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# ***Economic Performance, Social Progress and Social Quality***

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## **Economic Performance, Social Progress and Social Quality**

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### **Abstract**

This article concerns challenges arising from the development of economic globalization as the so-called "creator of a new world order" and its tendency to deteriorate the foundation of a global order in terms of social justice, solidarity, and human dignity. As main point of referral functions, the report of the "Commission Stiglitz, Sen and Fitoussi cs" on the Measurement of Economic Performance and Social Progress that refers to the European Commission's strategy of development, acknowledges the need for these values. On behalf of this reflection, this article is based on the recent outcomes of the exploration of these social quality issues in a recent published book by the Foundation on Social Quality. The article argues that indicators are needed in order to understand the effects of societal changes in response to the current economic globalization, which increases inequality and the fragmentation of the labour market.

**Keywords:** methodology; social indicators; social progress; social quality

### **Introduction: Indicators and Social Progress**

If we explore immediately some challenges that are too obvious to be ignored, we may refer to increasing inequality, disintegration on grounds of precarious labour market integration, political tensions and of course ecocide in many parts of the world. It is also apparent that not only traditional measures (like Gross Domestic Product) fail to provide valuable information. Many considerations and proposals are able to go beyond offering a rag rug, a toolbox for filling one gap by using the mortar from the gap opened at another spot. In the report on the measurement of social progress, researchers often accented the failure of indicators on GDP and industrialization to respond to the global challenges in the contemporary world (see Stiglitz et al. 2009). This critical view leads them to claim a need to go beyond GDP. This is the case for the European Commission (European Commission 2007) that evokes a problem of a simplified and mechanical understanding about the significance of economic growth, although this understanding may not help the policymaking process to address the virtual issues in people's daily life. Thus, it seems to be cyclical: policymakers can neither well answer the concerns raised by social movements and "popular moods", nor are they able to acknowledge the limitations of the traditional model of societal analysis to reflect the outcomes of societal changes. Therefore approaches looking for alternative ways to understand the nature of progress and to measure its changes are needed.

These approaches should go beyond the traditional strategies of development studies in order to be able to reflect the condition of societal changes and the living situation of general individuals in a better way (see Van der Maesen and Walker 2012). This raises a new task for the work of indicators along the following lines: a) to be able to overcome the disjuncture between the purposes of economic and social processes, b) to find new ways to match indicator measures with real practice, and c) to investigate if we could still distinguish (or borrow) new ideas from the natural and social sciences to enrich indicator research. We have to reconceptualize these indicators. They are not measurement instruments *sui generis*. Rather they are instruments to develop an understanding of complex issues and trends. As such they need to be guided by a sound conceptual reflection of what they are looking for. For instance, we need to work on securing the basic means for existence for human society, and to take action on both aspects of reserving natural resources and self-restriction on consumer behavior.

This concern for a plea for “better indicators” refers to the work of the Commission on the Measurement of Economic Performance and Social Progress. This work is conventionally known as the “Stiglitz, Sen and Fitoussi report” (called “the report” hereafter). Its aim is to check the limitations defined by the scope of conceptual eclecticism and to also look for pragmatic solutions (see Stiglitz et al. 2009). Our question is, whether this report enables an understanding of complex issues and societal trends, and will it contribute to the development of an analytically founded paradigm that can accommodate economic and environmental issues? In the following section we will start a discussion about these issues.

### **The Meaning of “the Report”**

In 2008, the Commission on the Measurement of Economic Performance and Social Progress was created on the initiative of the French government. The website, presenting the background of the work, refers to increasing concerns in assessing the traditional mainstream measures as they are in particular based on GDP. The broader orientation is geared towards a set of questions, highlighted by concerns raised by the former president Sarkozy (see Stiglitz et al. 2009), namely: to identify the limits of GDP as an indicator of economic performance and social progress, to consider additional information required for the production of a more relevant picture, to discuss how to present this information in the most appropriate way, and to check the feasibility of measurement tools proposed by the Commission.

Looking at this statement it is easy to see that the approach is more nurtured by a general sense of discontent with respect to recent developments rather than being based on a strategic vision. Furthermore, implicitly it refers to the traditional usage of social indicators, as they are used as descriptive measures of societal realities, rather than as measures to generate a strategy of policy actions.

Of course, the demands for going beyond the traditional mainstream thinking that measures social progress mainly with indicators of economic performance—without defining what “social progress” really means—have existed for a long time.<sup>1</sup> The limitations of the

“disintegrated”, “disjoined” views of social progress in traditional thinking are apparent, and a claim is heard to reorient toward the line of inclusive development. This claim pursues the reflection of societal integrity with different measures and from different disciplinary areas.

One has to acknowledge that GDP indicator does not simply provide a measurement instrument but considers a certain combination of figures that would be able to reflect the general economic development by assuming: that (i) the goods and services produced for the market would (ii) express overall economic performance (iii) as such express also the wealth, and with this (iv) represent the overall standard as living and social standard alike. Admittedly the latter would not necessarily be (only) a direct representation but also an indirect correlation, because it supposes to transform or to translate material wealth into conditions of social wealth and again, without explaining what “social wealth” really means.

We may recognize two interesting characteristics. First, “the report” is standing side by side with many works in the same vein. We may point to the European Commission’s work aiming to go “*Beyond GDP*” (European Commission 2007). In this work, ideas from various international organizations (such as the Organization for Economic Co-operation and Development [OECD], International Monetary Fund [IMF], World Bank, etc) are discussed, which resulted in ideas being set up by the Pittsburgh G20-summit, which looked for a framework for strong, sustainable, and balanced growth (G20 2009). The initiatives of this research also come from some private research institutes (e.g. the New Economic Foundation, the Forschungsstätte der Evangelischen Studiengemeinschaft [FEST], Institut für interdisziplinäre Forschung [– Research Institute of the Protestant Study Community—Institute for Interdisciplinary Research]). Not least, the debate on the Green Deal belongs in this row.

Second, that the debate in “the report” is taking place by spanning across a wide ideological range. It brings together highly different economic schools as represented by Joseph Stiglitz on the one hand and Amartya Sen on the other.

A review on a set of studies made on the basis of the European Commission’s work since 2007 shows that they are looking for answers to deal with the current multiple crises in Europe with a broad range of presumptions. In many cases, these presumptions even contradict each other. They desire to find some “perfect technical” solutions to respond to certain problems, but seem to fail to recognize the challenges on the crosscutting settings. Since this work seems to be restricted to certain particular issues, the European Commission seems to have difficulties realizing its ambition of reaching an overall solution.

With regard to their theoretical underpinnings, “the report” approaches economic issues with different underlying theories. They differ not so much by whether or not to be in favor of the laissez-faire principle, but on the objective of steering (steering demand versus steering supply) and the means of steering (political and technical steering versus moral standards and virtues). For example, it relies on classical economics regarding the demand from the market as a driving force, but on the supply side, it uses the Keynesian concept of supply as driving force. For further discussing the issues of this report made in the above mentioned context, we will refer to its three key themes, namely of “traditional GDP-Issues”, “Quality of Life” and “Sustainable

Development and Environment”. It is important to conclude at this stage, that rather than starting from a specific “real model of society” or acceptable perspective, its point of departure is a different one. It discusses the mainstream discourses on these three burning issues of contemporary development from a so-called pragmatic point of view.

### ***A Discussion of “the Report”***

Any change has to start from the presumption, that the present is just one option from a horizon of different, other possibilities. The authors, by isolating the three key themes systematically from each other, undermine such widened integrated view. These themes are crucial when it comes to the proposed analytical view on reality. The separation of the one from another can only feed the need for a technical rapprochement. This will prevent critical answers to cope with the global challenges. This limitation is demonstrated by “the report” in its own way. As said, it pleads for “a pragmatic approach that combines limited-scope ‘synthetic’ indicators” (Stiglitz et al. 2009: 59).

Accordingly, “the report” remains a limited framework to confirm the fundamental parameters of the present systems. It fundamentally leaves unquestioned what we can do on incremental changes and improvements and why. This point of departure also influences the view of policymakers. They are interested in better (and more effective) measures of administration with the help of new technical measures, but less concerned with the real change in people’s living conditions. They prefer to see policy development from pragmatic (and indeed fragmented) approaches, and this contradicts their claims for empowering people to achieve better ways of managing their lives. With this technical-oriented nature of societal change, it may undermine the potential of development at the system level, which needs to be reorganized and to coordinate various interests of actors in societies. It contradicts the actual claims for empowering people to better manage their lives (see Herrmann 2012).

As such it is undermining any systematic and holistic policy development because of its technical nature. Governance and evidence-based or indicator-oriented political practice are then very much an issue of helplessly dealing with existing and recognized complexities, proposing a misleading understanding of indicators as measurement instruments per se. Seen from this perspective, we can comment on “the report” by three issues. First, the studies on the orientation of the development are restricted to maintaining the structure of the current system. Within this context, topics of economy, quality of life and environment are regarded to be located in different subsystems, and they are seen as relatively independent factors or dimensions. This emphasis refers to the functional perspective of auto poetic systems. Moreover, it fails to acknowledge the distinct functional role of the political system as a “power system”, reaching much beyond a self-referential system.

Second and more fundamentally, “the report” presents a desire to improve the internal functionality of the systems, which are in their own terms considered to be stable. However, this does not even allow asking the question whether and in which way these systems—the economic system, the sphere of management of live and

the natural environment—are actually worth being maintained. Sustainability as an overarching concept remains bound to the functionality of these systems. The point brought forward in “the report” is the search for mechanisms that allow a reduction of the production of externalities. However the core question—do we want to maintain the complexities of actual systems—remains unanswered. The segmented approach does not even allow engaging seriously in debates on economic development without growth. Taking another example, it does not allow looking honestly into questions around lifestyles and their relevant patterns and how they are systematically rooted in the specific shape of a given accumulation regime (Lipietz 1986).

Any “good will” to change life styles or to act more responsibly, to develop a caring approach towards environment and act in a societal-responsible way can only be as valuable as the politico-economic system itself requires this orientation. To put it boldly, the separation of the different realms of societal existence—economic activity, living conditions and environment—as it is maintained in “the report” runs into danger of not only perpetuating the given patterns but moreover to move them towards serious mal-developments: better management as further segmentation, tight fastening the borders between the different segments. Although the report is valuable it lacks coherence and a theoretical supportive concept.

The third issue is on the social indicators. The commentators of the *Financial Times*, who wrote under a headline “De-fetishising GDP”, ask “not [to] pretend to engineer a figure that will tell us how important economic production and wealth are relative to other values.” It is emphasized that such orientation is not about queer focusing on “happiness” but has to “elevate other objective indicators of human wellbeing (such as already existing health, education and environmental sustainability measures) to the status now enjoyed by GDP” (*Financial Times* 2009). Similarly, the German newspaper *Die Zeit* uses the headline “Die Mängel der Statistik” [The flaws of the Statistics] as if all this debate is based on the problem of measurement. The referrals above question the way to use social indicators to reflect social progress (or better: societal progress) and of course what do we mean by “social progress” (or better: societal progress)?

The answer to the last question is a condition for applying indicators with which to understand this progress. But as usual in European discourses the attention for conceptual clarity of social cohesion, social inclusion, social progress, sustainability among others is lacking. Due to the world-wide desire “to be as pragmatic as possible” the work on conceptual clarity in European discourses faded away since World War II (Van der Maesen and Walker 2012). The essential issue of this paper is not about measuring, however, but how to find a positive outlook. In this regard we can quote two mottos about measurement. One comes from Bill Hewitt (the co-founder of Hewlett-Packard), who states “You cannot manage what you cannot measure.” The other is attributed to a sign that hung on Einstein’s office wall: “Not everything that counts can be counted, and not everything that can be counted counts.”<sup>2</sup>

## ***The Social Quality Approach (SQA) and its Indicators***

“The report” addresses the function of statistical indicators, not just of measurement but also for planning social progress. It underscores the significance of social indicators to understand a complexity of societal relationships, and raising the task on interpreting them as part of complex politico-economic-ecological relationships. However, since “the report” adopts indicators with a GDP-centered orientation, its studies made on indicators did not reveal many valuable observations about social or societal progress. In this respect the SQA presents an indicator system which reflects a societal-focused orientation. This approach starts from a notion of “the social” which connotes a feature of interconnectedness in human relationships and societal organizations.

We may see the SQA’s point of departure more or less as short-hand paradigm for a better, a “more social Europe”, which implies the connection of the adjective “social” with the noun “the social” as elaborated in the SQA. At the end of the 1990s, it was developed as a rather academic strand of debates, having first only a vague understanding of what “the social” is really about. Although it was not divorced from societal reality, the main orientation had been employed by the need for revisiting the traditional understanding of “social policy” by way of complex methodological considerations. The aim can be described as a search for a more complex methodologically guided understanding of policymaking. It may be worthwhile to note that at that stage the use of the term “social”, “social policy” and the like, had still needed to be systematically elaborated and renewed (Beck et al. 2001). This is a challenging task and surely not yet fully taken up.

With this perception underscored, the SQA developed a framework of analysis with interplay of three-sets of factors, the constitutional, the conditional, and the normative factors. Dynamics to push the development of this approach come from a critical discussion on the quality of life approach (as well as the social capital, social development and capability approaches) (Van der Maesen and Walker et al. 2012). It comes also from the field of urban studies carried out in the city of The Hague (van der Maesen 2012). With full recognition of the significance of indicator studies, researchers working on SQA insist that the crucial point is to not only see indicators as measurement instruments of the conditional factors—socio-economic security, social cohesion, social inclusion and social empowerment—but also as instruments for analyzing complexities and for revealing the trends of societal change, their contradictions and their challenges. This extension of the meaning of social quality indicators will be realized in confrontation with the outcomes of their application with studies on the nature and change of the constitutional and normative factors. With reference to the SQA, we regard social quality indicators as different from the view on indicators in mainstream thinking. First of all, at stake is the emphasis on the nature of “the social” and on its developmental character. “The social” emerges at the intersection of relations, defined as opportunities and contingencies, being developed and changed in processes. The orientation for both is emerging from the interaction between the two, however, also from having an “independent” meaning by way of externally defined norms. This should be examined in social quality studies about the interplay of the conditional, constitutional and normative factors and their



determinants and assessment (Herrmann 2010: 14). This paves the way for a second argument. We need to apply profiles and criteria as instruments of respectively the constitutional and normative factors and to link the results with the application of social quality indicators in order to fully understand the change of the conditional factors itself. This linking will deliver our points of departure to understand the change and consequences of societal complexities. Social quality indicators are necessary but insufficient for understanding these complexities and to determine their nature of social quality at a specific time and a specific place. This presumption is new and differs from the presumptions of quality of life, social capital or capability approaches (van der Maesen and Walker et al. 2012).

As argued in the SQA, if the interpretation of “the social” is understood as a guiding notion, it has also been completed on some normative ground. There is a difficulty on making value judgments due to the danger of its tautological character. Something will be considered to be good because it is considered to be good. There are at least three endeavors to overcome this limitation. Ostrom, coming from an economic perspective, calls for the need to consider normative reasons as part of actions analysis and the consequence evaluation. She contends that we are concerned with “commitments to the norms and rules of a community, not from the incorporation of other’s payoffs into one’s own payoff” (Ostrom 2005: 173). From a legal perspective, on the other hand, Simmonds underlines the ambiguity of law as it represents an established institution that also acts as guiding ideal (Simmonds 2007: 21) and that this stands against what Simmonds sees as actual fact, namely that “men and women create their oral identities and values as by-product of interaction and mutual acknowledgement, just as they create culture, language and the structures of thought” (Simmonds 2007: 7). A further inspiring fulcrum has been brought forward by Slife, who emphasizes the importance of looking at rationality, demanding that it be understood as “an ontological rationality” and as such concerned with the fact that “each thing, including each person, is first and always a nexus of relations” (Slife 2004: 159).

Thus, while maintaining the orientation on the interdependencies of the application of indicators, profiles and criteria in order to elaborate the SQA, our attention should be paid also to (i) processes, that are reflected in the personalities and their active constitution, (ii) the practice that is reflected in particular in the productive process, and (iii) the structure or structuration reflected in the rules, and not least the legal regulations of any society. This argument disfavors a segmented approach of societal issues as happens in “the report”, as well as to restrict our attention to social quality indicators’ research. Without a further elaboration of the interdependencies of the SQA, the exploration of the three factors remains to a large extent within the framework of traditional perspectives on “social policies” and perhaps even more so of the traditional epistemology of social science. Reading it in a conservative way, the factors mentioned above are not bringing anything into the debate that is as such fundamentally new. Therefore we have to make new steps.

### ***Considerations of Productive and Reproductive Interrelationships for the Elaboration of the SQA***

The productivist-industrialist paradigm is by and large carried forward, also in recent debates on sustainability. On a tentative level it merged with the middle-class biased “post-materialist” value-orientation and stands behind the danger of falling into some romanticist, uncritical convergence with communitarian ideas. In other words, what is still very much needed is to drive the SQA further, beyond the boundaries of what Giri recently with some justification called anthropocentrism, Eurocentrism and dualism (Giri 2011).

At this stage the difference with mainstream approaches—and also with the core arguments of “the report”—is that the SQA investigates how the different moments are constituted in an interactive way by three sets of interacting, conflating dimensions, namely the cognitive and emotional dimension, the objective dimension, and the ethical dimension. It is important then to look at how this can be used in order to elaborate an understanding of “the social” as the demonstration of the productive and reproductive human interrelationships. The nature of these interrelationships determines the possibility for development toward sustainability (Van Renswoude et al. 2012). The important point for moving forward has to be seen in the fact that production is not rejected as point of reference. However production gains an entirely new understanding. We can define production—seeing it as core moment of the definition of “the social”—as a process of relational appropriation.

The real challenge is especially becoming clear on the basis of the confrontation of the European approach with the realities in Asian countries over the recent years and the analysis and reflections by Asian scholars on the situation in their region. It is important to emphasize that these reflections are only to some extent centrally driven by different philosophies. Rather, as important as different ideologies in the widest sense may be, more important is a fundamentally different reality. Lin elaborates this further. He discusses a Western celebration of “welfare society model” and Asian reluctance towards it and sees on both sides the desire to learn from each other’s differences (Lin 2011).

It is important, however, that this learning has to look for more abstract references. Terms of welfare society, welfare state, social state and such like have to be fundamentally questioned as the use in different contexts may easily cause confusion. The confrontation with different understandings and contexts actually opens space for new understandings. Still, there is an underlying, implicit shift, made possible by following the arguments for which the SQA provides the seedbed. Namely, the focus on production as process of relational appropriation opens a new perspective on economic processes that are now themselves emerging as going beyond being concerned with the GDP (and the related traditional “social indicators”).

### ***A Relational Appraisal***

Looking back at “the report”, it shows its eclectic approach, namely the justification for a separation of economic, social life and ecological issues. It fails to go beyond GDP and similar traditional measures. In this context, “social life” remains in a bin liner of all aspects of society outside of the economic and ecological realms that are artificially separated. On the other hand, the implicit based notion of “the social” is applied

very much in an individualistic sense. This is clearly problematic as demonstrated in the theory of Quality of Life. We can observe such combination of the economic understanding of society and the individualistic understanding about people's life on the website of the third OECD World Forum Measuring the Progress of Societies. We find under the site-heading "*Main conclusions of the 3rd OECD World Forum and Proposals for future work*" (OECD 2009) various documents, one nearly juxtaposing "the social" as institutional realm. Apparently it is freed from human beings and the personal as space of real people.

At least the subtitle of one of the contributions, namely "*From Measures of a nation's progress to measure of a people's progress*" (Pink 2009) may cause some mystification. Mainstream debates on social policy and its relationship to economy, as they are implicitly incorporated in "the report" are characterized by two perspectives. On the one hand—and dominantly—we find the emphasis of economy. It is suggested that we first need to produce the material resources which are then, via social policy, (re) distributed. On the other hand the productive role of social policy is emphasized. Both perspectives are caught in a traditional model which does in no way question the market as dominant and only a pattern of a productive system. Already this formulation shows the problematique. Generating values is not seen as matter of what people are doing, as core of the productive process itself and as such linked to use values. Rather, such arguments propose that generating value is equal to generating money.

"The report" problematizes this point too, asking for comprehensive information, integrating the different areas of life and society (Stiglitz et al. 2009: 14). But considerations around different material/monetary dimensions should be better seen as closely embedded in a wider approach to the political economy of societies. In modern times, the industrialization and economic growth should no longer be limited to the aspect of productivity or for generating resources for distribution. Thus, we should see these issues in a more general framework of analysis from a view of political economy, with reference to four politico-economic regimes, namely, the accumulation regime, the mode of regulation, the life regime and the mode of life (Herrmann 2009: 44ff.; Boyer and Saillard 2002).

Viewing the SQA we may say that the present critical view on "the report" is also about stating self-critically that the SQA did have the ambition, made some attempts of overcoming the limitations but was nevertheless caught in the methodological cage of focusing on a traditional understanding of society, namely carving a "specific social" out of the wider array of living and practicing together. Furthermore, these four forms are also characterized by their contingent character. However, contingency has to be qualified. It is not about arbitrariness. Rather, it goes hand in hand—and even reinforces—the meaning of the relationship between basis and superstructure. Understanding societal practice, and centrally the productive relationship as a "social relationship"—as presented in the recent SQA (see the new interpretation of the noun "the social")—we have to acknowledge also that they are systems that are concerned with practice. On danger of oversimplification we can say that the determination within systems is stronger than the determination of systems. Contingency is then about possibilities of arranging the variations of at least the four different though interdependent relationalities: those between individuals and

the (non-social/natural) environment and those existing between groups and classes and the (non-social/natural) environment. We can also say contingency is about the complexity and multitude of possible combinations and the arising interferences. For the SQA this poses the need to engage more in questions of genuine political economy rather than restricting its economic considerations to areas as welfare economics. This relational view of interpretation about the production process can be even tracked back to the Marxian approach that understands the capital itself is a process of reproducing social relations between antagonistic forces (Callinicos 2010: 18). The economy is now not only about enhancing productivity and/or pooling resources for distribution. It is fundamentally different, namely about being by itself a social relationship. The social itself, for the first time, is now approachable as being crucially a matter of sustainability and vice versa.

### ***Moving Forward***

A first issue inspired from the debate on “the report” concerns the understanding of “multidimensionality”. In “the report” we read for instance about the multi-factorial character of quality of life. We are told that “the multi-dimensional nature of quality of life (as opposed to the scalar nature of income) increases the complexity of the analyses and raises a number of measurement issues” (Stiglitz et al. 2009: 144f ). However, for assessing the effect of multidimensionality, we need to enter a wider scope of debate and reassess the relations between them. Such work needs to be made in both normative and technological aspects, but it requires an orientation more on societal practices rather than on technocratic reforms. It is certainly true that we can consider these matters in terms of the psychological and personal relations but even more significant are social relationship in terms of the SQA.

Equally important is to develop an understanding of multidimensionality that does not serve as an excuse for lacking the ability and readiness to make decisions. To elaborate SQA will allow us to develop the basis of actions with societal agents playing decisive roles. The Asian debates are in this context of particular interest, confirming the point taken in the present exploration. Lin, for instance, underlines the necessity of looking at the entirety of the production of the social rather than dealing only with the production of goods. This argument is of interest and underlined by Lin’s remark to explore the change of the meaning of the institutional context in connection with industrialization and urbanization. This recognition on the meaning of institutional change in assessing social quality is meaningful for individuals and societal agents to actively engage in the act of reconstructing the organic. This underpins the rationale of the SQA, allowing the development of new societal policies (Lin 2011).

What at first glance appears complementary with different kinds of capital in the understanding of Bourdieu, is qualified by pointing out that such an exchange of types of capital depends itself on certain power structures that can only be grasped in a wider context. The same meaning was also addressed by Joshi’s analysis of elderly care in India (Joshi 2011). However, the SQA should be oriented on especial societal practices instead of technocratic reforms in order to take a step forward. The proposal of looking at different sub-approaches of social quality analysis—namely a

material-life and institutional approach (conditional factors), an actor/agent-oriented approach (constitutional factors) and an ethical/value-oriented approach (normative factors)—is indeed in heuristic terms a major step forward. But at the same time more effort is needed to explore these different approaches as aspects of a whole. For determining the nature of social quality we need an understanding of the outcomes of their interdependencies. Therefore the application of social quality indicators—to understand the nature and changes of the conditional factors—is a necessary but insufficient part of the SQA which is oriented on this comprehensive whole of interdependencies.

There is also another aspect of special importance. The SQA suggests—for instance against utilitarianism—that *the social* itself is being the ultimate matter. Utilitarianism, as well known, does not deny the meaning of *the social* as such. But it sees the social as “naturalized” rather than “natural” matter. Mill once emphasized “social feelings” as “a powerful principle in human nature”. Although utilitarianism thus attributes a relatively high profile to the social, the crux remains that its understanding is based on the assumption of tying together individual entities that are virtually independent to each other. To quote Mill, we are told that “society between equals can only exist on the understanding that the interests of all are to be regarded equally” (Mill 1863: 39). Importantly, Mills understands “the interests of all” not as aggregated interest but as the individual interests that are *ex post* entering a process of merger. However, the SQA sees *the social* as a genuine matter which is not constituted as an “external”, “quasi-independent” “social fact”, based on purposeful action. Thus, *the social* is not an outcome of an invisible hand, neither aggregating individual action nor an aggregate entity or a second nature. Furthermore, it is also wrong to see it as a conscious engagement, bringing people together by a decisive act of drawing up a contract.

### ***Outlook: From Household Economy to Social Market and Social Quality***

A second issue inspired from the debate on “the report” concerns the understanding about the relation between the economy and economics. To develop this debate we can start from Aristotle’s concept *oikos*, that is, the household economy. The term can be used for a limited meaning of “micro-economy”. In the view of Aristotle, household is in the centrality of “good management” in terms of the economy, since for Aristotle, “real” economy does not concern a kind of wealth production, and thus rejects the relevance of chrematistics. Thus, Aristotle delineates chrematistics in a negative sense as profit-making. For him “real” economic concerns are not about such kind of wealth production. The household is more or less incompatible with today’s understanding of microeconomics. It is in itself thought as a generic part of a larger societal framework, and the wealth of the household does not consist of material goods but is centrally seen as matter of social relationship. In this context the availability of goods is not more than an indispensable condition, itself socially defined. Thus, Aristotle is pursuing an approach that is deeply rooted in individualism as the matter of the performance of the manager, showing some similarities with Plato’s Philosopher King (Aristotle 350 bce).

Another case of reference here can be seen as renaissance of the work by Adam Smith. It concerns the claim that the principles of economic liberalism are not reflected in or even breached by neo-liberalism. The problem is that, on the one hand, Smith was surely oriented on liberalism. But this had been based on the assumption of perfection of the general interest by individual action, seeing the market as central means of steering. The problem, however, is that the aim towards which society should move, is defined outside of "the economy", seen as a moral obligation. Under certain "ideal conditions" this can be seen as a valid mechanism. However, taking it as the general rule is highly problematic as the economic system itself is systematically undermining its own criteria. We should never forget that Smith first was a moral philosopher, and only from there he developed his distinct approach towards economics.

The fundamental flaw of these approaches is that they do not sufficiently consider the meaning of the development of the accumulation regime as a genuine economic variable. Turning this around, if we aim on truly merging the different "elements" of the economic process, we have to overcome the individualist presumption and elaborate what we actually understand under "social production". Karl Marx, especially while elaborating his theory of value, emphasized in particular one part of the production. As well-known from the "Grundrisse", he was well aware of the fact that production is a complex issue. However, in the concrete analysis focused in some major way on "manufacturing" at this part of the overall process as it is here where labor functions as a spring for generating value. For our context, namely, the matter of distribution and (productive) consumption is, however, of equal importance or even more important. Here we find the important processes by which the social value is actually defined. In different ways we find here, rather than in the array of immediate production, a definition of the constellation of the accumulation regime as explained. It is being concerned with the "allocation of the net product between consumption and accumulation". In other words, particularly in the sphere of distribution we are concerned with the definition of the different qualities: broadly quality of individual's life on the one hand and social quality on the other hand.

Distribution is here defined as the matter of defining *ex ante* the different elements of what is "valued", that is, what is considered to be part of the socially produced value. As such it gives a hint also to reconsider GDP and similar measures. And from what was presented here it should go without saying that we are looking for indicators rather than measurements. A further important moment is that such stance is not least that the definition of the social character is not left to the market where it is the appreciation of the goods (commodity). Rather, here we are concerned with a much wider understanding without pleading for a process of "planned economy". The planning is a matter of planning the mode of production rather than planning the patterns of (private) consumption. Thus, we may not see the market system as selfregulated but emphasizing the equal importance of the distribution and (productive) consumption. With reference to these social characters, we should not leave too many things to the market as the place of producing goods or commodities. Public goods provided in the principle of de-commodification should be handled by the social market. The consumption is not on the private goods or commercial goods but social goods and public services, which improve the standard of social quality.

## **Conclusions**

This article involves the issue of indicators, regarding them not only as measurement instruments but also as instruments for societal change. They are pointers for developing an understanding of complex realities, and in many cases, even function as a kind of “indirect measurement tool” for societal changes. Thus, when studying social quality indicators, more attention has to be spent on the question of integrating the different sets of factors. In SQA, indicators are often used as the instrument to reflect the conditional factors without reflecting their interdependencies with the constitutional and normative factors. But we should realize that this “one-sidedness” of indicator use could easily evolve into a replication of a mechanical understanding of the relationship between base and superstructure. Countering this by building on ontological relationality has two advantages. First, it allows developing the nonmechanical understanding of the complex structure of “the social” and as well its ambiguities. Moreover it allows countering suggestions of mystifying “the social” by way of subjectivation of meaning. By now it should be clear that meaning evolves and is defined as part of the interactive process rather than being part of a transcendental normative setting. According to Giri, “both Atman-centric and socio-centric approaches have their own limitations: what Day Krishna calls the ‘two predicaments’: (...) the socio-centric predicament does not give enough space to self-realization while ‘Atman centricity leads a people’s attention away from an active concern with society and its betterment’” (Giri 2011: 112).

Taking the orientation on a true political economy and the role of ruleddevelopment as complex practice into account has to make clear that the actual shortcoming of both approaches so far has been the limitation of relations on a matter of initially independent entities. The complexity and the inherent tendency of lacking calculability does not make these indicators less meaningful for policymaking than indicators in other traditions, that is, those that are understanding indicators as technical measurement instruments. On the contrary, with the proposed concept we gain a means that allows overcoming many problems of current processes of society building. Rather than referring to societies as contractual based entities, understood as abstractions from human action, they can be re-established as part of constitutive processes, locating personalities also in their natural setting and thus allowing a shift of looking at sustainability. It is now emerging as “social sustainability”, the maintenance of conditions that allow the production and reproduction of social quality as process of relational appropriation.

### Notes

1. In this context for instance already the early social indicator movement in the 1970s or then later the work by the European Commission's Social Protection Committee, the latter being symptomatic in reflecting the combination of the search for evidence in an age of uncertainty, merging in a pattern of technicoadministrative proposals.
2. I am grateful to Yitzhak Berman who provided me with these two quotes—and over the years also with many inspiring comments based on his personal wisdom.

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