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**The last mile in analysing well-being and poverty:  
Indices of Social Development**

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## **Abstract**

Development practitioners worldwide increasingly recognize the importance of informal institutions - such as norms of cooperation, non-discrimination, or the role of community oversight in the management of investment activities – in affecting well-being, poverty, and even economic growth. While there have been many country- or region-specific studies that explore relationships between such social development indicators and other development outcomes, there has been less empirical analysis that tests these relationships at the international level. This is largely due to data limitations: few reliable, globally-representative data sources exist that can provide a basis for cross-country comparison of social norms and practice, social trust and community engagement.

The International Institute of Social Studies (ISS) now hosts a large database of social development indicators compiled from a wide range of sources in a first attempt to overcome such data constraints, at a low cost ([www.IndSocDev.org](http://www.IndSocDev.org)). It will continuously expand the power of the database by including new data and variables and by developing new techniques to integrate, enrich and analyze the data to make the best possible use of this rich dataset. The Indices of Social Development (ISD) are based on over 200 measures from 25 reputable data sources for the years 1990 to 2010. These measures are aggregated into five composite indices: civic activism, interpersonal safety and trust, inter-group cohesion, clubs and associations, and gender equity/equality and non-discrimination against women. Not all data sources provide observations for indicators in each country, but together these data sources allow for comprehensive estimates of social behavior and norms of interaction across a broad range of societies, and increasingly with possibilities to track changes over time. The indices allow the estimation of the effects of social development for a large range of countries, broadening the scope for cross-country statistical and analytical work on social development and the relationship with economic development.

This paper presents this database, highlight the differences, similarities and complementarities with other measures of well-being, including around income poverty, multi-dimensional poverty, and human development.

## **Keywords**

Social Development, Measurement, Composite Indices

# The last mile in analysing well-being and poverty:

## Indices of Social Development

### 1 Introduction

Development practitioners worldwide increasingly recognize the importance of informal institutions - such as norms of cooperation, non-discrimination, or the role of community oversight in the management of investment activities – in affecting development outcomes. While there have been many country- or region-specific studies that explore relationships between social development indicators and other development outcomes, there has been less empirical analysis that tests these relationships at the international level. This is largely due to data limitations: few reliable, globally-representative data sources exist that can provide a basis for cross-country comparison of social norms and practice, social trust and community engagement.

The International Institute of Social Studies (ISS), The Hague, part of Erasmus University, now hosts a large and innovative database of social development indicators compiled from a wide range of sources in a first attempt to overcome these data constraints.<sup>1</sup> These indicators are aggregated into five composite Indices of Social Development (ISD): inter-group cohesion; civic activism; clubs and associations; interpersonal safety and trust; and gender equity. These indices are based on over 200 measures from 25 reputable data sources for the years 1990 to 2010. Not all data sources provide observations for indicators in each country, but together these data sources allow for comprehensive estimates of social behaviour and norms of interaction across a broad range of societies.

The indices allow the estimation of the effects of social development for a large range of countries, broadening the scope for cross-country statistical and analytical work on social cohesion and the relationship with economic development. This paper presents and discusses this database, demonstrate the applicability by explaining the method and examples of initial empirical research using the indices, and propose how these data can help in understanding how cohesive societies work. This paper focuses on the rationale and challenges for the database, notably existing measures of inter-group cohesion.<sup>2</sup>

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<sup>1</sup> ISS will continuously expand the power of the database by including new data and variables and by developing new techniques to integrate, enrich and analyze the data, and further under-build this theoretically, to make the best possible use of this rich dataset.

<sup>2</sup> The paper was presented at the OECD conference on Social Cohesion and Development in Paris, January 2011 and at the DSA/EADI conference in York,

## 2 Measurement of well-being evolves

Measurement of progress and well-being at global level has a fairly long history, but good and comparable data have become available only recently. GDP data have been produced for decades, though the continued debate on purchasing power parities show the continuous challenges.<sup>3</sup> While the origin of poverty measurement at national levels goes back to the start of the 20<sup>th</sup> century, internationally-comparable income/consumption poverty data have become available since the late 1970s, and continue to be heavily debated, both because of the international comparability, and because of the uni-dimensionality of poverty headcount measures (as GDP has been criticized because of limitations to measure countries' progress<sup>4</sup>).

The critique of the poverty data contributed to the development of alternative or complementary measures of well-being and deprivation (reflected also in the MDG framework). Inspired by Amartya Sen's work on capabilities and functionings, UNDP developed the Human Development Index, composed of (unweighted) measures of health, education, and income (Anand and Sen 1984), an index that has undergone little change over the last two decades, but in 2010 was enriched with a measure of inequality.<sup>5</sup> A range of gender measures have been proposed, including the Gender-related Development Index, the Gender Empowerment Measure (both by UNDP), and the Gender Gap Index, composed of indicators of economic participation, educational attainment, health, and political participation (by WEF) (see further van Staveren 2011).

Most recently, the arsenal of multi-dimensional measures has been enriched by the work of the Oxford Poverty and Human Development Initiative (Alkire and Santos 2010). This covers over 100 developing countries, and three-quarters of the world's population, focusing on multidimensional poverty as derived from household surveys (DHS, MICS, WHS). It is composed of ten indicators corresponding to HDI, i.e.,

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September 20110. Comments of participants have been very useful for this paper. Errors remain ours.

<sup>3</sup> A few years back, poverty estimates were revised following the availability of new (internationally-comparable) price data; these led to huge changes in estimates, for example in East Asia.

<sup>4</sup> See for example the work by the (Sarkozy) Commission on the Measurement of Economic Performance and Social Progress.

<sup>5</sup> Other measures in this category include the Physical Quality of Life Index, the Basic Needs Approach, the Happiness index in Bhutan, the new BPL measures in India, and a range of other country examples (see Alkire and Sarwar 2009). See Gasper et al (2008) for description of concepts of human security and social quality.

education, health and standard of living, thus showing different results compared to the uni-dimensional measures of poverty (despite some correlation).

A different sets of international measures developed over the last two decades relate to institutions, following the change in emphasis in analysis promoted in particular by Douglas North (1991). Starting in 1996, the Worldwide Governance Indicators project has brought together measures of governance for 200 countries, along dimensions of voice and accountability, political stability, government effectiveness, quality of regulation, rule of law, and corruption – data reflect subjective assessments of survey respondents and experts.<sup>6</sup>

Martin Ravallion has recently voiced his concern about what he labels mashup indices, composite indicators for which the design has been insufficiently argued or explained (GDP and poverty indicators, according to him, are also composites, under-built by evolving theory and practice). Whether one agrees with his classification of what is a mashup and what is not, the four questions that he poses are relevant for any discussion: conceptual clarity regarding what is being measured, tradeoffs embedded in any (weights in) index, the need for robustness tests (of rankings), and to have a critical perspective on policy relevance.

### 3 The origins of ISD

Within development approaches, during the 1980s/90s there was growing emphasis on ‘social development’.<sup>7</sup> In some significant respects, social development has been defined differently across and even within agencies. At least three main themes have dominated (of which the 1<sup>st</sup> and 3<sup>rd</sup> are directly reflected in discussions on the database ISD):

First, social development has emphasized a different take on development *outcomes* (extending the debates on ‘human development’), in stressing the importance of for example empowerment, social cohesion, participation, equity (gender in particular), etc. as intrinsic values. Over the last two decades, there has been significant increase in the funding and programming in areas of community-based development.<sup>8</sup> The World Bank

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<sup>6</sup> [www.govindicators.org](http://www.govindicators.org). Other projects in this category includes the Corruption Perceptions Index ([http://www.transparencia.pt/imprensa/files/2010/10/CPI2010\\_methodology\\_brief.pdf](http://www.transparencia.pt/imprensa/files/2010/10/CPI2010_methodology_brief.pdf)), the Doing Business Project, the Ibrahim Index of African Governance.

<sup>7</sup> For a description of its evolution within the World Bank, see Davis (2004) and Bebbington et al., eds. (2006) with respect to the notion of social capital.

<sup>8</sup> <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTSOCIALDEVELO>

published its Social Indicator of Development (World Bank 1995), well before starting to develop the Induces that were at the root of the current ISS database, and UNRISD considered to develop its database.

Second, in its narrowest sense social development has focused on the need to avoid the *unintended consequences* of development projects. This has been most notable in the form of social safeguards (regarding displacement, minorities) which has been an important strand in the World Bank, often under pressure of civil society. However, a *residual* interpretation of what social development means had been represented more broadly in the international development debate, for example in the definition of social policy,<sup>9</sup> and application of social funds.<sup>10</sup>

Third, organizations like DFID have focused on *mainstreaming social development*, often building on and containing efforts to mainstream *gender*. This implies the need to assess and strengthen social development as part of and instrumental in broad development efforts, manifested for example in the practice of social assessments as part of project preparation.<sup>11</sup>

The social development discipline has traditionally felt challenged in terms of measurement of indicators. Much of the critique of the measurement of poverty emanated from the social development discipline – inhabited by anthropologists mostly, with a fair amount of aversion to quantitative analysis (at least compared to the quantitative-minded political scientists) – which focused on and built a body of knowledge around participatory poverty assessments. The integration of participatory poverty assessments within the broader field of poverty analysis, as discussed below, helped to narrow the gap between disciplines.

Two areas of research and practice helped to move the social development field into a direction of more (quantitative) measurement of what social development is and how it contributes to development more widely. First, gender equality and empowerment has been subject of measurement for a fair amount of time now, and analysis has shown that correlations can be established, for example, between gender equity and productivity (Blackden and Bhanu 1999), and between gender equity and MDGs (Abu-Ghaida and Klasen 2004)

Second, it was probably the notion of social capital that helped to move the social discipline most forcefully into the debates on quantitative assessments. Narayan and Pritchett's (1997) work on social capital in

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<sup>9</sup> See discussions in Moser 1992, Mkandawire 2004, Deacon 2005, Dani and de Haan, eds., 2008, de Haan 2010

<sup>10</sup> Da Silva and Sum 2008, Fumo et al. 2000.

<sup>11</sup> See for example a discussion and material on mainstreaming in transport investments; <http://go.worldbank.org/M5RZXHZON0>.



Tanzania suggest that the density of people's networks had a direct and causal impact on poverty. The concept of social capital experienced a rapid rise within the development debate,<sup>12</sup> and became widely criticised,<sup>13</sup> at a time when social development was rapidly becoming more important within the World Bank and elsewhere (for example illustrated by the importance of participatory poverty assessment given in *World Development Report 2000/01*).<sup>14</sup> The search for a more comprehensive capture of quantitative dimensions of social development contributed to the development of the database Indicators of Social Development.

#### 4      **ISD in brief**

The innovation of the Indices of Social Development is that it combines a large number of indicators from about 25 sources (global, regional), to develop aggregate measures (composite indices) of social development. ISD thus will be an instrument to show that social development is something that we can define and measure – with all the challenges this entails – and ultimately advance. At present, the database present insight into a range of social development issues in about 200 countries, allowing comparisons across different dimensions of social development for a country as illustrated in Figure 1 (for the Netherlands, showing a fairly 'even' development of indicators, but as we will see below the trends have been rather divergent), and correlation with other development indicators including economic growth, governance, stability, poverty, etc.

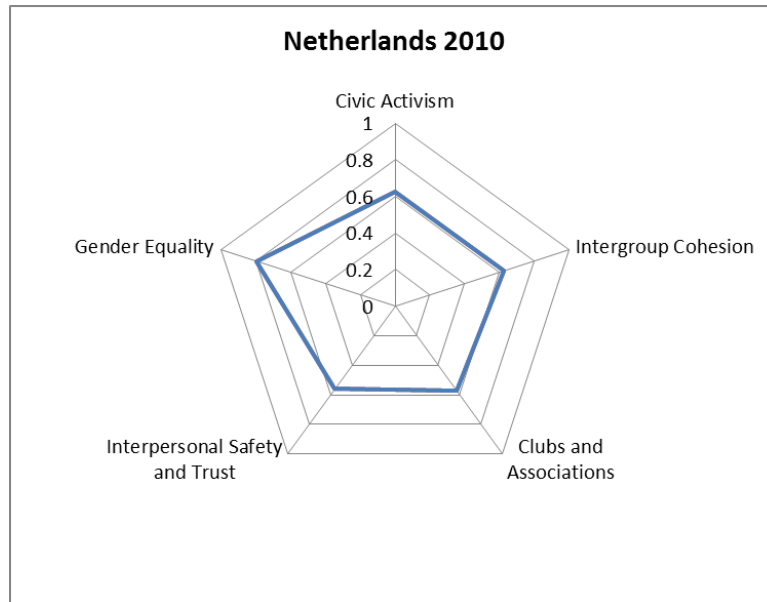
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<sup>12</sup> Woolcock and Narayan (2000), Narayan and Cassidy (2001), Easterley et al. (2006) with respect to social cohesion.

<sup>13</sup> Van Staveren and Knorringa, eds. (2008), Fine (2004). The use of the terminology 'capital' and ability to define this as individual characteristic were probably amongst the reasons this found currency in the debate, while a notion of social exclusion for example did not obtain such popularity.

<sup>14</sup> In 1997, Knack and Keefer were amongst the first to show the impact of trust and economic growth. The interest in development studies built on work in OECD countries, notably by Coleman and Putnam

**GRAPH 1**  
**Indices of Social Development scores for the Netherlands in 2010**



Behind the development of the database have been two aspects of a notion of social development. One refers to some of the ‘soft’ dimensions of development, often invisible and relatively difficult to measure, such as social capital, discrimination and exclusion. The second refers to the institutions of societies through which development is enhanced. These are both formal and informal social norms that structure behaviour and interaction: formal institutions are created by states and other entities such as laws, regulations, rules, while informal institutions refer to behavioural norms, attitudes, beliefs, rules of thumb, etc.

An iterative process of consultation over an extended period of time, initiated by the Social Development group at the World Bank, and technical tests including factor analysis, have led to categorisation of five indices of social development (also referred to as types of institutions):

- Civic activism, referring to the strength of civil society, measured by levels of civic activism and access to information.
- Clubs and associations, referring to relations of trust and cohesion within local communities.
- Interpersonal safety and trust, referring to norms of nonviolence between persons in society.
- Inter-group cohesion, the relations of trust and cohesion between defined ethnic, religious, or linguistic identity groups (which we dis-

cuss in some detail below).

- Gender equity and non-discrimination against women, drawing on an already rich theoretical literature and development of measurement.

The data derive from a large variety of independent sources (as we illustrate below for two of the indices). The nature of the underlying indicators is varied, consisting of perceptions (e.g. of trust), recorded incidences (e.g. crime), and expert opinions (e.g. crime advisories). It is clear that the varied nature of data has consequences for the analysis, and further diagnostic tests may be needed to examine its impact.

ISD has some further limitations. It is not applicable at intra-country level (though there may be opportunities to extend ISD within large and federally-organised countries, such as India). Second, time periods are averages for several years of available data so it is not possible to link data to a specific year for a series of countries. The quality of the Indices is of course dependent on the quality of the underlying indicators; while all databases have a good reputation, this may vary.

## 5 Matching percentiles

Data coverage varies greatly depending on indicator and data source (between 4 and 170). For the aggregation, ISD uses a variant of the matching percentiles method used by Lambsdorff (1999, 2006), similar to the methodology used by the Worldwide Governance Indicators. This method is regarded as the best available to handle data with many missing values, without imputing values (see Foa and Tanner, undated).

The matching percentiles method is not widely known, and is not easy to explain without going into great technical detail. The approach converts a series of databases, each of which have different coverage, into one unified set that assigns scores or values (between 0 and 1) based on the ranking of each of the countries. Each index used has a minimum of three independent sources.

The following may help to explain the idea of the way the database is constructed (though it is an approximation; this explanation was proposed by Roberto Fao). Imagine five experts have experience about the value of a certain indicator in a number of countries, and these countries are different but with an overlap. Matching percentiles produces an ordinal ranking of the values assigned by the first expert. This ranking is then compared with the ranking of the second expert, and as long as at least one of the countries overlap, one can compare the two ranking, and ‘merge’ them, thus at that stage producing a ranking of nine countries, with the countries that have the

same rank receiving the same score. It then compares the rank of the third expert, etcetera. If rankings of countries differ between experts, the value (ranking) is adjusted accordingly, in a form of averaging.

The ‘matched score’ become the value for that Index, provided, as mentioned above, that – in this example – at least three experts had given a score for that country, and that the knowledge of the experts was independent.

This method is not perfect – no method is. But it is relatively simply to carry out (even if not simple to explain). Moreover, ISD aims to make the methodology and under-lying data as transparent and accessible as possible (though it does not, for practical and copy-right reasons, carry the underlying data on its website),<sup>15</sup> thus creating the possibility for users’ experimentation and alternative analyses.

## 6 Examples of initial analysis

The database, thus constructed, provides an entirely new opportunity to understand development processes, well beyond measures of human development and complementing those of governance. The following provides some examples, highlighting that these analyses are as much part of continued review of the quality of the database as intended to produce academically-sound and policy-relevant findings.

First, the database enables comparison of different dimensions of social development within one country. As the web presented above illustrates, these can differ considerably – of course this was the very rationale for having different dimensions, and confirmed through diagnostic tests. For example, one finds much larger differences between the index (and trends in, see below) of civic activism and associational life than one might have expected, which in turn can help a better understanding of the underlying factors of changes in social development.

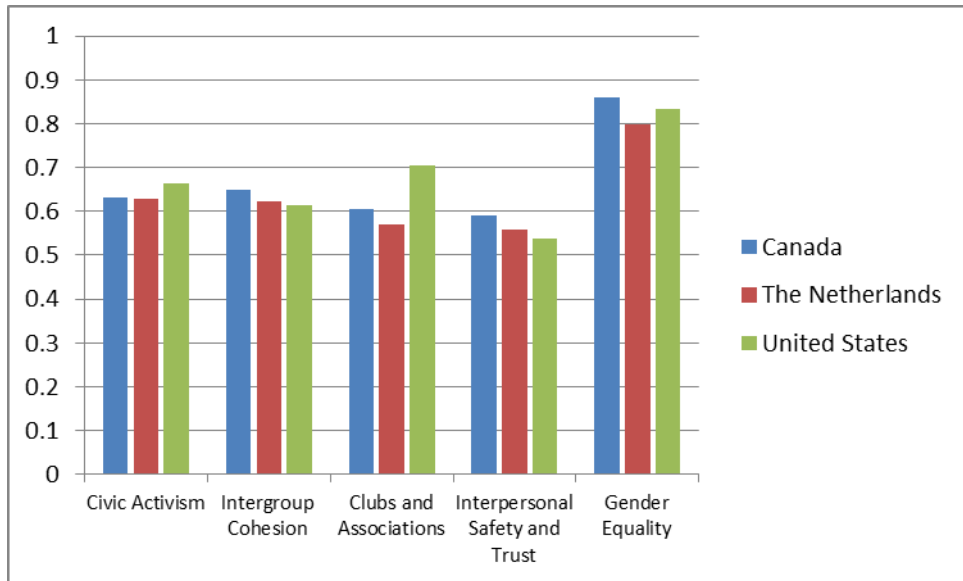
Second, each of these indices, and combinations of them, can be compared across countries. This is not to produce league tables – the competitions that these promote may create more problems than improvements in policies and well-being – but to get a better understanding of how (social) development has historically evolved and manifests itself in different places. So, by means of illustration only, the ISD show higher levels of both civic activism and clubs in the US compared to Canada (and the Netherlands), while both cohesion and safety and trust show lower values in the US (as many people would expect). Of course, these data don’t

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<sup>15</sup> The tables generated also include the standard error, as an easy means to assess the quality of data produced.

explain anything, they are merely indicative –if proven statistically significant – of underlying phenomenon.

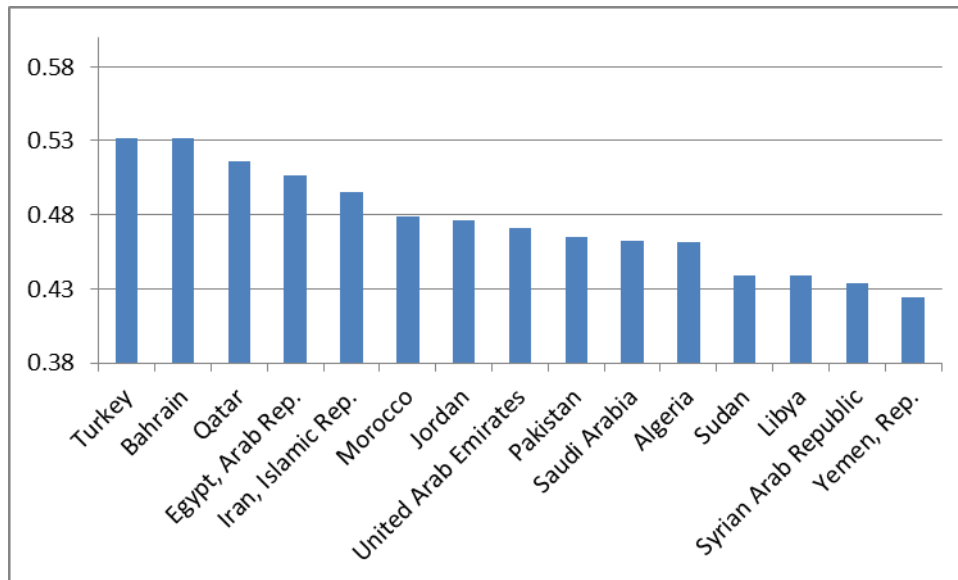
**GRAPH 2**  
**Illustrating country comparisons across dimensions of social development: Canada, the Netherlands and US, 2010**



Source: based on data [www.indsocdev.org](http://www.indsocdev.org)

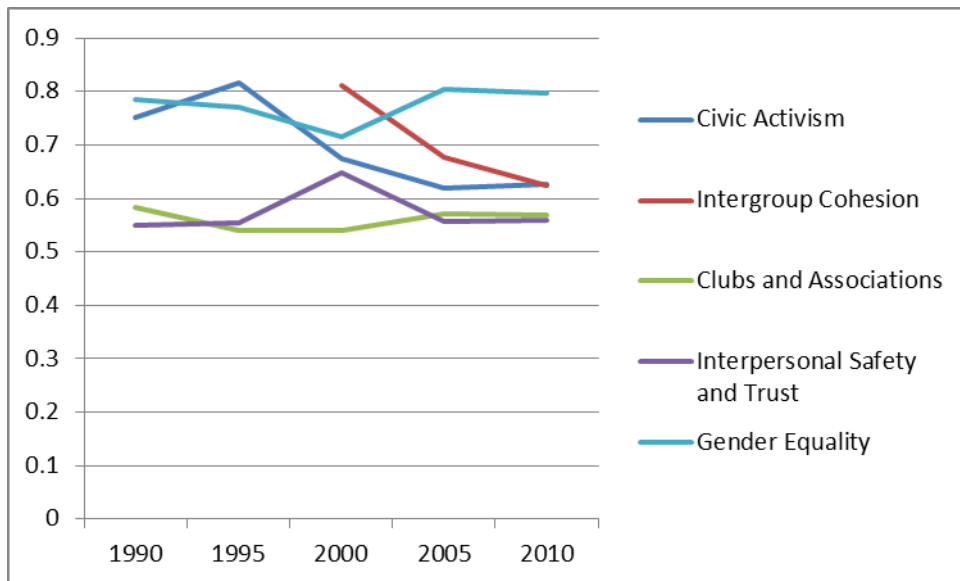
Similarly, ISD allows to inform analysis of the underlying factors that may have contributed to for example the political events of the 2011 Spring, through comparisons of indices across countries. The follow Graph shows some interesting differences – again, these are merely suggestive of underlying phenomena, and need to be combined with careful qualitative and historical analysis.

**GRAPH 3**  
Civic Activism Scores compared, 2010



Third, ISD, which now has five data-points for many of the indices, allows to chart changes over time (and possible ‘causal’ analysis, as discussed below). An example for the Netherlands is proved in Table 2, with some very remarkable changes in civic activism and intergroup cohesion. Initial analysis, particularly by Yih Lerh Huang (2011) shows some very remarkable but also some difficult-to-interpret changes, and examples of both divergence and convergence of across countries and over time. Some of the trends highlight important social phenomena, such as declining civic activism (which may be associated with increased individualism), but there may also be changing forms of activism (e.g., technology related, such as increased use of social media, which so far is not well captured in the analysis, yet arguably had a large impact on recent social and political mobilisation).

**GRAPH 4**  
**Trend in Social Development Indices in the Netherlands**



Source: based on data [www.indsocdev.org](http://www.indsocdev.org)

Fourth, ISD have the potential to contribute to explanations of other development measures. Initial analysis, mostly by Roberto Foa, indicated that the data can be used to improve explanations of economic growth. Interpersonal safety and trust were shown to be significant if added to a ‘proximate determinant’ growth analysis as suggested by Knack and Keefer (highlighting the importance of secure property rights and reduced transaction costs. Within a ‘deep determinant’ model of economic growth, civic activism and gender equity were significant variables. Yih Lerh Huang (2011) uses a Granger causality test to investigate if ISD ‘cause’ changes in income (per capita GDP), causing being conceived of as temporal sequence. This shows that income has an impact on safety and trust, and on civic activism, while clubs and associations, and gender equity ‘Granger cause’ income, and is there is no apparent ‘Granger causality’ with cohesion. Dulal and Foa (2011), in the first Working Paper in this series, use a combined single index from ISD to explain ‘intangible capital’, the residual in national income not explained by natural and physical capital: compared to human capital and remittances, this indicator of social capital is the most important variable explaining the residual.<sup>16</sup>

<sup>16</sup> Which they illustrate with reference to three African countries. They also show the correlation between the different Indices (Dulal and Foa 2011: Table 1), which shows a particularly strong difference in the clubs and associations index (Also Huang 2011); this, and the advantages and disadvantages of combining Indices deserves further exploration.

Similarly, ISD can contribute to the analysis of institutional and governance trends. In a regression to explain corruption, an interactive variable between voice and civic engagement was highly significant (the factors alone were not). In analysis looking at the three-way relationship between growth, civil society and voice, the indicator of civic activism was significant (faster growing countries saw increases in civic activism, open political institutions were correlated with civic activism). Environmental sustainability (measured by the Environmental Sustainability Index and Environmental Performance Index) showed a correlation with civic activism and gender equity, and reductions in carbon intensity also showed a significant correlation with gender equity. Responsiveness to natural disasters was shown to be correlated with indicator of inter-group cohesion, participative governance, and gender equity. A measure of civil conflict was shown to be associated – as one would expect – with the measure of inter-group cohesion.

And of course, it will be important to explore the relationships between ISD and well-being indicators, of poverty, inequality and human development Huang (2011) using a similar methodology as in the analysis of income, shows, for example, that safety and trust and gender equity seem to impact positively on HDI, but civic activism would have a negative impact – results that are partially surprising.<sup>17</sup> Huang's on-going work also shows some very interesting correlations between ISD and a Gini coefficient, which will be shown in future Working Papers.

These results are seen merely as the beginning of the exploration of this rich area of research. It suggests that many of the standard models of development economics can be enriched by adding variables presented in the ISD. We now turn to a more detailed discussion on measures of social cohesion – which has received much attention lately, reflecting possible impact on politics – in the database, and the need to develop these further.

## **7 Measuring cohesion: inter-group, inter-personal**

For purpose of this presentation we now focus on two of the indices, related to social cohesion, which has raised particular concerns in recent policy debates,<sup>18</sup> and where more work I believe is needed at both conceptual and empirical levels.

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<sup>17</sup> The negative impact of civic activism may highlight there are different types of civic activism contained within ISD.

<sup>18</sup> Huang's (2011) analysis, which was presented after this paper was drafted, confirms that both indices have shown patterns of decline and/or divergence.



### *Inter-personal safety and trust*

First, the measure of inter-personal safety and trust draws on the longstanding literature in both economics and sociology on the concept of social trust (Foa and Tanner, undated). Central to this is the notion of generalized trust, across a society or country, implying a willingness in principle to cooperate, and an aversion of forms of violation of trust, such as theft and violence. The index draws on 8 sources, in total consisting of about 40 indicators, with the single largest number from the International Crime Victim Survey. These consist of

- perceptions of safety, such as feeling unsafe at home and elsewhere (Afrobarometer, Latinobarometer, ICVS);
- perceptions of trust, that people ‘can be trusted’ (Asian Barometer, EIU, World Values Survey);
- experience of infringement of trust (having been attacked, Afrobarometer, Latinobarometer, ICVS; goods stolen or damaged, ICVS), crime as business constraint (WDI);
- rates of homicide, rape, assault, theft (last three to be included still; Interpol, WHO, UNCJIN), seen as a proxy variable for safety and trust;
- expert assessment, or crime advisories, by the US State Department.

As mentioned earlier, analysis has shown that this index can add to the explanations of economic growth, and this is in line with most social science theory (except perhaps the bluntest of free market thinking). Causation may be running both ways (see the analysis by Huang quoted above, showing income impacts trust, while trust impacts HDI) and further analysis will try to disentangle this.

On the one hand, trust is of course a key ingredient for most forms of sustained social and economic exchange, and this can be informed by both general perceptions as well as actual experience. Perceiving to be safe can enhance individuals’ contributions to social and economic inter-action; for example, in some contexts (perceptions of) safety for women is likely to contribute to labour force participation. Expert assessments are likely to influence at least international exchange, as both tourists and business are likely to pay attention to government warnings (which may draw on the same sources as ISD).

Conversely, economic growth is likely to impact safety and trust. In particular, social psychology has a long tradition of analyzing ‘frustrated expectation’, which may result in increasing violence and theft. The point here would not be that low growth would cause frustration and infringements of trust, but declines in growth might. Moreover, the distribution of the benefits of growth might be an important contributory

factor; inequality has been associated with levels of violence, for example in the South African context.<sup>19</sup>

### *Intergroup cohesion*

The index inter-group cohesion measures the extent to which there is social cohesion between defined religious, ethnic, and linguistic groups, without degeneration into civil unrest or inter-group violence. It focuses on the violence conducted by non-state actors, and the violence that is conducted against individuals of specific identity groups. Compared to other areas relevant to ISD, arguably, the literature on group- or identity-based cohesion and conflict is least well developed, or least well understood in economic analysis, though the hypothesis that inter-group cohesion and absence of conflict has positive benefits is of course plausible.

As in the case of inter-personal factors, the index inter-group cohesion consists of a combination of types of variables (of which the first two tend to have very high country coverage):<sup>20</sup>

- this ISD index includes a number of indicators related to incidences of riots, terrorist acts, etc, (Databanks) and ratings of likelihood of these to happen (EIU, ICRG), in general;
- indicators related to levels of ethnic and religious tensions (ICRG) and ethnic minority rebellion (Minorities at Risk);
- information related to uneven development along group lines (Fund for Peace), economic and political discrimination against and disparities between minority groups (Minorities at Risk);
- proportion of people reporting that the economic and political situation of their ethnic groups is different or treated differently (Afrobarometer);
- trust of and willingness to engage with people of other race, caste, or religion (World Values Survey, the indicator with the largest coverage [84 countries] is on the question of groups of people respondents 'would not like to have as neighbours');
- perceptions of existing discrimination against minority groups (Latinobarometer)

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<sup>19</sup> This analysis may be particularly challenging, for at least three reasons: measures of inequality change relatively slowly (certainly compared to GDP figures), perception of inequality and 'objective' measures like a Gini coefficient are not necessarily the same, and perception of 'acceptable' inequality vary across countries and times.

<sup>20</sup> Not yet included was data from the Gallup World Poll, which has questions on ethnic, religious, and inclusion of Migrants.

In a recent paper, Foa and Tanner further develop the measure of inter-group cohesion, by separating out a measure of inclusion of minorities, focusing on levels of discrimination against vulnerable ethnic and migrant groups. Specific indices include aversion against living next to people from different ethnic/religious groups (as mentioned above), and refusals of jobs or services. Such discrimination, they expect, is likely to have negative impacts on the allocative efficiency in the economy.

*Do we know enough about cohesion?*

The answer to this question, applied to ISD, in my view, is largely no. Perceptions of safety and trust – and experiences with or knowledge about infringements – can indeed be expected to be measured with some precision, and can be argued on the basis of theory to be a contributory factor to enhanced, economic, political and economic exchange (and vice versa). But we should not over-interpret findings on correlations with growth (or theoretical expectations), as we do need to know much better how economic agents respond to lack of safety or trust, for example: people of course do protect themselves (e.g. buying bigger cars, burglar alarms, hiring more lawyers), perhaps at individual cost but the impact on aggregate growth would be less obvious.

More problematic, however, in my view, is the measurement of inter-group cohesion, independent of the question of international coverage.<sup>21</sup> Data on groups' own perceptions of being discriminated against appear rather limited. I am personally concerned that countries with had relatively high aggregated scores on social cohesion, have become firmly anti-migrant or anti-minority, and did so within a very short period of time (as the data on the Netherlands in Table 2 appear to illustrate). Studies of when and how group differences erupted in violence show the critical role of political mobilisation and usage of group differences (Mamdani 2001, many studies in the Indian context), rather than or critically enhancing subjective perceptions of differences.

It is critical that we start from a good understanding of the definitions of groups used.<sup>22</sup> The variety that is included is large, and provides a theoretical minefield: to remain within the OECD, indigenous populations in North America or Australia, black (ex-slave) population in North America, blacks in the UK, French speaking groups and Quebecois in Canada, Muslims in Europe, migrants in Europe, Basques in Spain, etc.

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<sup>21</sup> A recent issue of World Development has important contributions to this debate (Kanbur et al. 2011).

<sup>22</sup> For example, to base this in work on durable inequalities by Charles Tilly (1998).

Practices of categorisations differ significantly, even across the OECD, with arbitrary process common in the Netherlands,<sup>23</sup> to the self-identification in the UK. Rights of residence and citizenship are also important here, vary across countries, and policies are constantly shifting.<sup>24</sup> To define (assume) groups as homogeneous may also turn out to be problematic.

Finally, the question that one might pose on the basis of the above description is about the relationship between forms of inclusion and exclusion.<sup>25</sup> Within sociology, it has been argued that inclusion and exclusion are two sides of the same coin. Group formation is central to human society, and group formation (logically) implies exclusion. Again, recent developments in Europe bear testimony to this: the recent (re-)invention of national identities has been explicitly in contra-distinction with other identities (again, predominantly Muslim) while negating differences within those national identities. As demonstrated for example by Tariq Modood,<sup>26</sup> the articulation of group differences and homogeneity are historical and politically contested process. Of course, these are not easily captured in simple indexes, as most social processes are, but these provide additional challenges: recorded perceptions may hugely under-estimate latent discrimination, and we need to be sensitive to the potential for political mobilisation.

This is not to deny, of course, the importance of indices to measure cohesion – it is merely to say that with comparison to for example indices related to gender equality much more needs to be done, and that this needs to be done with as much care as the way gender and feminist analysis has informed the measurement of gender.

## 8 Conclusion

This paper has given a brief and largely non-technical introduction to the Indices of Social Development, which ISS has recently made available, and will be open to all research to explore. The ISD complements ‘hard’ measures of development such as economic and biological indicators, and can help to explain the ‘residual’ alongside natural and physical investments. The database will help to measure and analyse ‘invisible’ dimensions of development at the meso and macro level, such as levels of

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<sup>23</sup> As demonstrated by Dvora Yanow at ISS on 6 December 2010;

<http://www.iss.nl/News/Events/Development-Research-Seminar-Dvora-Yanow>.

<sup>24</sup> <http://www.iss.nl/News/Events/Development-Research-Seminar-Betty-de-Hart>

<sup>25</sup> This directly poses an empirically question, about correlation between the indices of inter-personal and inter-group cohesion.

<sup>26</sup> <http://www.iss.nl/News/Events/Significant-Difference-Opening-Seminar-DRS-Autumn-2010>

social cohesion/ social capital, degree of discrimination, extent of social exclusion, and governance and accountability issues. ISD provides quantitative variables suitable for policy analysis, to inform policy priorities (for example, from country profiles showing scores on each index), and to better understand the inter-relationship between social and other variables. It can make visible country-level and regional level progress in social development, and enables policy makers to monitor social development over time

In this paper, we have focused on two of the indices: inter-personal trust and inter-group cohesion. We are confident that relevant indicators are now measured at international level with a fair amount of precision, and that these can be correlated with other indicators of development. But there are also large challenges, to be taken up in future analysis. In particular, there is an urgent need for a better and more sensitive measurement of inter-group differences, which at least in Europe has become the largest societal challenge of the early 21<sup>st</sup> century. We believe it is critical to be able to make the case that broadening social cohesion is a common public good, from which the entire population will benefit.

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