

Social Indicators and Welfare Monitoring

Gøsta Esping-Andersen

Social Policy and Development
Programme Paper Number 2
May 2000

United Nations
Research Institute
for Social Development



This United Nations Research Institute for Social Development (UNRISD) Programme Paper was written for the 1999 Copenhagen Seminar for Social Progress on Defining, Measuring and Monitoring Social Progress and Social Regress. The Copenhagen Seminars are organized under the auspices of the Danish Ministry of Foreign Affairs. UNRISD also thanks the governments of Denmark, Finland, Mexico, the Netherlands, Norway, Sweden, Switzerland and the United Kingdom for their core funding.

Copyright © UNRISD. Short extracts from this publication may be reproduced unaltered without authorization on condition that the source is indicated. For rights of reproduction or translation, application should be made to UNRISD, Palais des Nations, 1211 Geneva 10, Switzerland. UNRISD welcomes such applications.

The designations employed in UNRISD publications, which are in conformity with United Nations practice, and the presentation of material therein do not imply the expression of any opinion whatsoever on the part of UNRISD concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

The responsibility for opinions expressed rests solely with the author(s), and publication does not constitute endorsement by UNRISD.

Contents

Acronyms	ii
Summary/Résumé/Resumen	iii
Summary	iii
Résumé	iv
Resumen	vi
Introduction	1
The Status Quo	2
Theoretical Underpinnings	2
Social risks	3
The resource and needs approach	5
The resource view	6
Monitoring resource command	7
Level of Living Components and Indicators	8
Income and monetary-equivalent resources	8
Health	8
Education	8
Housing	8
Family, social integration and networks	8
Free time and leisure	9
Working life	9
Political resources	9
Insecurity	9
How to use the data	9
Examples of disaggregated monitoring	10
Examples of aggregated monitoring	11
The Issue of Welfare Progress and Regress	12
Family structure	14
Emerging life course	14
Employment	15
Where to go with this?	15
Bibliography	18
UNRISD Programme Papers on Social Policy and Development	19
Tables	
Table 1: Individual change in job quality, 1981–1991	10
Table 2: Trends in selected indicators of welfare	11
Table 3: Cumulative welfare problems	11
Table 4: Type of welfare problems	11
Table 5: Who are the vulnerable?	12

Acronyms

FAFO	Fagbevaegelsens Forsknings Organisation (research organization of the Norwegian Trade Union Confederation)
GDP	gross domestic product
NLLS	Nordic Level of Living Studies
OECD	Organisation for Economic Co-operation and Development
ISCO	International Standard Classification of Occupations
ISIC	International Standard Industry Classification
SKr	Swedish krona
UN	United Nations

Summary/Résumé/Resumen

Summary

In this paper prepared for the 1999 Copenhagen Seminar for Social Progress, Gøsta Esping-Andersen reviews approaches to welfare monitoring since the 1960s. The attempt to record and measure changes in welfare over the past four decades has been influenced by a number of factors, including the changing ideological climate, practical difficulties with concepts and data, and objective changes in social conditions. Countries around the world also have different overall perspectives on welfare provision: they define welfare goals differently and have developed distinct regimes, or sets of policies and institutions, for meeting these goals. Even advanced industrial nations, for example, have differing conceptions of welfare provision, ranging from the minimalist approach of Anglo-Saxon countries to the social-democratic focus of Nordic societies. The first devotes primary attention to identifying the poor and needy, while the second is more concerned with monitoring equal access to resources among the population at large.

Each of these is based on a specific theoretical approach to welfare. The first, and most prevalent, way of thinking about social policy rests on the calculation of *risk*. Each risk is typically identified as a separate event or state, with its own actuarial probability and defined response. This approach tends to individualize welfare issues—to concentrate on discrete cases—and to encourage the use of indicators such as poverty head counts, years of schooling, mortality and longevity, or unemployment rates. Although this may be adequate when societies develop along predictable lines, and risks are clearly identifiable with distinct stages of life or age categories, a concentration on risk becomes increasingly less useful as societies change in complex ways.

A second way of thinking about welfare is concerned primarily with ensuring that individuals can mobilize *resources* in times of need. In the last analysis, it may be less important to foresee, with actuarial precision, every problem to be addressed by every individual than to create a system in which anyone affected by crisis has the means to provide an appropriate remedy. In broader terms, this implies ensuring that people can maximize their human potential.

This approach should not be confused with a third current of thought that concentrates on meeting *basic needs*. The basic needs approach reflects a preoccupation with day-to-day survival—surely a pressing concern. But subjectively expressed needs may correspond little to objectively defined needs. And focusing on basic needs does not address the central concern of those who champion the resource, or capabilities, approach—which is to provide equal opportunities for every person to realize his or her own objectives.

Like the concentration on risk, too much emphasis on basic needs generates a static picture of welfare. And, indeed, existing international compilations of social indicators are characterized by a bias toward discrete and static measurements. Although they permit us to follow trends—through a comparison of “snapshots” taken over time—they do not allow us to know anything

about the interplay between certain forms of welfare and risk, about how populations enter and exit undesirable states, or about how long these states persist. They also have very little capacity to trace causal connections between macro conditions, welfare inputs and welfare outcomes. This makes it difficult to understand historical mutations in the risks and needs profile of rapidly changing societies.

To capture the dynamics of people's lives – or what might be called their changing *life chances* – it is necessary to adopt a different approach. In the latter part of the paper, Esping-Andersen illustrates the utility of what he calls “*multidimensional resource monitoring*”, as reflected in the Nordic Level of Living Studies (NLLS). In contrast to conventional international practice, which simply records changes within aggregated populations, the NLLS follows the same households and individuals over a long period of time. Also in contrast to prevailing practice, detailed information on receipt of resources (from the state, the market or the family) is collected. It then becomes possible to identify resource inequalities and changing patterns of disadvantage, to link these to specific social processes, and to redesign policy accordingly.

In the author's opinion, instruments like the NLLS offer the best opportunity to measure social progress or regress in contemporary societies, and they should be more widely used than they currently are. Although they tend to be applied only in advanced industrial nations, there is no reason why they should not be equally useful in many other countries around the world.

Gøsta Esping-Andersen is affiliated with the Università di Trento and the Universitat Pompeu Fabra.

Résumé

Dans cette étude préparée pour le Séminaire de Copenhague 1999 pour le progrès social, Gøsta Esping-Andersen passe en revue les approches adoptées depuis les années 60 pour observer la condition sociale. Les tentatives faites pour enregistrer et mesurer les changements survenus dans la condition sociale depuis 40 ans ont été influencées par un certain nombre de facteurs, notamment le changement du climat idéologique, des difficultés pratiques touchant aux concepts et aux données et des changements objectifs des conditions sociales. A travers le monde, les pays ont aussi des points de vue différents sur la protection sociale: ils en définissent différemment les objectifs et, pour les atteindre, ont mis sur pied des régimes, des mesures et des institutions tout aussi différents. Même dans les pays industriels avancés, par exemple, la protection sociale est régie par des conceptions différentes qui vont de l'approche minimaliste des pays anglo-saxons à l'orientation sociale-démocrate des pays nordiques. La première s'attache avant tout à recenser les pauvres et les nécessiteux tandis que la seconde s'emploie davantage à veiller à ce que tous les habitants aient également accès aux ressources.

Chacune de ces conceptions s'appuie sur une approche théorique spécifique de la protection sociale. La première façon d'envisager la politique sociale, et la plus courante, repose sur le calcul des *risques*. Chaque risque est répertorié comme un événement ou un état distinct, avec ses probabilités actuarielles et une réponse définie. Une telle approche tend à individualiser les

questions de protection sociale—à se concentrer sur des cas distincts—et à encourager l’usage d’indicateurs tels que les pauvres recensés, les années de scolarité, la mortalité et la longévité ou les taux de chômage. Bien que ce système puisse être satisfaisant lorsque les sociétés évoluent selon les prévisions et que les risques inhérents à chaque étape de la vie ou tranche d’âge sont clairement identifiables, il est de moins en moins utile à mesure que l’évolution de la société se fait plus complexe.

Une deuxième façon d’envisager la protection sociale consiste à vouloir d’abord faire en sorte que les individus puissent mobiliser des *ressources* dans les moments difficiles. En dernière analyse, il peut être moins important de prévoir, avec une précision actuarielle, chacun des problèmes que rencontrera chaque individu que de créer un système dans lequel toute personne touchée par la crise a les moyens d’apporter un remède satisfaisant. Plus généralement, ce système consiste à faire en sorte à ce que chacun puisse exploiter au maximum son potentiel humain.

Il ne faudrait pas confondre cette approche avec un troisième courant de pensée axé sur la satisfaction des *besoins essentiels*. Celui-ci dénote un souci assurément pressant de la survie au quotidien. Mais il se peut que les besoins exprimés subjectivement n’aient pas grand-chose en commun avec des besoins définis objectivement. En se concentrant sur les besoins essentiels, on ne répond pas à la préoccupation centrale de ceux qui prônent d’abord l’approche des ressources ou des capacités, qui consiste à donner à tous des chances égales de réaliser leurs objectifs.

Comme l’approche des risques, un regard trop exclusif sur les besoins essentiels débouche sur une vision statique de la protection sociale. Or, les compilations internationales existantes des indicateurs sociaux donnent plutôt la préférence à des mesures distinctes et statiques. Bien qu’elles nous permettent de suivre des tendances—par la comparaison d’“instantanés” pris à différents moments—elles ne nous renseignent guère sur l’interaction entre certaines formes de protection sociale et de risques, sur la façon dont les populations tombent dans des états de détresse et en sortent ni sur la durée de ces états. Elles ne permettent guère non plus d’établir des liens de cause à effet entre les macro-conditions, les cotisations et les prestations sociales. De ce fait, il est difficile de comprendre, à travers le profil des risques et des besoins, les mutations historiques de sociétés qui connaissent une évolution rapide.

Pour saisir la dynamique de la vie des gens—ou leurs chances à différents moments de leur vie—il faut adopter une autre approche. Dans la dernière partie de son étude, Gøsta Esping-Andersen illustre l’utilité de ce qu’il appelle *l’observation multidimensionnelle des ressources* telle qu’elle ressort des *Nordic Level of Living Studies* (NLLS). Contrairement à la pratique internationale classique, qui enregistre simplement les changements se produisant dans l’ensemble d’une population, le NLLS suit les mêmes ménages et les mêmes individus pendant une longue période. Toujours contrairement à la pratique habituelle, on recueille des informations détaillées sur les ressources reçues (de l’Etat, du marché, de la famille). Il est alors possible de faire apparaître des inégalités de ressources, ainsi que les changements de certains

modèles sources de désavantages, de rattacher ces derniers à des phénomènes sociaux donnés et de revoir la politique en conséquence.

L'auteur estime que des instruments comme les NLLS sont les plus aptes à mesurer le progrès ou le recul social dans les sociétés contemporaines et devraient être utilisés beaucoup plus largement qu'ils ne le sont actuellement. Bien qu'ils soient utilisés surtout dans les pays industriels avancés, il n'y a aucune raison pour qu'ils ne soient pas aussi utiles dans beaucoup d'autres pays du monde.

Gøsta Esping-Andersen est associé à l'Università di Trento et à l'Universitat Pompeu Fabra.

Resumen

En el presente informe, redactado con motivo del Seminario de Copenhague para el Progreso Social, Gosta Esping-Andersen analiza los criterios sobre la medición del bienestar establecidos desde la década de los años 60. El intento de registrar y valorar los cambios en lo que concierne al bienestar en las últimas cuatro décadas se ha visto influido por diversos factores, inclusive la evolución ideológica, las dificultades prácticas que suponen los conceptos y los datos, y los cambios objetivos de las condiciones sociales. Los países de todo el mundo también tienen perspectivas generales distintas del concepto de bienestar: fijan unos objetivos diferentes en lo concerniente al bienestar, y establecen distintos programas, políticas e instituciones para lograr dichos objetivos. Los criterios sobre el concepto de bienestar varían incluso, por ejemplo, entre los propios países industrializados: desde el enfoque minimalista de los países anglosajones al enfoque democrático de las sociedades nórdicas. El primero se centra principalmente en identificar a los pobres y los necesitados, mientras que el segundo se ocupa más bien de controlar el acceso equitativo de la población a los recursos.

Ambos criterios se basan en una teoría específica del concepto de bienestar. La filosofía más destacada y frecuente sobre la política social estriba en el cálculo del *riesgo*. Cada riesgo se considera normalmente como un caso o condición independiente, con su propia probabilidad actuarial y respuesta definida. Este enfoque tiende a estudiar por separado las cuestiones relativas al bienestar—a concentrarse en casos concretos—y a fomentar el uso de indicadores como el recuento de la pobreza, los años de escolaridad, la mortalidad y la longevidad, o los índices de desempleo. Aunque este enfoque puede ser adecuado cuando las sociedades evolucionan conforme a lo previsto, y cuando los riesgos pueden identificarse claramente con las distintas etapas de la vida o categorías de edad, el enfoque en el riesgo cada vez es menos útil a medida que las sociedades evolucionan de manera compleja.

Una segunda filosofía sobre el bienestar se centra principalmente en asegurar que las personas puedan movilizar los *recursos* cuando sea necesario. Conforme al último análisis, no es tan importante predecir, con precisión actuarial, cada uno de los problemas a los que debe hacer frente cada persona, como crear un sistema que facilite los medios para que los afectados por

una crisis encuentren una solución adecuada. En términos más generales, esto supone asegurar que las personas puedan explotar al máximo su potencial humano.

Este criterio no debería confundirse con una tercera filosofía, centrada en atender las *necesidades básicas*. El planteamiento centrado en las necesidades básicas refleja una preocupación por la supervivencia cotidiana, que indudablemente se trata de una preocupación apremiante. Pero las necesidades expresadas subjetivamente apenas corresponden a las necesidades definidas desde un punto de vista objetivo. Además, el criterio centrado en las necesidades básicas, no concierne a los defensores del planteamiento basado en los recursos o las capacidades—encaminado a ofrecer igualdad de oportunidades a todos, para que cada persona pueda lograr sus propios objetivos.

Al igual que sucede con la filosofía centrada en el riesgo, un énfasis excesivo en las necesidades básicas da lugar a un concepto estático del bienestar y, ciertamente, las recopilaciones internacionales de los indicadores sociales se caracterizan por una tendencia hacia la adopción de medidas discretas y estáticas. Si bien nos permiten seguir las tendencias—mediante una comparación de las “fotos instantáneas” tomadas en el transcurso del tiempo—no nos facilitan ninguna información sobre la interacción entre el riesgo y determinadas formas de bienestar, o sobre el modo en que los pueblos entran y salen de situaciones no recomendables, o sobre el modo en que dichas situaciones persisten. Asimismo, apenas permiten establecer conexiones causales entre las condiciones macroeconómicas, las contribuciones del bienestar o los resultados del mismo, por lo que resulta difícil comprender los cambios históricos en lo que concierne a los riesgos y a las necesidades de las sociedades que evolucionan con gran rapidez.

Para captar la dinámica de la vida de las personas—o lo que puede llamarse sus *oportunidades en la vida* cambiantes—se requiere un planteamiento diferente. En la última parte del informe, Esping-Andersen expone la utilidad de lo que denomina *medición multidimensional de los recursos*, tal como se refleja en “Nordic Level of Living Studies” (NLLS). A diferencia de la práctica convencional internacional, que registra únicamente los cambios en las poblaciones aglomeradas, el NLLS realiza un seguimiento de los mismos hogares y personas en un largo periodo de tiempo. Asimismo, a diferencia de la práctica habitual, se recopila información detallada sobre los recursos provistos (por parte del Estado, el mercado y la familia), lo que permite identificar las desigualdades en la obtención de recursos y los modelos cambiantes de desigualdad, para asociarlos a determinados procesos sociales y adaptar las medidas políticas pertinentes.

El autor considera que, para evaluar el progreso o el retroceso social de las sociedades contemporáneas, los instrumentos como el NLLS son los más adecuados, y que deberían utilizarse de un modo más amplio. Aunque tienden a aplicarse únicamente en los países muy industrializados, no hay razón por la que éstos no sean igualmente útiles en muchos otros países del mundo.

Gosta Esping-Andersen está afiliado a la Universidad de Trento y a la Universidad Pompeu Fabra.

Introduction

The hope of being able to construct a system of integrated social accounts died out after the flurry of theoretical and applied indicator development in the 1960s and 1970s. Now, at the turn of the century, we witness a new burst of initiatives, brought about in part by dissatisfaction with the kind of indicator and monitoring approach that ensued under the aegis of the United Nations, the Organisation for Economic Co-operation and Development (OECD), and the World Bank, and in part by the widespread recognition that the terrain of social welfare has changed dramatically in recent decades.

The clearly Keynesian-inspired ideas of welfare monitoring that were developed in the 1960s and 1970s lost ground as prevailing ideological orthodoxy changed, but also because they were exceedingly difficult to implement:

- To begin with, a system of uniform social accounts for the entire world fell victim to the heterogeneity in social risks and welfare between the poorest and richest nations. Essentially, there was a bimodal distribution in which measures relevant for one set of countries were irrelevant for another.
- It proved impossible to develop a common denominator for measurement akin to the system of national economic accounts.
- Systems of data collection were much less advanced in the 1960s than today, especially in the form of individual/household-level microdata. And in too many countries, even basic data collection was (and remains) difficult.
- There was no clear consensus, on either *what* to measure or the appropriate *units* of measurement. Should one monitor individual and household attributes (such as risk of child poverty) or societal attributes (such as literacy rates or doctors per capita)?
- Above all, there was no clear consensus on the underlying theoretical principles regarding welfare. What, in essence, is the sought-after phenomenon? What does it mean to enjoy good or bad welfare? What kind of welfare should be optimized?
- The latter point is inevitably also a political issue; what to monitor is a function of governments' stated and unstated welfare goals. It is by now (but was less so in the 1960s) recognized that there are distinct welfare regimes in developed nations: a relatively residual and targeted public commitment in the Anglo-Saxon nations; a strong familial bias in Southern European/East Asian nations; and a comprehensive, universalistic commitment in the Nordic countries. This implies different notions of the problem, the objective, and the appropriate role for policy. A residualist welfare model is primarily concerned with abject market failures and would therefore focus primarily on the poor and needy; a familial model has a strong bias to safeguard the male breadwinner, assuming that the remaining population will be taken care of within the confines of the family; and a Nordic kind of welfare commitment defines the entire population as social citizens and is, intrinsically, concerned more with equality of resources than with discrete risks.

It is tempting to argue that the demise of a broader-based and more comprehensive social monitoring effort was also caused by shifting ideological winds since the late 1970s. The neoliberal position on social policy is principally one of promoting private market solutions to the majority while minimizing the public role to residual intervention in the case of classical market failure. This implies a stress on minimal needs, and on targeting intervention to the abjectly needy. Hence, in this view there is little relevance in monitoring population-wide welfare.

The Status Quo

Leaving nation-specific welfare monitoring systems aside for the moment, existing international social indicator compilations are characterized by a theoretical bias in favour of viewing the “problem” in terms of discrete social risks (for example the risks of disease, infant mortality, disablement, or income poverty). As is discussed below, this is only one, and not a very satisfactory, option. This existing bias results in:

- a rather long list of *discrete* and *static* measures of welfare, primarily designed to follow trends. They neither permit identification of the interplay of welfare or risks, nor examine states, durations and transitions within populations. Hence, we may know the mean age of death or how many people have access to safe water and medical care, and we can identify improvements or deterioration of the means. But we will not know anything about covariation, bundling and cumulation of bad or good welfare. And little is known about how populations enter and exit bad welfare, and for how long the state continues.
- very little capacity to trace directly the interplay between what might be called the *macro conditions* (such as civil war, mass unemployment, or GDP decline); the *welfare inputs* (the instruments available to society to affect welfare distributions, such as explicit policy, collectively bargained benefits, “third sector”, or even household welfare delivery); and *welfare outcomes* (such as child poverty). There are more or less adequate statistics on each of these three dimensions, but we are largely incapable of tracing direct causal connections. Hence, the kind of genuine monitoring that initially guided the social indicators movement was short-lived.
- an overly static and unhistorical approach to risks and welfare. Arguably, existing social indicator compilations reflect a societal order and risk structure that have been superseded in many countries, while they do not adequately capture evolving risks. Most developed nations now have universal literacy (as conventionally measured), so one might conclude that this indicator has lost its relevance in these countries. Yet, has it? Recent studies of cognitive abilities across OECD countries, for example, suggest that formal and *de facto* literacy correlate poorly (OECD, 1995). The issue here is that the evolving economy in developed nations demands new and stronger kinds of cognitive abilities. Another example is that when modern welfare states were constructed in the 1950s and 1960s, most income risks were concentrated in old age and among families with many children (the Rowntree life cycle of poverty), that is, at opposite ends of the life course. Today, the incidence of risk has moved dramatically toward young, adult families because income risks come from different sources (unstable families and poorly functioning labour markets). A third example is that postwar social policy could rightly assume a “standard production worker” as its prototype client. This prototype represents perhaps 20 per cent of today’s population in OECD countries. Likewise, the lion’s share of the developing countries’ population was in agriculture when existing social indicators were forged. In many emerging economies this is no longer the case. Is the complex of social indicators currently in use capable of addressing historical mutations in societies’ risk and needs profile?¹

Theoretical Underpinnings

Welfare policy—and by implication social welfare monitoring—can base itself on two distinct “philosophies”. The most widespread is to define the issue in terms of *social risks*. The alternative is to focus on resource command or, to follow Amartya Sen, *capabilities*.

¹ The changing risk structure in advanced societies is examined in Esping-Andersen (1999).

Social risks

The view of social welfare in risk terms has its roots in the insurance tradition. This has secondary implications for how welfare is considered, starting from the underlying assumption that people are risk adverse, and that some risks cannot be met adequately due to classical market failure problems. This view typically sees welfare problems in actuarial terms, i.e., that it is possible to estimate the probability that an event will occur. This in turn implies that we can assume a high degree of regularity and risk homogeneity across a population. It is, therefore, very suitable for a group of welfare problems with well-defined hazard rates: mortality demographics, for example. However, it is not suitable for events that are “stochastic” (such as natural disasters or economic crises) or idiosyncratic.

Four types of social risks can be identified: *universal*, *group*, *life course* and *intergenerational*.

- *Universal risks* are faced by all people in basically similar ways, the most mundane being death or increased disablement in old age.
- *Group (or class) risks* are bundled or unusually frequent among identifiable strata, such as black lung disease among miners, or income poverty in single-mother households.
- *Life course risks* are typical of a certain stage in the life cycle (as in Rowntree’s life cycle of poverty).
- *Intergenerational risks* are transmitted from parents to children. In addition to the well-known examples of genetic and disease transmission, there is increased documentation on how parental conditions are transmitted across generations: educational attainment is powerfully influenced by parents’ education, and dropping out of school or becoming a single mother is strongly correlated with growing up in a single-parent family (Shavit and Blossfeld, 1993; Haveman and Wolfe, 1995).

Intergenerational risks are, no doubt, the most difficult to deal with because of the very unclear mechanisms involved in the transmission of resources, privilege or handicaps from parents to children. Much of this vagueness is simply called “social capital”, which encompasses the cultural milieu of parental home, parents’ involvement in children’s progress, and access to social networks. Even though such aspects may be decisive for children’s life chances, we have virtually no means of measuring them.

The type of risk concerned affects how to best monitor welfare and design policy and how to pool risks (for example, special miners’ funds, single-parent benefits, universal insurance for long-term disablement in old age, affirmative action programmes for children from underprivileged families). In addition, it is evident that some of these risks have received considerably more policy and indicator attention than others. Intergenerational risks have been largely ignored; our static approach to welfare has meant that we have been very slow to recognize how dramatically life course risks have changed.

Thinking about welfare in risk terms leads almost automatically to a policy based on a logic of insurance. We can insure people against predictable and commonly shared risks, but it is difficult to conceive of insurance systems that address unknown, rare, multiple or unpredictable

events.² Perhaps the greatest shortcoming of a narrow risk approach is that it has difficulty dealing with human needs or with a *force majeure* beyond the control of individuals. Basically, the risk view takes on the following characteristics.

- Risks are typically identified as discrete and independent events: poverty in old age, infant mortality or unemployment are discrete risks, each with its own proper actuarial calculus, risk assessment and response. They are viewed as discrete in the sense that the risk is assumed not to overlap or co-vary with others. This means that a person is insured against income decline in old age but not, concomitantly, against the possibility that severe disability requires intensive care; we insure against unemployment, but not against the various correlates of unemployment, for example marginalization, loss of social networks or alcoholism. These risks are considered independent in the sense that each has little to do with the others. There is usually (but not always) little consideration of cumulative welfare effects. For example, poverty during childhood may imply school dropout and greater chances of unemployment in adulthood. In turn, precarious employment may prefigure poverty in old age. One of the best known examples is that of single mothers on welfare in the United States: assistance may help avert child poverty in this case, but it does little to prevent the (known) likelihood that these children later perform poorly in school and in the labour market and that they, too, have a disproportionate chance of becoming single parents and poor.
- Insurance is the logical response to predictable and regularly occurring social risks. Risks can be pooled when the population base with similar risk profiles is known. Hence, as mentioned above, it functions well when the population risk profile is homogeneous. Miners are a homogeneous stratum, and thus it is easy to mobilize the required degree of group solidarity for common risk pooling. Pooling the risks of miners with civil servants is much more difficult because a sense of common solidarity is not easily cultivated. There is no doubt that regularity and homogeneity have been decreasing dramatically over the past decades in advanced economies. In part, the population has become more heterogeneous; in part, risks more stochastic. It is probably more difficult to predict what child will experience parental divorce today than it was to predict the death of a parent 100 years ago. Thirty years ago just about any 16- or 18-year-old would go directly from school to lifelong employment; today, the transition is difficult and a growing number of youths experience several years of precariousness or complete dependence on parental aid. Regularity and homogeneity also imply that population means reflect the norm. But populations are becoming increasingly bimodal or polarized by certain risks, as evidenced for example by the growing number of no-work households. In conventional social policy thought, unpredictable and stochastic risks have been relegated to (often *ad hoc*) social assistance programmes. The sharp rise in social assistance case loads almost everywhere in developed countries mirrors the declining efficacy of the conventional insurance approach.
- The risk view tends to individualize welfare issues. The individual is usually the unit of analysis and social policy treatment. Ergo, the risk view does not address welfare interplays. At one extreme this may cause overprovision, such as when two-career couples double their pension income notwithstanding that the individual pension levels were already assumed to cover both people. At the other extreme, it does not take into account cumulative deprivation at the household level. Due to homogamy, inequalities at the individual level may become polarizations at the household level. We know, for example, that “unemployment comes in couples”; low-income households are clearly those most in need of augmenting labour supply but they may be the least able to do so if the cost of childcare is high. The more general problem here is one of *selection bias*: individuals with favourable risk profiles tend to marry similar people, and vice versa.

² In this case, “insurance” need not be conventional social insurance programmes, and can in principle include citizenship-based entitlements (such as the Nordic flat rate “people’s pension”).

The risk view implicitly presumes that welfare problems warrant policy under conditions of market failure. It presumes that most people, most of the time, will derive adequate well-being from the market or their family but that, in relatively predictable situations, markets fail: reduced productivity or disability in old age, unemployment, illness and so forth. Hence, it implicitly leads to a *passive* definition of policy objectives: bridging a social problem with social aid.

The risk view obviously must take into account unforeseen social events, non-standard social problems, and non-regular risks. In traditional social policy thought, this becomes a matter of social assistance, the stopgap solution, a fallback for welfare states.

The risk view may be adequate under certain socioeconomic conditions, when markets and families rarely fail except along predictable lines. It was therefore probably an adequate way of defining and monitoring social welfare in the past when, for example, the OECD's standard production worker was representative of reality, when the life courses of most citizens' were linear and quite similar. When, in other words, the question of social *needs* meant little more than risk aversion.

In such a context, conventional social indicators may also constitute a sufficient basis for monitoring welfare trends: discrete indicators such as poverty head counts, years or level of school attainment, mortality and longevity, and unemployment rates. To the extent, also, that risks are clearly identifiable with distinct life passages or ages it may suffice with static, snapshot statistical indicators that measure population means and incidence.

Many people may disagree, but I am convinced that the new kind of society we live in undermines the validity of this approach. Risks are less uniform and more stochastic. Most importantly, what is required to construct a good life has become more complex. It is therefore urgent that social indicators be more preoccupied with social needs.

The resource and needs approach

The resource approach to welfare is hardly novel. Its roots go back to the social indicators debate of the 1950s and 1960s, and to the writings of Titmuss. It has been systematically applied in only a few cases—primarily in the Nordic Level of Living Studies (NLLS) and, on a one-off basis, in the 1992 Australian Spheres of Life study. Its theoretical foundation is very close to Sen's notion of poverty as a lack of *capabilities* to realize one's life and pursue one's goals (Sen, 1992). The issue is which resources individuals can mobilize and activate in any given situation. The precise condition in which people may find themselves may be less salient than their access to the means to do something about it. To Sen, it is a question of freedom; to most welfare researchers, it is a question of independence. Erik Allardt's (1975) formulation is perhaps the most eloquent and encompassing: "Having, Loving, and Being".

In Allardt's terminology, "having" implies access to resources, such as money and knowledge; "loving" means social integration, networks and family; and "being" corresponds to Sen's capabilities, with emphasis on self-realization and human efficacy. There is clearly an implicit causal connection between the three. One's ability to take control of life and maximize inherent

potential depends on the availability of resources, but also on being “loved”. The unwritten assumption in mainstream social indicator research is that happiness equals money plus good health. The explicit view in Allardt’s perspective is that happiness equals broad resource control plus social integration.

Behind these formulations hides the basic theoretical notion of welfare maximization as the ability of people to maximize their own human potential, to be dependent as little as possible, to be active. There is a clear individualistic notion, but one that is ultimately social. Namely, that individual empowerment strengthens one’s capacity to be solidaristic and to contribute to the human collective. This stands in sharp contrast to the individualism of the liberal creed, in which individual efficacy serves primarily individual ends. Clearly, the resources view does not rule out the standard risks framework in as much as security against risks is a precondition for activating capabilities. Social insurance is one necessary resource – but only one among many, and here is where differences arise.

Within international organizations, there have certainly been efforts to redefine the issue from a simple “risks” view toward a question of “needs”. Such attempts are often derived from a kind of Maslowian “needs hierarchy”. Major efforts have gone into identifying “basic human needs”, such as physical health or the \$1 per day synthetic indicator.³ World Bank policy became officially pegged to a notion of basic needs. Pursued narrowly, such an approach easily runs into ambiguities. Firstly, there is Townsend’s (1979:423) famous finding that 44 per cent of those he identified as severely deprived felt no deprivation themselves. Subjectively expressed needs may correspond little to objectively defined needs. Secondly, as soon as we move beyond the limited list of basic needs, such as food, shelter or health, a needs-driven indicator menu becomes unmanageable. For these reasons, it would probably be more fruitful to shift attention from needs to resources, that is to the resources necessary, adequate or vital to assure that people can maximize their capabilities and, hence, welfare. Ideologically speaking, an emphasis on resources puts the stress on equity – on assuring equal opportunities for realization of personal objectives and needs. Basic needs strongly reflect a preoccupation with day-to-day survival, surely a pressing concern in many societies. The resource approach is primarily preoccupied with *life chances*, with the dynamics of people’s lives rather than just current conditions.

The resource view

The resource view is distinct from the risk view in the following ways.

- The individual (or household) is explicitly viewed as an *actor*. The greater one’s command of resources, the greater the room for manoeuvre, adaptation, utilizing one’s capabilities and realizing one’s welfare. The problem of welfare and inequality becomes one of resource scarcity and distribution of resources within the citizenry; the main objective of social policy is that of enabling people. Hence, it has a certain affinity to the classical liberal notion of “help to self-help”.
- The problem of welfare is explicitly *multidimensional*, a question of a person’s combined resources, how they overlap, interact and cumulate. Where the risk view tends to see welfare problems as discrete manifestations, the resource view

³ For a comprehensive overview of theories and methods of ascertaining human needs, see Doyal and Gough (1991).

emphasizes how resources (and welfare conditions) bundle together. In fact, it is the welfare correlates that matter: in some cases a person's income problem may be a simple function of one discrete problem (poor health), in which case conventional social policy approaches (disability benefits or medical intervention) will probably suffice. In other cases, poor health may be coupled with substandard housing, social isolation or drug abuse, implying that the relevant social policy intervention ought to be broader-based. When people find themselves in situations of multiple, cumulative deprivation, conventional social risk thinking comes up short. The multidimensionality of welfare is of equal relevance to developed and developing nations, although the concrete manifestations may differ. Research has shown that contemporary unemployment or child poverty in advanced economies is often multidimensional: in the former case consisting of the cumulative effect of lack of skills, social networks and "social capital"; in the latter, family instability, lack of affordable childcare, low wages, etc. Hence, an unemployment benefit or a child allowance may be a wholly insufficient and possibly even wrong remedy in such cases. The logic is not much different in poor countries. Child malnutrition or high mortality rates are rarely expressions of one identifiable risk. And supplying food to hungry children is clearly a necessary, but insufficient, policy.

- The resource view's affinity to the classical liberal notion of "help to self-help" implies that the basic objective of social policy is to maximize people's capacity for individual independence. It is therefore an approach based on a preference for "activating" social policy. And since it assumes that human independence necessitates access to a broad array of resources, the emphasis is automatically on the interplay of social programmes.
- The resource view is implicitly concerned with life course dynamics because at its core lies the question of how people are capable of optimizing their living conditions and maximizing their human potential across the life course and, not to be forgotten, intergenerationally. The single greatest weakness of standard social indicators in use today is that they provide static snapshots of people's welfare conditions: poverty head counts, unemployment rates, per cent without running water, etc. We use such data to tell us who and how many are poor, deprived or needy. But they cannot provide reliable information because the welfare incidence is meaningful only in the context of people's life course and overall *life chances*.

My favourite analogy in this case comes from Joseph Schumpeter's criticism of Marxian class theory. To Schumpeter (1964) classes are like an omnibus, always full but always full of different people. If there is mobility, there is no entrapment. A stint of low paying jobs, indeed even of poverty or unemployment, will not necessarily have adverse welfare effects. But it will when there is entrapment; and most real welfare problems have to do with this. We know from lifetime earnings models that five years out of the labour force reduces cumulative earnings by 2 per cent per year. We know that unemployment durations affect social networks according to an accelerating function. And so forth. Alas, most welfare monitoring gives no information on entrapment, durations and transitions.

Drawing on the NLLS (Erikson and Aaberg, 1984; Fritzell and Lundberg, 1994), a brief illustration follows of how multidimensional resource monitoring can be conducted.⁴

Monitoring resource command

There are two principal methodological issues involved in monitoring welfare resources. One is how to tap people's living conditions and resources. The conventional United Nations, OECD, or

⁴ Attempts to apply a similar framework to a more limited data set (namely the European Household Panels) have been undertaken by Vogel (1997).

World Bank indicator approach will not work because there is no information on individuals, only on population means or aggregated distributions. Clearly, microdata on individuals and households are required if the aim is to examine the interplay of resources and welfare conditions. Moreover, what kind of responses are solicited matters greatly. Subjective “feelings” and valuations would be close to useless (the rich may feel deprived, the poor content). In other words what is needed is *descriptive* information that is amenable to diagnosis (for example, the question is not how one’s health is, but rather how many times a week one suffers from headaches, or whether one is capable of walking a kilometre without assistance). To permit relevant diagnosis, questionnaire surveys must be developed on the basis of expertise (such as that of doctors), with knowledge about the correspondence between symptoms and underlying causes.

The second issue is how to monitor welfare conditions and resources. What package of resources and conditions provides the necessary information? This is a question of cataloguing the relevant and sufficient welfare and resource components. The NLLS approach, now in its thirtieth year, identifies the key components listed below (examples of indicators are given; some components, especially health, have a large number of indicators).

Level of Living Components and Indicators

Income and monetary-equivalent resources

Indicators include: standard earnings and income data by individual and household; wealth; savings, including information on sources of income; information on acute and lasting income shortfalls; debt; margins of income available.

Health

Indicators include: frequency of headaches, backaches, circulatory problems, etc.; hospitalization; sick days; capacity to move, work and function normally; mental stress; fatigue; need for care.

Education

Indicators include: standard educational attainment data; participation in adult education, training and informal education; some data on utilization of human capital (reading habits, etc.).

Housing

Indicators include: housing standards (indoor plumbing, heating, size, etc.); access to neighbourhood services; distance to work and shopping; physical isolation, etc. Over time, this has become an almost redundant component in the Swedish case due to across-the-board improvements in housing conditions. Except for a few items (such as distance/isolation) almost no problematic resources are expressed here.

Family, social integration and networks

Indicators include: family members, friendships and acquaintances; regularity and frequency of contacts; ability to mobilize and draw on networks in daily life; information on importance of networks to achieve goals, such as a job (one of my favourite indicators is “In a situation of

acute need, could you raise SKr 10,000 within a few days? From whom?"); information on access to childcare and elderly people. Not surprisingly, this welfare component is attaining greater importance. It is notable that despite talk of individualization and social isolation, at least the Scandinavians appear to be highly integrated, with dense social networks today as before; there are no signs of decay in this component.

Free time and leisure

Indicators include: time available for leisure; information on type and frequency of activities (television, reading, hobbies, theatre, vacations, etc.). Of vital importance for gauging child welfare and resources, is information on the amount of time per day that children can and do receive the attention of their parents.

Working life

Indicators include: standard occupational and job information (basically detailed ISCO/ISIC information); physical and mental correlates of job; promotion chances; wages and benefits; autonomy; decision making; routine; skills utilization; supervisory hierarchies; contact and interaction with co-workers and supervisors; influence, etc.

Political resources

Indicators include: level of participation in public life; organizational membership and activities; political efficacy issues (ability to write a letter of protest to the ombudsman, for example); frequency of discussing or reading about politics; voting.

Insecurity

Indicators include: experience of violence; theft; robbery; accidents. (In Swedish data this is one of the few components that shows a steady and worrisome deterioration of welfare.)

How to use the data

It is vital that surveys be conducted regularly (in Sweden they are carried out every four to five years, with smaller surveys annually) and that they follow the same individuals over time (panels) in order to monitor trends and individual life course changes. It is crucial that information be gathered on events that occur between survey periods. A typical fallacy that occurs in over-time monitoring of people's poverty status, to give an example, is the assumption of constant poverty if poverty is observed in the first and last years. It is highly possible that people drift into and out of poverty.

The data can be analysed for each component (what is happening to incomes or to health conditions), or by examining the interplay across components. Some of the more interesting and meaningful research examines welfare deprivation by looking at cumulative resource deprivation (summing up identified problems in all nine components), and this obviously raises technical questions of weighting the welfare importance of the various components and their indicators (is "not voting" to be weighted equal to "not having running water"?; is "income poverty" to be weighted equal to "rarely seeing friends"?).

Welfare trends can be described as disaggregated or aggregated. Several tables are presented below that illustrate highly disaggregated and more aggregated welfare trends.

Even these few examples show the potential usefulness of the approach. Welfare improvements across the board, as has been the case in Sweden, help indicate that the mix of socioeconomic trends with welfare policy is effective in reducing welfare deprivation across social classes, the life course, and many population groups. It is also effective in signalling that specific groups (such as immigrants or the unemployed) may be doing worse than before. In general, the data are adequate to identify the principal reasons for improvements (or regression) because they provide detailed information on individuals' and households' receipt of *welfare inputs* (what they receive from the state, market and family). This type of monitoring is therefore well suited for policy evaluation. Linking welfare deterioration in a given group to identifiable resource handicaps or shortfalls will suggest the need for policy redesign or, perhaps, for targeted intervention. Likewise, such data may help identify "policy overshooting", or overprovision (there are indications that old age pensioners are overprovided for in some countries). And, most importantly, such data help signal welfare disequilibria or welfare gaps (government redistribution may be overly biased in favour of the elderly, while welfare problems are increasing in young families). Since data from the resource components can for the most part identify where resource handicaps cumulate, among whom, and for how long, the relevant policy remedies are easier to specify. And since the data furnish information on where the problems mainly come from, it is possible to monitor the source of emerging challenges to social policy.

Examples of disaggregated monitoring

Table 1: Individual change in job quality, 1981–1991

(outflow matrix, percent)

Job type 1981	Job type 1991		
	A	B	C
A: highly routine	38	34	28
B: neither routine nor physically stressful	11	58	31
C: not routine, but physically stressful	8	24	68

Table 2: Trends in selected indicators of welfare
(percentage of population aged 18–75)

Welfare component indicator	1968	1981	1991
Health problems:			
Psychological	14.1	12.2	11.8
Circulation	8.1	8.1	6.4
Working life: Dangerous environment	42.8	42.9	41.3
Economy: Lacks income margin	17.2	12.8	11.2
Housing: Lacks adequate space	20.1	3.6	1.9
Free time: No vacation trip	33.6	22.8	19.7
Political resources: "Poor"	17.9	9.1	6.5
Social relations: Socially isolated	13.2	9.2	6.4

Examples of aggregated monitoring

Table 3: Cumulative welfare problems
(percentage of population aged 18–75)

Number of problems across 7 components	1968	1981	1991
0	19	42	54
1	29	32	30
2	24	15	11
3	16	7	4
4	8	3	1
5+	4	1	0

(The "insecurity" component has been omitted.) In Swedish research, a person with 3 or more problems is conventionally considered resource poor.

Table 4: Type of welfare problems
(percentage of population aged 18–75)

Problem	1968	1981	1991
Health	25	25	23
Economic resources	18	10	8
Housing	48	10	5
Social relations	6	7	6
Free time	38	23	11
Political resources	43	25	16
Working life (only actives)	18	20	22
Insecurity	n/a	18	22

Table 5: Who are the vulnerable?
(percentage with 3 or more problems persisting over the period 1981–1991)

	Relative risk of having 3+ problems <i>(panel = 1.0)</i>	Share with persistent problems
Single mother	1.3	4.4
Unskilled single male, 18–45	1.2	5.6
Unemployed	6.4	19.1
Social assistance recipient	6.8	17.6
Immigrant	6.7	26.5

The Issue of Welfare Progress and Regress

Ours is an era of seeming welfare regression. Advanced welfare states appear to be rolling back erstwhile entitlements, and the gap between rich and poor nations appears to be widening. All this occurs against a backdrop of worsening (or at least seemingly chronic) social problems, such as mass unemployment, widening income gaps, rising child poverty, and an apparent proliferation of social marginalization in rich countries and rising famine in poor ones.

The issue, then, is how to study progress—or regress? Utilizing the current standard social indicators would probably not capture what is really happening. Social expenditure statistics (as a percentage of GDP) will not show much regression anywhere; mortality statistics might flag worsening conditions in, say, Russia; infant mortality statistics might point to worsening conditions in the poorest countries. There is more often reliable income distribution data for a large number of nations, and a notable widening of differentials and rise in poverty rates may be seen. But again, what can be concluded from this? If a country sustains its social expenditure levels, or even raises them, it may not automatically imply progress. For one thing, the spending ratio rises with falling GDP; for another, if spending is misdirected some groups may be the beneficiaries of progress, others of a worsening regress. This is exactly what social expenditure data camouflage in the OECD countries. In some countries, civil servants enjoy a virtual welfare paradise and thus absorb a large share of the social budget; in others, not. At stable spending levels, elderly people in Italy and the United States do better and better; youth and young families, systematically worse.

In order to monitor progress-regress, the fundamental issue is whether we are dealing with a linear relation (more spending equals more welfare; less spending equals less welfare, in a monotonic way). There are three basic dimensions involved in the progress-regress scenario and, unfortunately, none is likely to be linear. First, worsening (or improved) welfare can result from a change in underlying *conditions*. The leading forces that govern such change in the contemporary world are mostly non-linear: the transition to market economies and democracy in the former communist countries; civil wars in sub-Saharan Africa; and deindustrialization in advanced economies. What all such changing conditions have in common is that they catalyse new risks or intensify old ones, often among populations that were previously relatively secure. Hence, in a brief time span, rural workers and low-skill manufacturing workers in advanced

economies have seen the labour market bottom-out. In Russia, pensioners have been driven into often abject poverty.

Second, if societies face a radically novel risk structure, its effects on welfare will depend on the structure of *welfare inputs*. The same social policy menu that worked well—for example in the Golden Age of full employment and stable families—may now be wholly insufficient and even counterproductive. A prominent example of this is the widespread use of unemployment and early retirement benefits to deal with mass unemployment. Welfare regression here may simply mean that a welfare state has failed to adapt to new needs and exigencies. Mothers now require affordable daycare; this was much less the case in the 1960s. To maximize social welfare under currently prevailing conditions, people require a new set of resources. Is failure to adapt equivalent to welfare regression?

Third, will worsening conditions and/or a weakening of welfare inputs automatically show up in statistics on *welfare outcomes*? No, not necessarily. Let me give an example from research I recently did on the income consequences of unemployment in Europe. As is well known, European unemployment is extremely biased against young people. Yet, where it is *most dramatically* youth biased, and where public welfare programmes provide essentially no aid—namely in Italy and Spain—poverty rates for 20–30-year-old unemployed people were comparatively low, much lower than in France or the United Kingdom. Why? Because in Italy welfare consequences are absorbed by the family (young people stay with their parents). The United Kingdom provides a modest benefit, which Italy does not, but this basically guarantees poverty because the British family works differently.

If I were asked to monitor welfare regress or progress, the only indicators I would rely on would be the *welfare outcome* type. On this basis, whether improvement or regression is registered, it is always possible to take the analytical step backward to identify the reasons for a progress or regress trend. Of course, this is possible only if there is information on the conditions and inputs involved. And here we are, back where we started: with the discrete condition, input and output statistics prevailing in international social indicators, which do not easily permit such analysis. Without access to microeconomic data, I would not be able to link the specific welfare outcomes among Italian or Spanish unemployed youth to either policy or underlying socioeconomic conditions. However, with appropriate data I could monitor their income levels and have most of the needed information about what help they receive from the welfare state and what kinds of problems they face in the labour market. Most importantly, I could ascertain whether their “diswelfare” is momentary and fleeting—and thus uninteresting—or whether it signals entrapment and impaired life chances, and whether diswelfare in one dimension (money, for example) cumulates with others (eroding social networks, for example).

But if the risk and needs profile is changing, it is clear that so must the kinds of resources we identify and measure. The resource component menu that originally underpinned NLLS has gradually become outdated—in part because of success (housing problems have been virtually

eliminated and the component is of scant value now), and in part because new kinds of resources are becoming more essential. A prime example is the widely recognized importance of “social capital”, which we are so far not especially capable of operationalizing and measuring. A similar example would be the growing importance of “social skills” in service sector employment.

Based on what is known about trends in risks and needs in developed countries, it is possible to identify a set of phenomena in which welfare regression in *welfare outcomes* is most likely to take place. These relate primarily to changes in family structure and demographics, and to labour markets and employment.

Family structure

The chief elements in what demographers call “the second demographic revolution” mostly point to rising risks, especially for children: rising divorce rates and separation are strongly associated with child poverty. It is clear that single mothers’ ability to work is a superior bulwark against poverty; hence, access to daycare services is key. It is vital to recognize that the evolving family structure is increasingly dualistic, with a rise of “weak” families at one end and “strong” families at the other. The emerging double income household is clearly the single best guarantee against child poverty. Moreover, the duality of family structures is reinforced by homogamy. This comes out strongly in the rise of “no-work” households—in which unemployment or low earning power tends to “come in couples”—but is also seen in work- and income-rich households. However social indicators evolve in the coming years, it is obviously crucial that they adequately capture new household forms.

Emerging life course

The traditional male and female life course was marked overall by great stability, predictability and standardization. A hallmark of emerging trends is decreasing linearity and rising differentiation. Among older cohorts, age of marriage, first child or retirement could be easily predicted. This is less true today, in part because of individualization and in part because people face many more constraints in designing their life course or making transitions. Prevailing youth unemployment, precarious employment, and women’s desire for economic independence all combine to change women’s (and men’s) ways of deciding on family formation. Transitions are less automatic and more contingent, which comes out strongly in data on marriage or first child timing—basically, transitions look idiosyncratic and stochastic. The rise of the non-standard, less linear life course will have possibly dramatic welfare effects—good as well as bad. On the “good” side, there is certainly greater autonomy in how people make decisions and transitions. On the “bad” side, the constraints and individual adjustments that in the first place drive much of the new life course behaviour are associated with severe new risks. An example is people’s reduced opportunity to accumulate sufficient pension contributions throughout their employment due to a protracted school-to-work transition period combined with a lowering of retirement age. If welfare monitoring is premised on the principle of assuring optimal life chances, greater attention clearly must be given to the dynamics of population biographies.

Employment

Most people agree that emerging employment trends favour high-skill and high-pay jobs, but that this will be accompanied by substantial growth in low-end, low-productivity service employment. If so, labour markets will appear more dualistic and possibly polarized by skills, education, and earnings. At the household level, homogeneity may accentuate such dualisms. The first key issue here is education and skills. As the OECD (1995) has recently shown, traditional measures of education may become less relevant to capture emerging skill needs and human capital. Years of formal schooling or attained educational levels do not correlate well with *de facto* cognitive abilities. And it is mainly the latter that matter for people's ability to profit from retraining or "lifelong learning". In other words, we may have to radically rethink what is meant by "skills", and how we measure such. The second key issue is an individual's chance of mobility. A dualistic labour market is highly problematic if it implies stable segmentation and entrapment of large groups in lifelong low-end employment; it is not problematic if the vast majority can be assured of mobility. So far, social indicator systems have not been very attentive to individuals' (or groups') employment or earnings mobility chances. Yet, it is obvious that the design of public policy must differ dramatically whether we are dealing with a strong "entrapment scenario" or a strong "mobility scenario".

Where to go with this?

Social risk (and for that matter basic needs) as a concept does not necessarily need to be discarded. Indeed, there is a clear relationship between basic needs, risks and resources. Risks vary by people's command of resources, which are basically a more broadly defined umbrella of needs. I see three primary reasons why future social indicators should lean more in favour of the *broad* resources view rather than merely the basic needs approach.

The first is that we have entered an epoch of greater volatility and uncertainty as to the origins of welfare problems, and how and when they will affect whom. In developed countries, the fragility of modern families and massive changes occurring in labour markets combine to produce a wholly new configuration of winners and losers, the strong and the weak. Conventional welfare indicators are poorly equipped to catch such trends and identify where the problems lie, in part because they are presented discretely rather than interactively, and in part because dynamics are becoming crucial. Such shortcomings are, in fact, already recognized. Witness, for example, StatsCanada's experiments with constructing simulated time-welfare accounts, and efforts within the OECD to assemble new and more telling statistics, such as the incidence of no-work households, expected disability-free years, and so forth.

Such attempts to simulate dynamics via time-welfare accounts suffer, however, from one great weakness. They attempt to re-create life course dynamics by tracing age specific situations and then treat current age distributions as if they were passages through life. In other words, the one great assumption behind experiments such as that of StatsCanada is that all cohorts behave identically, and that today's snapshot of age differences would be identical to that of 10 years from now. These kinds of assumptions cannot be made in a world where change is extremely rapid, and where young cohorts today almost certainly will not replicate the biographies of their forebears. Simulated dynamics will, in my opinion, remain poor substitutes for a full-fledged

resource approach as long as we cannot correlate various welfare components at the levels of individuals and households. The question is whether the *multidimensional* view is essential to reaching the true objectives we want to pursue? My answer is yes, because society's most pressing welfare problems will always be where hardship or resource weaknesses cumulate.

The second reason why future social indicators should lean toward the broad resources view rather than the basic needs approach has to do with the emblematic shift from "passive" to "active" social policy thinking. The greatest strength of the resource approach is its emphasis on individuals as actors, and its consequent view of social indicators as measuring the means available to people to construct good lives. The risk view fails on this count, and if left and right are now joining hands in a common effort to make work pay, to create incentives and the means for people to be productive, and to activate human potential, then the resource approach is clearly more relevant. It will help inform us whom to activate and, more importantly, how.

The third reason is that comparative statics, or snapshots of welfare distributions, may grossly misrepresent underlying welfare realities. What matters are life chances, not equality here and now, for all. The most informative welfare statistics are those that monitor durations and transitions, not states. On any given survey date we might find 20 per cent poverty. If the lion's share of these people are poor only briefly, the social policy issue is completely different than if most remain so for years on end.

I have used the NLLS approach as a way to illustrate the advantages of a multidimensional, dynamic, actor-driven indicator system. There is no intrinsic reason why this exact model need be the best or only solution. Its selective application in Scandinavia (and in a few other cases) mirrors without doubt political and ideological predilections about the real goals of a national welfare state. A similar approach was debated and rejected in other countries, often for ideological reasons. It is evident that ideological preferences will conflict in any attempt to give new life to social indicators. Moreover, it will seem obvious to most that a Level of Living-style methodology is appropriate for a small, rich nation like Sweden or Denmark, but impossible to contemplate for a country like Angola. But is this really the case? True, a worthwhile microdata-based survey requires basic infrastructure for population sampling and interviewing, but not much more. In fact, FAFO in Norway has applied the same methodology (although simplified) to societies such as Palestine and former members of the Soviet Union. In principle, a similar social indicator design should be feasible in half or two thirds of United Nations member states. Sampling problems aside, there is of course the question of data reliability; of whether the assumption can be made that survey responses are truthful, which is possibly doubtful in many dictatorships, or in populations immersed in the undeclared economy. These are basically technical concerns that go beyond the scope of this paper. Suffice it to say that practical experience in administrating similar surveys in Italy (with its huge submerged economy) suggests that such fears may be exaggerated, in particular when surveys are conducted as one-on-one interviews.

Perhaps the single most problematic issue is not feasibility, but relevance. The kinds of resources that best describe living conditions and life chances among the peoples of developed nations may arguably be irrelevant for the peoples of a place like sub-Saharan Africa. And, of course, vice versa. This is a question that I am not well equipped to answer, but glancing at current practice it strikes me that most of the social indicators being used to monitor human welfare suffer from exactly the same problem.

Bibliography

- ALLARDT, E.
Att ha, att alska, att vara, Argos, Lund, 1975.
- DOYAL, L. AND I. GOUGH
A Theory of Human Need, Macmillan, London, 1991.
- ERIKSON, R. AND R. AABERG
Valfard i Forandring: Levnadsvilkor i Sverige, 1969-1981, Prisma, Stockholm, 1984.
- ESPING-ANDERSEN, G.
Social Foundations of Postindustrial Economies, Oxford University Press, Oxford, 1999.
- FRITZELL, J. AND O. LUNDBERG
Vardagens Villkor: Levnadsforhallanden i Sverige under Tre Decennier, Brombergs, Stockholm, 1994.
- HAVEMAN, R. AND B. WOLFE
Succeeding Generation: On the Effects of Investments in Children, Russell Sage Foundation, New York, 1995.
- ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT (OECD)
Literacy, Economy and Society, OECD, Paris, 1995.
- SCHUMPETER, J.
Imperialism and Social Classes, Meridian Books, New York, 1964.
- SEN, A.
Inequality Reexamined, Clarendon Press, Oxford, 1992.
- SHAVIT, Y. AND H.P. BLOSSFELD
Persistent Inequality, Westview Press, Boulder, CO, 1993.
- TOWNSEND, P.
Poverty in the United Kingdom, Penguin, London, 1979.
- VOGEL, J.
Living Conditions and Inequality in the European Union, Eurostat, Luxembourg, 1997.

UNRISD Programme Papers on **Social Policy and Development**

- PP SPD 1 **External Dependency and Internal Transformation:
Argentina Confronts the Long Debt Crisis**
Jorge Schvarzer, May 2000
- PP SPD 2 **Social Indicators and Welfare Monitoring**
Gøsta Esping-Andersen, May 2000