longer covered, historic labour market characteristics of those not currently in the labour market will no longer be included, vocational training is not covered, and little or no qualitative information will be supplied. Furthermore, income is only to be measured for the previous calendar year, making it difficult to relate to characteristics and responses at the date of interview when income may have changed.

As well as the core material, a set of secondary topics, as yet ill-defined, will be covered as ad hoc, one-off modules in EU-SILC from time to time. The kinds of issues that have been mentioned in this context include childcare arrangements, caring for persons with special needs, and access to essential public and private services. This list will be added to over the years as Member States identify and agree policy-relevant issues .

### **Other micro-datasets**

Other European micro-datasets of course exist. These will be discussed in detail in the separate element of the current project for the Foundation that is centrally concerned with describing relevant data sources, both aggregated and disaggregated, and collecting data in an electronic database. Among the most important of these micro-datasets, it is worth highlighting here the Eurobarometer surveys carried out for the European Commission, the labour force surveys and household budget surveys brought together by Eurostat, and academic comparative sources such as the 'International social survey programme' (ISSP), the 'World values survey' (WVS), and the forthcoming 'European social survey'.

Eurobarometer is particularly valuable in its coverage of issues like participation, social relations and interaction, attitudes (particularly towards European integration and European institutions), and subjective evaluations of aspects of quality of life: health and health care, family life, social life, personal safety, financial situation, employment situation, and home and neighbourhood.

The labour force surveys have the most detailed and comprehensive coverage of the extent and nature of individuals' participation in the paid labour force, while the household budget surveys have detailed expenditure records for a representative sample of households. While unparalleled in depth of coverage of these specific areas, they are correspondingly very limited in terms of capacity to explore linkages across the different dimensions of life. (They are also difficult to analyse since micro-data is not released to researchers).

The European social survey, organised by the ESF, is intended to provide a core research infrastructure for a broad range of social science disciplines including political science, sociology, social psychology, economics, history and social anthropology. It is not yet clear which countries will participate in the first wave. The survey is to cover a range of areas. These relate, for example, to attitudes to problems such as crime, inequality, and unemployment; and to individual attributes such as confidence in institutions, political involvement, social and political orientation, social position and networks, involvement in voluntary associations, interest groups, church-related organisations and informal networks.

The world values survey (WVS) is organised by a network of social scientists from a wide variety of disciplines who have surveyed the basic values and beliefs of the public in more than 60 countries. It builds on the European values surveys, first carried out in 1981. A second wave of surveys was completed in 1990-1991; a third wave was carried out in 1995-1996 and a fourth in 1999-2001. The central hypothesis being investigated is that mass belief systems are changing in ways that have important economic, political and social consequences. The database makes it possible to examine linkages such as those between public values and economic growth, between environmental pollution and mass attitudes toward environmental protection, or between political culture and democratic institutions.

The 'International social survey programme' (ISSP) is a continuing, annual programme of cross-national collaboration. It brings together pre-existing social science projects and coordinates research goals, thereby adding a cross-national perspective to individual national studies. The ISSP evolved from a bilateral collaboration between the Allgemeinen Bevölkerungsumfragen der Sozialwissenschaften (ALLBUS) of the Zentrum für Umfragen, Methoden, und Analysen (ZUMA) in Mannheim, Germany and the General Social Survey (GSS) of the National Opinion Research Center (NORC) at the University of Chicago. Areas investigated to date include the role of government, social networks, family and gender roles, religion, environment, and national identity.

Other data sources, though valuable, generally have limited coverage as regards the countries of the EU. In the context of the present report, however, the key point to emphasise is the very limited extent to which these micro-datasets – much less aggregate statistics, however valuable – permit coverage across the important dimensions of living conditions and investigation of the interrelationships between them. The labour force surveys (even if available as micro-data) do not even contain income data, for example. So the basic relationship between labour force participation and income cannot be examined.

The ESS, ISSP and WVS datasets have very specific orientations reflected in their subject area coverage and are not intended to provide the basis for broadly-based monitoring and investigation of living conditions and quality of life in Europe. The ECHP, while still not comprehensive in the

areas covered, provided a unique high quality harmonised data source across key dimensions. In the light of the severely restricted nature of the new EU-SILC compared with the ECHP, there is now substantial scope for other household survey-based activity at European level to make a major contribution to monitoring and understanding living conditions and quality of life.

## Descriptive and analytical monitoring

We now return to the distinction between descriptive and analytical monitoring brought out in our introduction. To what extent do the monitoring activities reviewed go beyond the description of trends as revealed by data series on discrete variables, to attempt to explore or monitor underlying structural developments as might be revealed by analysis of the relationships between indicators?

The key activities outlined at the beginning of this section – notably the structural indicators produced by the European Commission and the employment and social exclusion indicators developed by the Employment and Social Protection Committees respectively – are clearly positioned at the descriptive end of this continuum. The reports and communications presenting them generally comprise tabulations of indicators along with some descriptive commentary highlighting their main points of interest. They do not present underlying frameworks or conduct analyses that might indicate how the various indicators relate to each other or what factors underlie them. Crucially, from the perspective of policy, this means that they also find it difficult to draw strong conclusions about the impact of policy measures being implemented at national or European level. So the extent of two-way feedback between monitoring and policy is limited (despite efforts to develop and agree both output and policy input indicators in various spheres).

The annual Commission reports on ‘Employment in Europe’, ‘Social protection in Europe’, ‘Industrial relations in Europe’, and the ‘Gender equality report’ are also broadly descriptive in nature, though they do of course point to key trends and discuss the forces that may be at work. The ‘Report on the social situation in the European Union’ seeks not only to present indicators but also to bring out the main developments in various areas and to highlight specific policy issues and challenges. But it still has limited aims in terms of investigating key interrelationships and causal processes. Regular statistical publications from Eurostat on employment, health, demography, the environment and other areas are designed primarily to serve as statistical sources. (Both the Commission and Eurostat sponsor or carry out a wide variety of in-depth investigations on specific topics, but our focus here is on regular monitoring activities).

The ECHP, on the other hand, was initiated with a more ambitious analytical agenda in mind, and some progress has been made in fulfilling that agenda. It did have a descriptive dimension, and data from the ECHP has contributed a great deal to EU social monitoring of the descriptive type, with various key indicators currently derived from that source. This is especially the case with regard to various aspects of incomes and living standards. In addition, however, it had from the outset a strong research rationale: its purpose was to contribute to an understanding of the factors affecting incomes and living standards, and of how the various dimensions of these issues related to each other, particularly following the introduction of the single market.

We highlighted earlier that many other available datasets did not provide coverage across the important dimensions of living conditions, a gap that the ECHP was intended to fill. A good deal

of research based on the ECHP has been carried out, in particular by a number of research networks supported by the Commission (notably the 'European panel analysis group' coordinated by the Institute for Social and Economic Research (ISER) at the University of Essex, of which the present project team are members). However, the potential of this unique transnational dataset to serve as the basis for what we have termed a more analytical type of monitoring has certainly not been fully exploited. The restricted nature of EU-SILC compared with the ECHP is also a key consideration for the future.

There is a good deal of other valuable academic work going on in this area. A review of this work would be outside the scope of the current project, but it is worth highlighting the EuReporting project financed by the European Commission's TSER Programme for three years from 1998. This sought to contribute to the development of a 'science-based' 'European system of social reporting and welfare measurement', theoretically grounded and systematic in approach. Its three sub-projects had the following objectives:

- the development of a 'European system of social indicators';
- the development of an information base on survey data for social reporting, its contents, comparability and accessibility; and
- the development of an information base on official micro-data for social reporting, its contents, comparability and accessibility.

Work on the first sub-project focused on defining a theoretically and methodologically well-grounded selection of measurement dimensions and indicators, which could be used as instruments for continuous observation and analysis of welfare development and socio-structural change in Europe. The work done under the aegis of this project has been very valuable, and the conceptual review and framework development part of the first sub-project, led by Heinz-Herbert Noll at ZUMA in Mannheim (see for example Noll, 2000, 2001), has proved especially useful in the present context and has been drawn on at various points in the present report.<sup>20</sup> Among other features, its explicit coverage of the 'European dimension' in the form, for example, of measures of European identity or the inequality, cohesion and conflict between member countries of the European Union, is worth noting.

In concluding this review of current monitoring activities at EU level related to living conditions and quality of life, then, the two key points to be emphasised are:

- Most of this regular monitoring activity is essentially concerned with tracking key indicators, rather than understanding the causal processes at work and the relationships across indicators and dimensions of quality of life.
- While there have been improvements in the availability of comparative statistics to support social monitoring in the EU, there remain serious gaps, affecting both specific areas and the capacity to draw out linkages across different dimensions.

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<sup>20</sup> The aim of the current project is of course more focused: to produce and apply a conceptual framework designed specifically to meet the needs of the Foundation and allow it to 'add value' through its monitoring activities to the range of information and analysis available on living conditions and quality of life.

Taken together, these underpin the value of developing the Foundation's capacity to contribute to monitoring living conditions and quality of life in Europe, and are central to deciding what type of contribution would be of most value.



# Measurement and methods for monitoring living conditions and quality of life

Before setting out in the next chapter the conceptual perspective and framework that the Foundation should adopt for its monitoring activities on living conditions and quality of life, some important issues relating to the appropriate measurement approach are addressed here. First, we bring out some lessons to be learned from recent research on poverty and deprivation. Second, we consider in greater depth the use of subjective as opposed to objective indicators. We then look at the identification and categorisation of distinct domains in the measurement of key aspects of living conditions and quality of life. The issue of whether quality of life across various dimensions should be summarised in a single measure is then considered. Finally, we conclude the section with some reflections on the renewed interest in social monitoring and how the needs it reflects can best be met.

## Lessons from research on poverty and deprivation

Recent research on measuring poverty has contributed to a significant deepening in understanding of the relationship between resources, preferences and outcomes. It also has implications for how best to capture disparities in socio-economic conditions and opportunities. In this sub-section we highlight the central lessons relevant to the present exercise, arising in particular from the investigation of non-monetary indicators and their relationship with income.

Poverty is now widely conceptualised in terms of exclusion from the life of one's society due to lack of resources. Being excluded in this context is generally taken to mean experiencing various forms of what that society regards as serious deprivation, both material and social. Traditionally, poverty research in developed countries has relied on income to make statements about poverty defined in this way. However, a stringent critique of this approach by Ringen (1987, 1998) is based on the argument that low income is a less than reliable indicator of poverty, often failing to distinguish households experiencing deprivation and exclusion.

Such critiques focused attention on the potential of non-monetary indicators of living standards and deprivation, used in Townsend's (1979) pioneering British research. Townsend aimed at analysing styles of living and at developing indicators of objective deprivation – that is where households lack an amenity or do not participate in an activity available to the majority of the population. His discussion of the way living standards are affected by resources wider than current income, notably assets and public services, deserved more attention.<sup>21</sup>

Mack and Lansley (1985) built on Townsend's approach, but focused on 'enforced lack of socially perceived necessities'. Lifestyle items were chosen, based on what people in their sample regarded as constituting a necessity. To allow for diversity arising simply from tastes, 'enforced lack' of an item was taken to be where the respondent lacked the item and said they would like it but could not afford it.

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<sup>21</sup> Instead, much of the reaction focused on his attempt to use deprivation indicators to derive an income threshold, which many found unpersuasive.

Nolan and Whelan (1996) developed this type of approach using Irish data. This showed in particular that:

- the impact of low income on living standards depends on the length of time it persists and the availability of other resources (such as savings or help from family and friends) to supplement it;
- those with adequate resources do not always use them to obtain the items deemed necessities by the general population; and
- current lifestyle and deprivation are influenced by many factors other than income – for example, critical life-events such as divorce, separation or lone parenthood.

Subsequent research at the ESRI has taken advantage of the fact that the European Community Household Panel Study (ECHP) contains extensive data on both lifestyle deprivation and income, to extend this type of analysis to the countries of the European Union (e.g. Whelan et al, 2001). The central focus of this research has been on whether a common structure of deprivation exists across such countries, the extent to which the relationship between income and deprivation varies, and the broader determinants of deprivation. The following dimensions or clusters of items were distinguished consistently across the different EU Member States:

- basic lifestyle deprivation: comprising items such as food and clothing, a holiday at least once a year, replacing worn-out furniture and the experience of arrears;
- secondary lifestyle deprivation: comprising items less likely to be considered essential, such as a car, a phone, a television, a video, a microwave and a dishwasher;
- housing facilities: a bath or shower, an indoor flushing toilet and running water, all likely to be seen as essential;
- housing deterioration: the existence of problems such as a leaking roof, dampness and rotting in window frames and floors; and
- environmental problems: relating to noise, pollution, vandalism and inadequate space and light.

A number of other conclusions also applied across the different countries:

- The relationship between income and the housing and environmental dimensions is generally weak (although strongest in Greece and Portugal); stage in the life-cycle, location and public policy influences play the major role in most countries in determining levels of deprivation in these dimensions.
- The impact of income is consistently strongest for the basic deprivation dimension, and then for the secondary dimension. The items in the basic dimension tap current resources most directly, while the secondary items may be accumulated over time.

The other key findings from this research are that income is seriously inadequate when used as the sole indicator of living standards or poverty status, and that dynamics over time are critically important. This is brought out by comparing deprivation levels for households in the ECHP falling below different relative income poverty lines. In many of the Member States, deprivation levels (in

terms of the items in what we have called the basic and secondary dimensions) are no higher for those below a poverty line set at 40% of median income than for those below 50% and 60% lines.

A policy of targeting resources at those falling below the lowest income line would be successful in reaching the most deprived households only in the less affluent Member States, notably Greece and Portugal. Elsewhere, current income among those in the lowest regions of the income distribution appears to be a poor indicator of command over the resources necessary to avoid deprivation. The assumption that income poverty lines identify thresholds below which households are excluded from their society appears particularly hazardous in countries such as Germany, Denmark, the Netherlands and Belgium.

Income at a point in time may provide a relatively poor indicator of command over resources, and there is a serious mismatch between income and levels of deprivation. Development of measures of deprivation that can be shown to be reliable across countries offers the possibility of clarifying the nature of the mismatch consistently found in the earlier literature. Considerable progress has been made along these lines in a series of papers using the ECHP (Layte and Whelan, 2002; and Whelan et al, 2001, 2002, a ,b, and forthcoming). This analysis has brought out in particular the role played by income and labour force dynamics over time and the accumulation and erosion of resources over a lengthy period. The more one focuses on these long-term processes rather than on more transient circumstances, the more one sees a greater social structuring of disadvantage.

It also brings out the importance of looking beyond the financial resources available to an individual or family, to take into account the 'public goods' provided in the form of services such as health care and education. Those who are affected by serious illness, for example, will be in a very different situation where high quality health care is publicly provided as opposed to having to find the resources to finance this care themselves. The same life-event can thus have a very different impact on the long-term resources of a household, depending on the support provided by a society in key areas of social provision.

While these are difficult to capture in conventional approaches to measuring poverty through household income, some approximation of their value can be made. Combining such broader measures of income with the types of non-monetary indicators of living standards discussed here offers considerable potential. Subjective perceptions of ease of access to and quality of social provision can also be used to try to capture this important dimension of quality of life.

### **Subjective versus objective indicators**

One of the core issues to be faced in any attempt to monitor quality of life is the role to be assigned to subjective versus objective indicators. We have already discussed this briefly in Chapter 1 above, in seeking to clarify what we understand by the concept of quality of life. It also now warrants a detailed discussion focused on how best to monitor it empirically. As Cummins (2000) notes, economists tend to have a clear preference for tangible measures of, for instance, income or wealth and to be dismissive of, for example, measures of satisfaction with one's financial situation. Correspondingly, psychologists can at times seem to view tangible living conditions as almost irrelevant to their conception of quality of life.

Mainstream economics is based on an ordinal conception of utility based on preference. The utility of a good or course of action is established not by reference to an absolute scale of subjective value (e.g. whether it makes the actor satisfied or happy) but according to the degree to which someone prefers it to the available alternatives. Preferences in this sense are signalled through the behavioural choices people make. Such objectively observable preferences then provide a sufficient basis on which to understand and explain economic activity. So it is unnecessary to probe into subjective states – to establish whether or to what extent any course of behaviour satisfies a need or generates happiness, for example. This enables economics to steer clear of the uncertain business of quantifying emotions and states of mind.

This has been highly influential in welfare measurement since research into social indicators began to develop in the 1960s. Even where systems of social indicators went outside the confines of the economic realm as narrowly captured by measures such as household income or GNP, they have tended to limit themselves to factors which in principle could still be understood in terms of ordinal rather than cardinal conceptions of utility. So factors such as health, literacy and educational level quickly made their way into systems of social indicators.

We saw earlier that social indicators directly exploring satisfaction, happiness and related subjective states (cardinal measures of utility) have also emerged since the 1960s. These are sometimes referred to as subjective indicators. They have accumulated a large scientific literature and given rise to sub-disciplines in their own right, particularly in psychology. However, they have made less impact on standard systems of social indicators. At best, they often tend to be regarded with uneasy scepticism. What this means in practice is that, to take an example, individuals' reports of how much income they have or how healthy they feel often occupy a central place in systems of social indicators; but their reports of how happy or how satisfied they are with either their income or their health are kept outside the pale, or at best hover uneasily just inside the boundaries.

The distinction between subjective and objective measures is not of course as clear-cut as it might seem. What are generally taken to be 'objective' measures of income or wealth are often themselves based on reports by survey respondents, while there are various different types of subjective indicators that can serve quite different purposes. Subjective assessments of overall levels of satisfaction, with life in general or, for example, with work or family life, although widely used, represent only one type and can indeed be seen as at one end of a spectrum.

Such assessments can also be sought of satisfaction with much more specific aspects of one's circumstances, for example with one's hours of work, with local healthcare facilities, or with traffic conditions. These may be somewhat easier to relate to objective measures of those circumstances and how they are changing. Attitudes and values, long the subject of study by sociologists and political scientists, represent a rather different type of subjective indicator and can make an important contribution to understanding behaviour in various realms of life. Seeking to capture an individual's aspirations and their own understanding of the constraints they face, while once again involving a rather different type of subjective information, can also be helpful in such a context.

There are thus different types of subjective indicators, and the sharpness of the subjective/objective dichotomy itself can be overstated. It does however seem important to distinguish between these

two broad elements, and to try to incorporate both within the notion of quality of life, as is attempted, for example, in the German 'system of social indicators'. Among subjective indicators, overall expressions of satisfaction have tended to play a particularly prominent role in quality of life studies. The crucial point to recognise about such expressions of satisfaction, whether in relation to specific domains of life or to a person's overall situation, is that they reflect not only the objective situation but also the interaction between people's satisfaction and their expectations.

Since expectations may adapt to an unknown extent in response to the realities of one's life situation, satisfaction scores may reveal as much about expectations as about external reality. Nevertheless, subjective measures have value as indicators of a gap between expectations and realities. The precise significance of such a gap (whether it be wide, as would be indicated by low satisfaction scores, or narrow, as would be indicated by high satisfaction scores) is often difficult to interpret. It is nevertheless of interest to know that the gap is there.

A broad consensus exists across theoretical perspectives that objective indicators of quality of life very often do not correlate with their subjective counterparts. Thus Hagerty et al's (2001) comprehensive review of quality of life indices notes that expressions of high levels of subjective well-being can be found in environmental conditions that are life threatening. On the other hand wealth may go together with dissatisfaction. Recent psychological literature has focused on the liveability and comparison theories, notions of threshold effects, or the impact of the absolute versus relative differences in objective variables (Hagerty, 1999, 2000; Veenhoven, 1995).

The long-established and vast literature on reference groups and equity evaluation shows that people respond to their objective standards by comparing their actual situation with some reference point. This can be a past or anticipated position, their notion of what is fair or reasonable or their view of what is practical in the current circumstances. (Cook and Hegtvedt, 1983; Miller, 1992; Marshall et al, 1997; Kelley and Evans, 1997). However, the term 'reference group', rather than having any particularly explanatory value, actually acts as a form of short hand for such complex processes. Establishing which comparisons are taken seriously and why this is so presents a formidable challenge.

A variety of explanations have been proposed for the poor fit between objective living conditions and overall measures of satisfaction, but most involve references to processes of adjustment. Cummins (2000) suggests that life satisfaction and, indeed, general subjective well-being are not free to vary across the continuum from 0% to 100%. Instead he suggests that some form of homeostatic control mechanism operates, whose purpose is to keep people feeling positive about themselves. This accounts for the fact that in Western societies life-satisfaction levels are consistently high and show relatively modest variation across socio-economic groups and across time. These conclusions hold not just for questions relating to 'life as a whole' but also to measures derived from aggregating across life-domains.

What are the implications for the analysis of quality of life? Clearly one would not wish to conclude that objective living conditions are irrelevant to quality of life. The reported correlations have mostly been observed in the context of relatively modest economic change and within relatively stable stratification systems. However, the danger remains that our implicit assumptions about what is important to people may not be correct, or may fail to keep track of changes in values and preferences. So we must also address the manner in which objective conditions are experienced.

This is another example of our general argument that understanding quality of life requires that we go beyond monitoring in the narrow sense and address issues relating to processes. What is required is the development of a deeper understanding of how people come to evaluate their work, family and community life and the interrelationships between them. In the absence of such an agenda, the mere documentation of levels of satisfaction is unlikely to offer significant insights into the determinants of quality life or to provide the practical basis for influencing policy. The most productive approach is thus to focus primarily on the relationship between reported satisfaction levels and resources/conditions, rather than simply on satisfaction per se, and to try to track and understand that relationship.

In practical terms, a monitoring instrument should include not only overall measures of satisfaction but rotating modules that allow one to address in some depth the subjective experience of objective circumstances within a particular sphere. In such a context we can avoid any arbitrary choice between objective and subjective measures and instead address the issue of how best to employ both to develop our understanding of phenomena such as reference groups and threshold effects, and thus move from description to understanding of quality of life.

### **The domains**

A central thrust of recent research and practice in monitoring living standards and quality of life is that it is essential to measure living conditions and resources across a variety of dimensions, rather than simply to focus on income, for example. This raises the obvious question: what are the most important areas of life to distinguish and cover? The answer, of course, will depend on the purpose at hand, but it is useful to look here at some commonly adopted categorisations and coverage to illustrate both commonalities and differences in approach. We then use this as a basis for presenting the approach we regard as most suitable for present purposes.

We saw in Chapter 1 that the Swedish welfare tradition, seeking to measure 'levels of living', is particularly highly developed in terms of empirical application and thus provides a useful point of departure. The nine areas or dimensions generally distinguished in the Swedish approach are shown in Table 1 on the facing page. While these are grounded in a particular conceptual perspective, Erikson (1993) points out in discussing the Swedish approach, that exercises adopting rather different conceptual starting points generally arrive at rather similar categorisations of areas.

This is brought out in the table by also showing the domains distinguished in some other regular national and cross-national reporting activities. These are the German 'System of social accounts', which distinguishes 14 life domains; the annual 'Social trends' publication produced by the UK Office for National Statistics which distinguishes 12 areas; and New Zealand which has just produced its first official social report and distinguishes nine domains.

We see that all four examples distinguish as domains the areas of health, the labour market, education, income, and security. Housing, family, social relationships/connectedness/participation, and the environment are also widely covered while transport is distinguished in the UK and German examples. There are also some interesting variations, though, with the Swedish tradition, for example, including political resources, the German 'social accounts' distinguishing leisure and media consumption, and the New Zealand social report having domains covering 'human rights' and 'culture and identity'.

**Table 1: Examples of domains distinguished in social monitoring**

Swedish welfare tradition	German social accounts	UK social trends	New Zealand social report
Health and access to health care	Health	Health	Health
Employment and working conditions	Labour market and working conditions	Labour market	Paid work
Economic resources, consumer protection	Income and income distribution	Income and wealth	Economic standard of living
Knowledge and access to education	Education	Education and training	Knowledge and skills
Family and social relationships/ Integration		Households and families	
Housing and local amenities	Housing	Housing	
Security of life and property	Public safety and crime	Crime and justice	Safety and security
Recreation and culture	Leisure and media consumption		
Political resources			
	The environment	Environment	The environment
	Transportation	Transportation	
	Consumption and supply	Expenditure	
	Participation	Lifestyles and participation	Social connectedness
	Socio-economic status	Population	
			Human rights Culture, identity

The definition of domains in social reporting in an EU context is among the issues addressed in the EuReporting project. Their ‘European system of social indicators’ covers the 13 distinct life domains or modules set out in Table 2 (see for example Noll, 2000). Like the German ‘System of social accounts’, the EuReporting approach also has an additional domain for ‘total life situation’.

**Table 2: Domains in EuReporting project’s European system of social indicators**

Domains adopted by EuReporting project
Population
Household and family
Housing
Transport
Leisure, media and culture
Social and political participation and integration
Education and vocational training
Labour market and working conditions
Income, standard of living, consumption patterns
Health
Environment
Social security
Public safety and crime

The extensive literature analysing quality of life from a life satisfaction/subjective perspective provides another useful point of reference. Cummins (1996), in what he described as an attempt to order chaos, undertook an analysis of 173 different domain names used in such studies. He concluded that most of these could be encompassed under seven domain headings: relationships with family and friends, emotional well-being, material well-being, health, work and productive activity, feeling part of one’s local community, and personal safety. Hagerty et al (2001) argue that

other 'supplementary domains' may be important to particular populations or in particular contexts. For example, they suggest that leisure may be of particular interest in developed countries, and 'political participation' may be regarded as important in countries that have only recently adopted political institutions.

The fact that different categorisations have been used in different countries and contexts arises both because what is appropriate depends on the purpose at hand and the underlying conceptual framework, and because judgments may differ across societies and over time about what areas and issues are most salient. To take just one example of why the conceptual framework is critically important: treating 'emotional well-being' as a distinct and important domain makes sense from a perspective focused on life satisfaction, but would be quite out of place in the Swedish approach given its focus on level of living. An example of how the salience of particular areas can vary is the increasing importance now widely assigned to the environment. Another is the emergence, more recently, of social capital as a focus of attention. The best approach to adopt in distinguishing domains for the purpose of the Foundation's activities, is among the issues addressed in the next section.

Finally, it is worth mentioning that time use is increasingly coming to be seen as an important aspect of quality of life. Garhammer (2000), for example, argues that more and more, citizens in advanced industrialised societies see having some time 'for themselves', and for leisure activities in particular, as very important. Overwork and the feeling of stress due to constant time pressure, are commonly reported. There are, however, marked differences across societies in this respect, as well as within societies, for example, between men and women.

How can this be captured in the type of domain categorisations discussed here? Rather than treating time use as a distinct domain in itself or seeing it primarily in the context of the domain 'leisure activity', for example, it appears preferable to see it as (one example of) a cross-cutting dimension which is central to understanding, for example, the relationship between the domains of work and family life, or between work, family, leisure activities and social participation. Indeed, we go on to emphasise its importance, seen in this light, in the next section.

### **Summary quality of life indices**

As already mentioned there has been a longstanding practice, in the quality of life literature from a psychology disciplinary approach, of not only measuring quality of life through subjective indicators across various dimensions, but also of summarising across these dimensions into a single quality of life index. Hagerty et al (2001) review 22 widely-used quality of life indices of this type, and conclude that they are potentially useful for public policy but face significant challenges. This is because they vary greatly in coverage and definition, because the relationships between alternative indices have yet to be explicated, and because they are difficult to relate to public policy 'inputs'.

The value of producing such summary measures has been hotly debated in this and other contexts. We saw earlier that the UNDP's 'Human development index', which is a composite of three basic components, longevity, knowledge and standard of living, has certainly been successful in attracting a great deal of attention and broadening the focus from looking only at GDP. Such

aggregate performance measures can, as argued for example by Micklewright (2001), serve the twin functions of summarising the overall picture and facilitating communication to a wide audience.

However, the specifics of the way the measure itself is constructed have been much debated and criticised, and this brings out the general problem. How do we reach agreement on which indicators to use, and even more on how much weight to give to each? If a society has a relatively low level of average income but above-average life expectancy, to use perhaps the most obvious but striking example, how would we place a value on one versus the other in constructing a summary measure? Such indices, in consequence, are always arbitrary in fundamental and unavoidable ways.

For the purposes of the present exercise, we feel that this type of aggregation should be avoided. More information is lost than gained in the course of aggregation, since different countries may perform more or less well on different dimensions and this will be obscured by concentration on a single number or ranking. Indeed, the whole thrust of the European social agenda is to emphasise the many dimensions of quality of life and of disadvantage. This points towards the importance of focusing attention across the various dimensions and on how they do – or do not – relate to one another. In addition, Member States would hardly be encouraged to learn from each other if attention were focused on a single rank order.

### **The importance of data and context**

It is also worth emphasising that monitoring of living conditions and quality of life, by its nature, cannot involve simply concentrating on a single data source or type. Instead, it must seek to encompass available data from various sources, and to put in context the trends and developments in different aspects of quality of life that these reveal. It has to be based on an understanding of the country context in which indicators and social progress are being measured and how this is changing over time and varies across countries.

While a common methodological and measurement approach can be applied – enhancing comparability of the results – indicators are difficult to interpret without context, and can be misleading. They can lead, for example, to a focus on simple league tables of countries. They can only be properly understood – and certainly an analytical approach to monitoring can only be successfully applied – if key features of the societies in question, and their differences as well as similarities, are fully taken into account. In analysing change in the EU, then, capturing and understanding differences in the underlying situations across the Member States – and, perhaps even more so, the candidate countries – will be critical. For this reason, contextual factors have to be directly incorporated into the monitoring activity, and this will also serve to make the results more obviously relevant and meaningful in individual countries.

A range of data must therefore be used in monitoring and understanding social progress and social change: from macro-level indicators (relating to the way the economy, public expenditure, population structure, family composition and so on is changing) to the types of indicators that can only be derived via micro-data (on representative samples of individuals and households) and indeed to qualitative, in-depth investigation of specific groups. The monitoring process can be described as comprising three distinct elements:

- obtaining the required range of data,
- analysing the information and extracting key messages, and
- reporting on the key findings and communicating them widely.

It was emphasised earlier that monitoring quality of life entails focusing on outcomes and subjective assessments, resources and other constraints in the various arenas in which people operate. A primary focus on outcomes is essential, not least to avoid the danger of simply ending up with a lengthy list of policy measures and initiatives that reflect government (and EU) activity but do not capture their impact or the underlying trends they seek to influence. However, macro and institutional factors clearly do also need to be included as contextual background.

We have also emphasised the importance for monitoring of capturing and understanding the interrelationships between different domains of life, and this is also demanding in terms of the data required. Ideally, from a research perspective one would want comprehensive information across all domains obtained via a single survey, to be combined with aggregate contextual/institutional indicators and where possible matched with some qualitative investigation in specific areas. In practice, of course, no single survey could possibly encompass such a wide field of interest and cover different domains adequately.

Inevitably, monitoring involves making use of a range of data with differing strengths and weaknesses. While various techniques have been developed to allow formal linking of datasets, in practice it may often be as productive to use them side by side, analysing them within a common framework and set of objectives, and drawing out the implications to form an overall picture. So, depending on the primary focus of the monitoring activity, there is much to be gained from having a core dataset specially designed to facilitate the study of key interrelationships across domains, and this is among the issues our team will be addressing in a subsequent report, focused on the Foundation's future activities in this area.

### **Implications for monitoring living conditions and quality of life**

This section has reviewed some important issues relating to the monitoring of living conditions and quality of life, and it is worth briefly summarising the key conclusions.

First, we saw that some lessons could be learned from recent research on poverty and deprivation. This highlighted in particular the role played by the dynamics of income and labour force participation over time, and the accumulation and erosion of resources over a lengthy period. The more one focuses on these long-term processes rather than on a simple snapshot of current circumstances, the more one sees a greater social structuring of disadvantage. This also brings out the importance of taking collective as well as individual resources into account – especially provision of public goods in the form of health care, for example – in seeking to capture and understand the evolution of living standards.

Our discussion of the use of subjective as opposed to objective indicators – itself a somewhat arbitrary dichotomy – then showed that focusing entirely on one or the other was unhelpful. Simply tracking overall levels of satisfaction on their own is unlikely to be particularly informative, but the subjective experience of objective circumstances is an important component of quality of life. A

focus on the relationship between reported satisfaction levels and objective resources and conditions, on the other hand, will facilitate the development of a deeper understanding of how people come to evaluate their work, family and community life and the interrelationships between them, and therefore of the determinants of quality of life.

The identification and categorisation of distinct domains is an important stage in the measurement of key aspects of living conditions and quality of life. Describing a number of examples of commonly adopted categorisations served to reveal that they have much in common, even when beginning from somewhat different conceptual starting points, and that appropriateness for the purpose at hand is a key criterion.

The issue of whether quality of life across various dimensions should be summarised in a single measure was also considered. Again, this may depend on the purpose at hand: for the Foundation's monitoring of living conditions and quality of life, we argued strongly that more is to be lost than gained by such aggregation, with much of the interest and value of the exercise lying in the tracking and understanding the multidimensional nature of quality of life. In the same vein, it was emphasised that such monitoring must seek to encompass available data from various sources and carefully put in context the trends and developments revealed in key features of the societies in which they occur.

Having highlighted the importance of context, we conclude this section by reflecting on the reasons why there has been an upsurge in interest in social reporting and in monitoring living conditions and quality of life, not just in the EU but also in various countries and international organisations – as exemplified by the recent New Zealand social report and the OECD social indicators publications already described. The OECD itself put considerable effort into the development of social indicators in the 1970s, only to see that activity run into the sand. This reflected a widespread loss of interest in social monitoring in the face of increased unemployment, slow economic growth and a focus on macroeconomic performance – just as the high level of interest in social reporting in the 1960s and 1970s arose in the context of a prolonged period (since the 1940s) of exceptional economic growth in the industrialised world.

The context in which renewed interest in social reporting is now being seen is certainly one of improved economic performance in the 1990s and into the new century, but without the complacency about economic growth that can, with hindsight, be seen as prevailing towards the end of the 'Golden Age' following World War II. Instead, both in an EU context and more broadly, it seems to be a response to the recognition that sustaining reasonable levels of growth will remain a major challenge, given technological and other changes; that traditional growth promotion on its own may both fail to meet social objectives and be environmentally unsustainable; and that social policy, broadly conceived, has a vital role to play in facilitating growth and meeting social goals.

So it is precisely because the easy assumptions about sustaining economic growth and what that achieves have been undermined, that social reporting has come to prominence once more. However, it must then be seen to make a serious contribution to tackling the concerns of policy-makers and the public, if that interest is to be maintained. This brings us back to our distinction between descriptive and analytical monitoring: simply tracking social change or social progress will not suffice; it is only if monitoring makes a serious contribution to understanding, and thus to promoting social progress, that it will ultimately be seen as valuable.



We now address directly the questions which the foregoing discussion has been intended to inform: what conceptual framework should be adopted in the Foundation's monitoring activity in the area of living conditions and quality of life, and what kind of monitoring should it aim to achieve? In this chapter we first set out the general conceptual orientation proposed, then present the conceptual framework, and follow that with an outline of the analytical goals the exercise should aim to achieve. Finally we discuss the next stages in the overall process within which this developmental report fits.

## **Orientation of the proposed perspective**

This report began with a critical review of a diverse range of concepts in current use in the broad area to be covered by the Foundation's monitoring activity. This review leads us to key conclusions about the conceptual perspective that is most suitable for that purpose. It is worth spelling this out before turning to the conceptual framework itself.

We saw that 'living conditions' generally refer to the circumstances of people's everyday lives, in terms of, for example, employment, family situation, housing, local neighbourhood and general standard of living as reflected in income and consumption patterns. Quality of life is a broader concept, referring to the overall well-being of people living in a society. At the heart of the conceptual framework we propose is the notion that a central element of improving quality of life is enabling people, as far as possible, to attain the aims and choose the lifestyle they wish for themselves.

This directs attention both at the choices people make and at the complex systems of economic and social constraints and resources that condition those choices. Freedom can never of course be total nor constraints absent, since physical and economic resources are limited and social life requires every individual to recognise mutual dependencies and to make concessions to the rights and needs of others. Nevertheless, this perspective is important in the first instance because it recognises the diversity of outcomes that people may pursue in their quest for quality of life, and secondly because it focuses attention on the resources and contexts which condition, facilitate and constrain them in this pursuit.

This takes the notion of the self-directed, rational, maximising individual as a point of departure, but it does not entail assuming that each individual actually goes through life making rational, far-sighted decisions at every point in a consistent manner over time, focused on a well thought out set of objectives, in an atomised fashion. On the contrary, the understanding is that far from being atomised, individuals' lives are intertwined with others in their household, community and beyond, and the nature of those relationships, and the institutions and policies in place, are fundamental to their quality of life. Instead, the core assumption is a normative or value-based one: that, insofar as possible, quality of life is improved when the scope people have in striving to achieve their own purposes – rather than externally prescribed ones – is enhanced.

The approach we propose includes social and cultural 'goods' and resources as well as economic goods, and also recognises the importance of social norms and customs in affecting how individuals frame their own goals. Furthermore, it emphasises that in extending the focus to encompass social and cultural factors, it is not sufficient simply to tack on additional items to the

catalogue of resources available to an individual. It is also necessary to take into account the way such resources interact with each other: for example, the combination of a low level of economic resources with minority ethnic status might be especially likely to produce non-participation and exclusion from everyday activities.

This approach not only highlights multidimensionality from the outset, but also lays heavy emphasis on casual and interactive processes. It broadens the range of topics to be monitored and points to the need for an analytical as well as a descriptive dimension to the monitoring activity. It is only through the understanding of causal interactions between various dimensions of an individual's situation in life that one can provide insight into processes of empowerment and freedom of choice.

Dynamic analyses of changes over time at individual and household level can be very valuable in this respect, where the data allow, since the interactions between resources change and accumulate over the course of an individual's lifetime. This is evident, for example, in an individual's efforts to achieve equilibrium between the spheres of work, family and community life. Furthermore, such efforts must be understood not only at the individual level but also in the context of the processes of economic and social change affecting the societies with which one is concerned. These processes include technological change and changing patterns of family formation and of community involvement.

Finally, the approach we propose reflects the emphasis, contained in the social exclusion literature, on going beyond material living conditions and on assigning a critical role to the dynamics of socio-economic circumstances and social relations. This leads to a particular concern for the emergence of a social cleavage between a comfortable majority and an excluded minority, which may have harmful implications for the quality of life of both groups. The emphasis in much of the recent literature on social capital, on the other hand, is on ways in which the behaviour of that comfortable majority may itself undermine a society's cohesion. Thus the issue of the quality of associational life, for both the poor and those in the mainstream, is one to which any consideration of quality of life must pay attention. It is essential, however, that this is set in the broader context of the systems of stratification and structures of inequality in the European societies with which we are concerned, and of the challenges to the modes of integration of those societies presented by social and economic change.

### **A conceptual framework**

To assist the Foundation in developing its monitoring tool in this area, the proposed conceptual framework should set out clearly the meaning being assigned to the core concepts on which the monitoring activity is to focus. It should also serve to guide and justify the selection of dimensions to be covered and the indicators to be included. In the light of our critical review of the range of concepts one might focus on, and our discussion of issues relating to measuring and understanding key processes, we can now point to a way forward.

The proposed conceptual framework to be adopted by the Foundation should:

- focus broadly on quality of life rather than narrowly on living conditions;

- see quality of life primarily in terms of the opportunities people have to achieve their own personal goals;
- thus seek to encompass resources as well as living conditions, and where possible key contextual characteristics of the various arenas in which people operate;
- measure resources and living conditions through objective/descriptive indicators;
- incorporate subjective and attitudinal material in measuring quality of life, but focus on the relationship between reported satisfaction levels and resources/conditions rather than simply on satisfaction per se;
- incorporate preferences and attitudes in key areas insofar as these appear likely to affect behaviour and satisfaction; and
- where there is a sufficient normative base, also seek to capture aspects of a society's well-being going beyond individuals' capacity to pursue their own goals.

To flesh out further the conceptual framework, one then needs to distinguish domains into which areas of interest and concern can be categorised, before deciding which of these are priorities. Different categorisations have been used in different countries and contexts, as our discussion in the previous section brought out. This is because what is appropriate depends on the underlying conceptual framework and the purpose at hand, and because judgments differ across societies and over time about what areas and issues are most salient. We saw that the major cleavage was between the broad social reporting tradition, where domains such as health, family, income, education and labour market/employment consistently appear; and the subjective life satisfaction literature, where for example emotional well-being is widely distinguished as a separate domain to be tracked.

Here, although we see a role for subjective indicators, the conceptual framework proposed here is firmly in the social reporting tradition. Like the German 'System of social accounts' or the EuReporting project, we see quality of life as reflecting both objective living conditions and subjective well-being, but our emphasis on the relationship between the monitoring activity and policy is firmly in line with the Swedish welfare tradition. The following categorisation of domains may then serve as a starting point:

- health and health care,
- employment and working conditions,
- economic resources,
- knowledge, education and training,
- families and households,
- community life and social participation,
- housing,
- local environment and amenities,
- transport,
- public safety and crime,
- recreation and leisure activities, and
- culture and identity, political resources and human rights, including the European dimension.

This has in effect been reached by starting with the nine categories distinguished in the Swedish approach, which we also took as point of departure in developing our conceptual framework. Drawing on the German and EuReporting approaches, and in the light of current and emerging policy concerns, this categorisation has then been elaborated in the following three ways.

Firstly, given the growing emphasis placed on social participation and social relations outside the family, and concerns about aspects of family and household life, these have been treated as distinct domains. Secondly, given the importance now being accorded to environmental issues, we have distinguished housing from local amenities and environment.

Thirdly, in a cross-national and comparative context, culture and identity and a sense of belonging assume particular interest.<sup>22</sup> This is receiving more and more prominence in debates about trends in Member States as a consequence of increasing migration and ethnic mix. From an EU perspective, attitudes to and involvement with the Union itself are also of great interest – even if not currently seen by individuals as impinging very much on their quality of life – and these can be included under this category.

While the Swedish approach distinguishes political resources as a domain, we have included it with culture/identity and elaborated it to incorporate human rights. This is an area emphasised in, for example, the New Zealand social report and which may be of particular concern in an EU context in terms of migration, for instance. Debates about pluralism, equal worth and multiculturalism are likely to become even more important as the Union enlarges. Such debates can be encompassed within this domain.

This in effect incorporates the main areas covered by the Swedish, German, New Zealand and EuReporting approaches. It is intended simply to encompass the main areas of social concern that a monitoring exercise might seek to cover. It is also worth reiterating the point made earlier about seeing time use in particular as a cross-cutting dimension critical to understanding, for example, the relationship between the domains of work and family life, or between work, family, leisure activities and social participation.

The Foundation's proposed monitoring exercise could not attempt to cover all these areas comprehensively or in equal depth. Choices have to be made about the particular focus to be adopted in the Foundation's monitoring exercise, in the light of both the EU's policy agenda, the Foundation's own priorities, and other related activities already being carried out. The Foundation in effect has the choice of adopting an encompassing approach or a focused approach.

An encompassing approach would first seek to provide some information about what is happening across each of the domains, using an essentially descriptive approach to monitoring, and then concentrate in more depth on a specific set of domains or cross-cutting issues. The focused approach would instead simply concentrate on that limited set. This a choice to which we return below. In either case, however, the conceptual framework we have outlined can provide a set of

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<sup>22</sup> The category 'recreation and culture' is employed in the Swedish approach; here we propose distinguishing leisure and recreation activities, and a separate category focused not just on cultural pursuits but on issues relating to culture and identity.

criteria against which the areas of most interest (and subsequently the indicators to be used within each area) can be assessed.

In terms of the focus of the Foundation's monitoring activities across areas, the following criteria, consistent with the conceptual point of departure, may be useful:

- How central is the area to the quality of life of Europe's citizens, in terms of broadening the scope for individuals to achieve their own goals?
- How high does the area currently feature on the European policy agenda, and how great an impact is policy at that level likely to have?
- How central is the area likely to be to the challenges facing the EU and its members in the future?
- How central is the area to the Foundation's own activities?
- How well served is the area by existing or planned monitoring activities at European level?
- From a technical or methodological perspective, how easy is it to monitor key trends in the area across countries empirically?

Applying these criteria is not straightforward, and they do not of course always point in the same direction. Taking the criteria in turn, ranking the areas distinguished in our proposed categorisation in terms of their intrinsic importance to the quality of life of Europe's citizens, in other words applying our first criterion, is by its nature difficult. Nonetheless, it is striking that health status, family life (particularly in terms of 'primary relationships' between partners and between parents and children), and economic situation tend to be advanced by survey respondents themselves as absolutely central (see for example results from Eurobarometer reported in the 'Social situation report 2001'). It is also likely to be very difficult to understand properly many other aspects of a person's quality of life without basic information on those domains.

As well as income, access to and quality of basic services such as health care, education and housing are increasingly identified as key components in the 'social wage' and in quality of life. Both from the perspective of the individual and that of society, education is now seen as critically important. In the context of quality of life, it is the role of educational attainment as a key influence on life-chances and on attitudes and values that is the focus of interest. In seeking to capture the scope individuals have to fulfil themselves in today's market economies – in contrast, for example, to feudal or caste-based societies – their level of education is one of the most important things we need to know. (The institutional structures of education systems and processes of educational acquisition, on the other hand, are outside the scope of quality of life monitoring.)

Education and the knowledge society would also rank highly on our second criterion, featuring very strongly on the current European policy agenda as we saw in Chapter 2. The same would of course be true of the European dimension of identity and political engagement (which would not however rank very highly on the first criterion), the environment, and both employment levels and working conditions. The European agenda's focus on promoting the improvement of living standards, social inclusion and equal opportunities can all be taken as pointing towards the centrality of the work-family nexus, cutting across the employment, economic resources, and family domains in particular, and including time use as a key cross-cutting issue.

Caring within the extended family and participation in the life of the broader community, via volunteering, for example, or participating in sports and local cultural activity, is also being increasingly seen as important both from the perspective of the welfare of the individuals concerned and of a cohesive society. Modernising social protection and sustainability of pensions also feature strongly on the policy agenda, again pointing towards the central domain of economic resources, while access to high quality services such as health care is now receiving more and more attention on the European agenda, and in most Member States.

From a forward-looking perspective, it is difficult to predict in which areas new challenges are most likely emerge in the future. We can however already see emerging concerns in particular areas which, one would judge, are likely to become more deep-seated. These include changing demographic and family structures and their implications, including those for children and for caring, the quality and sustainability of public provision, and social cohesion and the quality of associational life. Quite clearly the enlargement of the EU itself poses an enormous challenge, and a priority in monitoring living conditions and quality of life will be to adequately reflect key changes and emerging trends in the newly-acceding Member States.

In terms of the Foundation's focus, areas of central concern are: the implications (for the quality of living conditions) of the changing nature of work and the modernisation of social protection and social services; and the need to understand and address disparities and disadvantage and to address new opportunities and risks in the move towards a knowledge-based economy and society. This focuses attention once again on the domains of employment and economic resources as key proximate measures of disadvantage, on family and community in particular as they interact with the world of work, and on educational attainment as a crucial determinant of opportunities versus risk and disadvantage.

Some domains are certainly better served than others by current European monitoring activities or those in the course of development, as can be seen by referring back to our review in Chapter 2. As we saw, agreement has been reached among the Member States in a short space of time on specific indicators to monitor progress in the areas of employment, social inclusion and the environment. While this represents a very significant step forward, these indicators still have limitations. In the area of employment, the need to complement existing indicators with information about job quality has been recognised as a priority and some progress is already being made there. In terms of social inclusion, income-based poverty measures, including persistence of low income over time, form the core agreed indicators on poverty and exclusion.

While information on non-monetary indicators of deprivation is to be gathered in EU-SILC, they are not used in the currently agreed indicators, and their potential in monitoring living conditions and aspects of exclusion is not yet being exploited. As far as the environment is concerned, a substantial monitoring apparatus is being built up to produce European-level indicators on, for example, air and water quality, and there is a growing emphasis on monitoring food quality. Much less is known, however, about how environmental change, as captured by such indicators, impacts on quality of life at the level of the individual or household. Some valuable indicators of local neighbourhood 'quality', in terms, for instance, of vandalism, litter and amenities, have been obtained in the ECHP.

As far as other domains are concerned, data on social networks and participation, and on political participation and attitudes to society's institutions, will be significantly improved by the European social survey. The European dimension of culture/identity and political engagement is monitored on a regular basis via Eurobarometer. Aspects of education and training are captured in both the employment and social inclusion indicators, but this is an area in need of development. Problems in making valid comparisons across countries with different institutional structures persist. Measures of differential access to education with a specific focus on parents' level of education and on the costs of education would be very valuable.

Comparative information on health and access to health care, though improving, is still quite limited, particularly in terms of the impact of ill health on participation across various dimensions of life and of barriers to access to good quality health care. Housing, and homelessness in particular, is a domain that has proved highly problematic in terms of comparative data. But perhaps the most glaring gaps in current monitoring activities are in the areas of family life, work-family interactions, and the cross-cutting issue of time use.

Standing back from the specific gaps in current monitoring activities across and within domains (which we have not attempted to capture comprehensively here), we must reiterate here a more general and critical point made earlier: that most current monitoring is of a descriptive type. This applies even in the areas that are best served in terms of data and agreed indicators. As we have argued at a number of points, a more analytical underpinning to such descriptive activity must be developed if monitoring of living conditions and quality of life is to make a major contribution. With limited resources it will only be possible to achieve this in a specific set of domains or on a specific set of topics, reinforcing the need to be selective.

With regard to our final criterion, from a methodological perspective it may be easier in some areas than others to monitor and seek to understand key trends across countries. We have already noted that in the area of housing and the homeless it has proved extremely difficult to make progress towards valid, regular comparative statistics. Another example of a problematic area is social participation and integration: here the methodological difficulty lies not so much in gathering the data as in interpreting it. As we have seen, varying cultural norms and practices across countries make it extremely difficult to know the significance of observed differences in, for example, membership of clubs and societies.

A third example of a methodologically problematic area relates not to a specific domain but to the general use of subjective satisfaction measures. While such data are not difficult to generate, we have seen that it has proved extremely difficult to relate them to objective circumstances. So we have emphasised the advantages of focusing on indicators of satisfaction in more specific settings and seeing them in the context of objective indicators.

Where different criteria point in different directions, it is of course necessary to find a balance and make judgements about which are to be decisive. It would seem critically important for the Foundation's activities to add value to existing European monitoring activities, and to include areas that are seen as central in people's quality of life and in the goals of societies, including Europe's. This would mean focussing on the following:

- the core domains of employment, economic resources, family, community, health, and education;<sup>23</sup>
- the interrelationships between them, in particular between work and family and community life;
- time use as a crucial aspect of that interaction, and of interrelationships across the domains of life more generally; and
- access to and quality of social provision (notably health care), as key aspects of quality of life within these core domains that is especially poorly captured in other monitoring activities.

It has been shown that the Foundation has a choice between an encompassing approach or a focused approach in its monitoring activity. The focused approach would be simply to concentrate on a limited set of domains, such as the ones we have proposed. An encompassing approach, on the other hand, would set this within a broader context by providing some information about what is happening across other domains, using an essentially descriptive approach. This is a question about the allocation of limited resources, since ideally one would like to have a more rather than less comprehensive coverage. Appearing to ignore entirely certain domains, such as the environment, might well leave the Foundation open to criticism. The balance should ideally be tilted towards allocating as substantial a proportion of available resources as possible to the areas that are to be the main focus of the activity, with the option always open to shift that focus over time.

So the monitoring activity within this framework would allow the Foundation to use existing and new data to provide, through a programme of interlinked reports over time:

- descriptive pictures of key trends and developments across the domains, highlighting major developments and differences across the Member States, and enabling distinctions between areas and sub-areas where progress is and is not being made;
- more detailed pictures of key trends and developments within and across the core domains, and how they relate to each other; and
- analyses of topics within core domains that would serve to bring out the key causal processes at work and point up the implications, including those for national and EU-level policy formulation in the medium term.

To take a hypothetical illustration, this combination could show: that (starting with a non-core domain) concern about crime and personal security is increasing over time in all the countries covered, but at a varying rate and from quite different starting levels; that life expectancy is increasing across all the countries covered, but least in certain countries struggling with economic transition, while access to health care (both indicators for a core domain) is seen as a major problem in many though not all countries and at an increasing rate; that those in lower socio-

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<sup>23</sup> As already noted, in this context it is the role of educational attainment as a key influence on life-chances and on attitudes and values that is the focus of interest, not the institutional structures of education systems and processes of educational acquisition. As far as social participation is concerned, we see the most productive emphasis as being on concrete aspects of participation in the life of the community – via caring and volunteering activities, for example – rather than more diffuse notions of trust and social capital.

economic groups are seeing little or no improvement in life expectancy in certain countries; and that in-depth investigation suggests that this is linked to high levels of joblessness and inactivity together with stress and limited access to high quality health care, with consequences not only for individuals but also for their families and communities. This should convey the combination of breadth and depth that a monitoring activity within the recommended conceptual framework would aspire to achieve.

## Selection of indicators

Turning briefly to the selection of indicators within areas, we envisage that these would relate primarily to social outcomes rather than inputs – to level of education attained rather than numbers of teachers, and to health status rather than number of doctors, for example. The criteria we would propose for such outcome indicators within each domain are as follows:

- Does the indicator relate to a social outcome within that domain of substantial significance for the quality of life of Europe's citizens?
- To what extent is there consensus about the direction in which the indicator should be moving in order to represent social progress?
- How well does the indicator capture both the level and the extent of change in the social outcome of interest?
- Within its domain, how high does the social outcome in question feature on the European policy agenda?
- To what extent is the social outcome the central focus of an emerging concern at popular, national or European policy level, or likely to become so?
- How high does the social outcome in question feature in the Foundation's own priorities?
- How well measured is this social outcome in existing or planned monitoring activities at European level?
- How suitable is this social outcome for monitoring and investigation by means of household surveys?
- How suitable is the indicator for cross-national comparisons?

Note that while some of the indicators in question will be subjective rather than objective, we have already spelt out the role that we see the latter playing and the need to focus on the relationship between reported satisfaction levels and resources/conditions rather than simply on satisfaction per se. The key additional criterion in that case is the extent to which a subjective indicator can indeed be related to an individual's characteristics and experiences also being covered by the monitoring tool, allowing one to go beyond mere reporting of satisfaction levels, for example.

It will also be important to include some indicators or variables that are essential to understanding social outcomes, although they do not relate to those outcomes. The appropriate approach here would seem to be first to select the outcome indicators to be covered, and only then to select the contextual ones, based on the key criterion: how well does it help in understanding the evolution of the outcome indicator and the underlying causal processes at work?

Further, and consistent with our understanding of the concept of quality of life, the identification of barriers to participation across the dimensions of life (for example, working and family life) – as well as outcomes – is to be seen as a key part in the monitoring exercise. One most wants to capture opportunities versus barriers to participation. But in the present state of knowledge these most often have to be inferred from information about outcomes and resources, and from careful analysis of their interrelationships, together with subjective and attitudinal indicators. Once again this points towards giving priority to indicators and related variables that existing research suggests will play a significant role in understanding key causal processes.

It is also important to emphasise that we do not envisage that the focus will be on indicators rigidly segmented into different domains. Instead, it is precisely the interrelationships across domains, for example work and family life or health and participation, that are of critical interest. A further criterion for consideration might then be the extent to which the indicator or background variable in question, as well as capturing or helping explain a significant social outcome, relates appreciably to developments in another of the domains of interest. For example, increasing insecurity in the labour market, reflected in stress and longer working hours, could have important implications for family life and social participation, as well as being an important trend in its own right.

### **Concluding remarks**

In concluding this discussion, it is worth reiterating two points about the nature of the monitoring activity we see as most valuable. The first is the importance of explicitly recognising that a normative base is an indispensable underpinning for the monitoring of social indicators and quality of life. The goals of EU social policy, as explicitly articulated, relate as we have seen to raising living standards and improving living and working conditions, for example, strengthening social cohesion and combating exclusion, promoting equal opportunities, and safeguarding sustainability.

Other areas, notably the family and social connectedness, while the subject of debate and policy discussion, have not yet developed to the point where correspondingly explicit goals have been articulated – and the same would indeed be true in most of the individual Member States. Since the monitoring activity can only be seen in the light of such goals, the more explicit they are, the more focused the monitoring activity can be. It also follows, of course, that as society's goals evolve so must the monitoring activity if it is to remain relevant and useful: by its nature it must seek to be dynamic rather than static.

The second point is that it is equally necessary to spell out the analytical goals that the monitoring exercise aims to pursue. Monitoring entails the tracking of change over time. In the present context, that in turn entails repeated measurement of a set of social indicators using valid and reliable measurement techniques. However, the concept of quality of life that underpins this exercise has a summary or overview character. It requires more than the collection of data on a range of specific indicators. Rather, it defines these as indicators of central dimensions of human existence, and requires that they somehow be viewed together to arrive at an overall assessment of how people are faring. It is therefore necessary to go well beyond the mere assembly of indicators to intensive analysis of the interrelationships between the dimensions in the quality of life concept.

This report has been concerned with the elaboration of a conceptual framework and analytical approach to be adopted in the Foundation's monitoring activity in the area of living conditions and quality of life. It has also proposed a focus for that activity, in terms of key domains and interrelationships, and discussed the criteria by which that focus can be applied in terms of specific indicators.

Other complementary elements of the broader project of which this report forms part will carry this forward, implementing the framework and criteria developed here. One of these other elements entails identifying and collecting relevant data in the form of a database. Another element involves the production of an illustrative report on 'Quality of life in Europe', applying the framework and approach outlined here with some currently available data.

The final element examines the strategic and practical options open to the Foundation in its future activities in this area. Based on the framework and approach outlined here, it makes specific recommendations with regard to these options, including data-gathering and dissemination. Taken together, these different elements aim to provide a firm basis for the development of the Foundation's monitoring activity in the area of living conditions and quality of life at a crucial stage in its evolution.



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**Monitoring quality of life in Europe**

Luxembourg: Office for Official Publications of the European Communities

2003 – VIII, 78 pp. – 21 x 29.7 cm

ISBN 92-897-0210-9

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