

# Beyond GDP: Better Ways to Measure Better Lives

Carrie Exton | Policy Analyst | OECD Statistics Directorate



CIVITAS Summer Course: Sustainable Mobility for a Better Life  
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# What am I doing here?

## Sustainable Mobility for a **Better Life**

“participants will learn ...how sustainable mobility can lead to **happy, healthy citizens** in a **healthy city**”.

→ What might that mean in practice, and how can it be **measured**?





# 1. An introduction

# Why measure people's well-being?

Policy-makers need feedback:

- Is life **getting better**, and **for whom**?
- Which policies help to make life better? Which ones don't?

Citizens need feedback:

- To hold policy-makers to account
- To inform decisions (for individuals, communities, employers...)

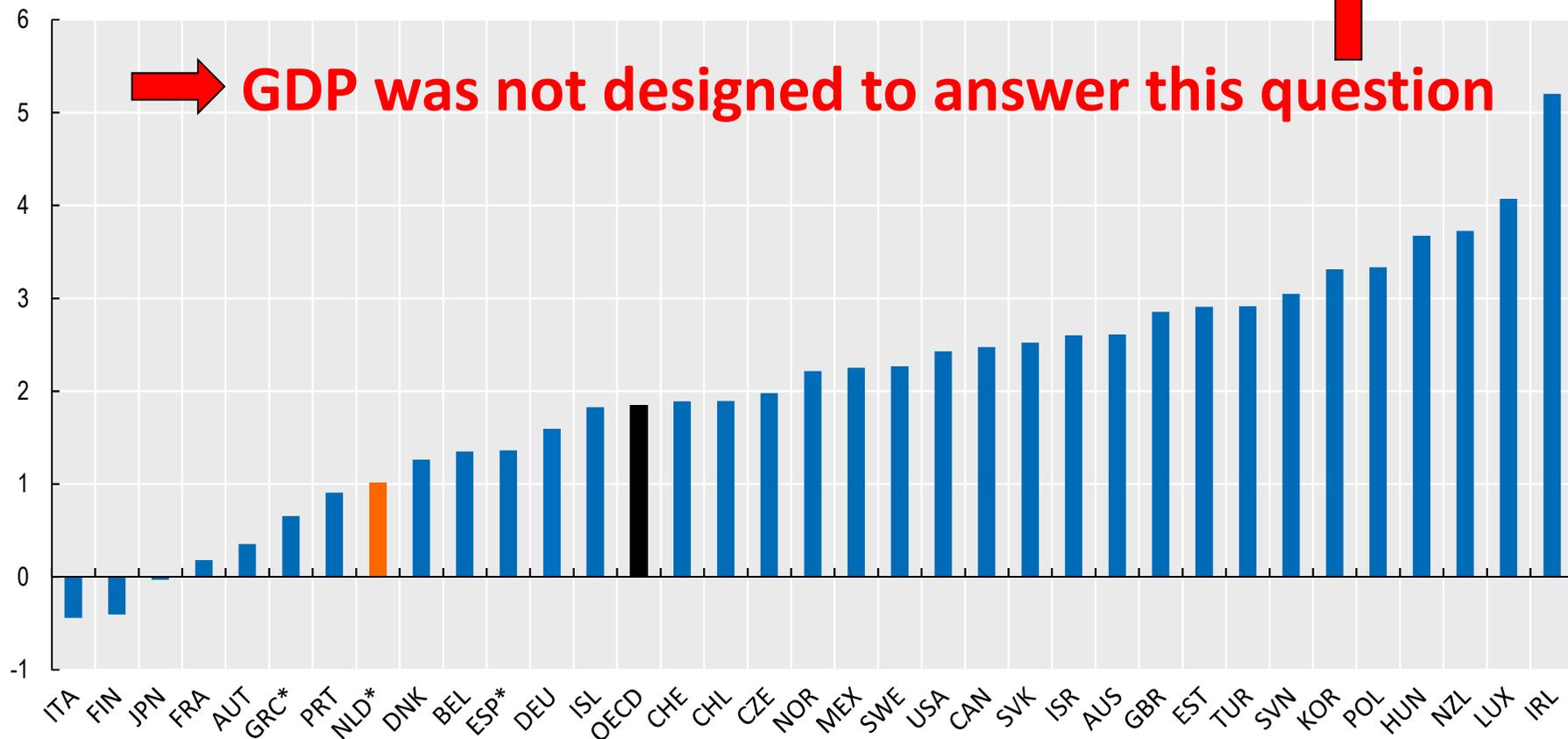
→ OECD statistical work on well-being is about producing **better measures for better lives**

→ Requires reaching some consensus on **what progress looks like**

# Is life getting better, and for whom?

## Annual GDP growth in volume terms, 2014

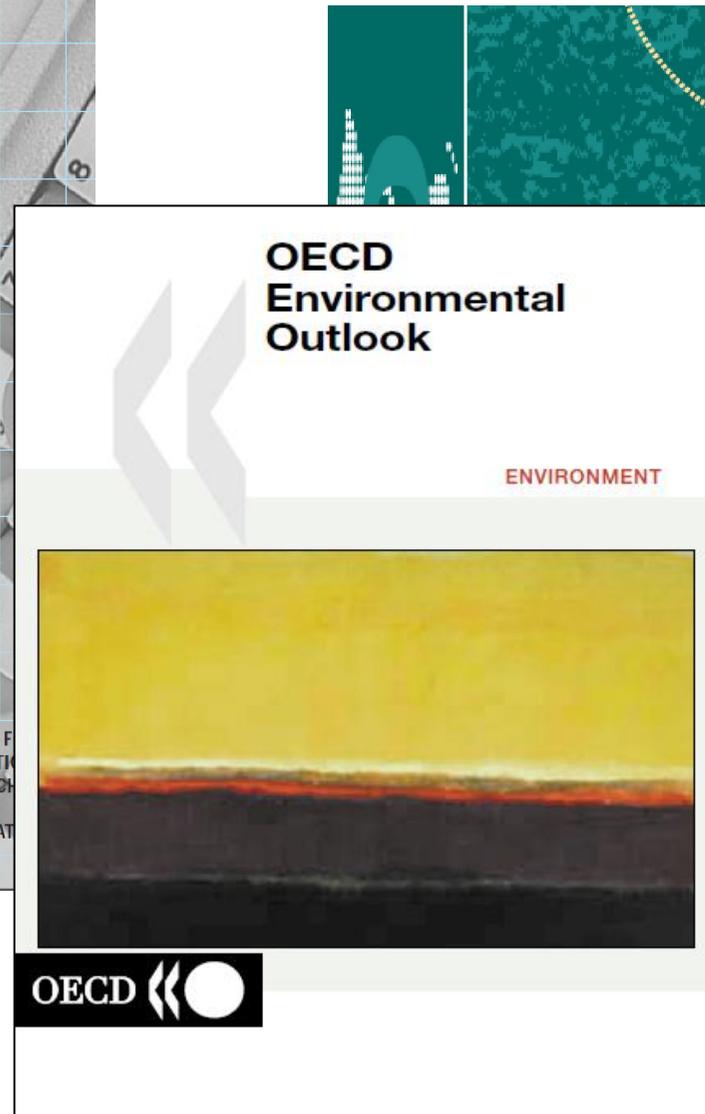
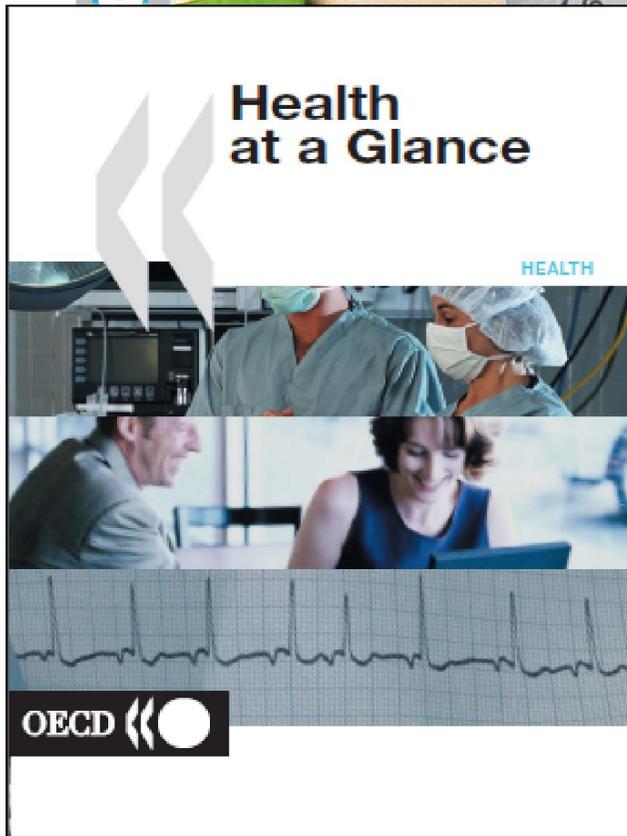
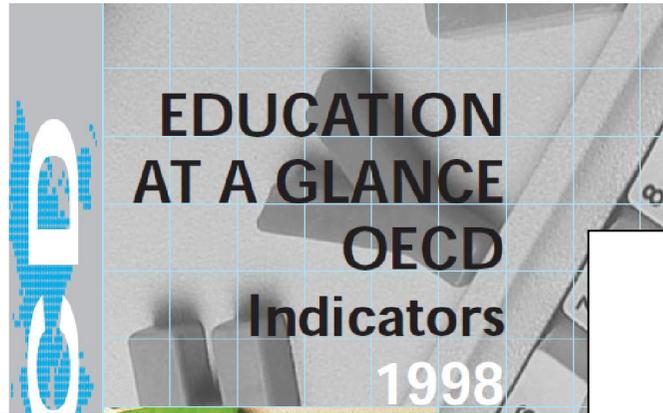
Percentage change, previous period



\*provisional data

OECD (2016), Quarterly GDP (indicator). doi: 10.1787/b86d1fc8-en (Accessed on 19 January 2016)

# Broad progress measures are not a new idea



# New momentum behind “beyond GDP”

- **OECD World Fora** on Statistics, Knowledge and Policy, 2004 - 2015
- Report by the Commission on the Measurement of Economic Performance and Social Progress (Stiglitz, Sen & Fitoussi, 2009)  
→ “Mis-measuring our lives: Why GDP doesn’t add up”
- **EU 2020**; Communication on “GDP and beyond”; Eurostat Quality of Life Indicators
- **UN Resolution 65/309 (2012)**: “Happiness: towards a holistic approach to development”
- **UN Sustainable Development Goals**, September 2015
- Wide range of **national initiatives** for measuring well-being

# Better Life Initiative (launched 2011)

- Bringing existing measures under one umbrella (**well-being**)
- Adding new and better measures; developing statistical capability and **comparability** (e.g. through guidelines)



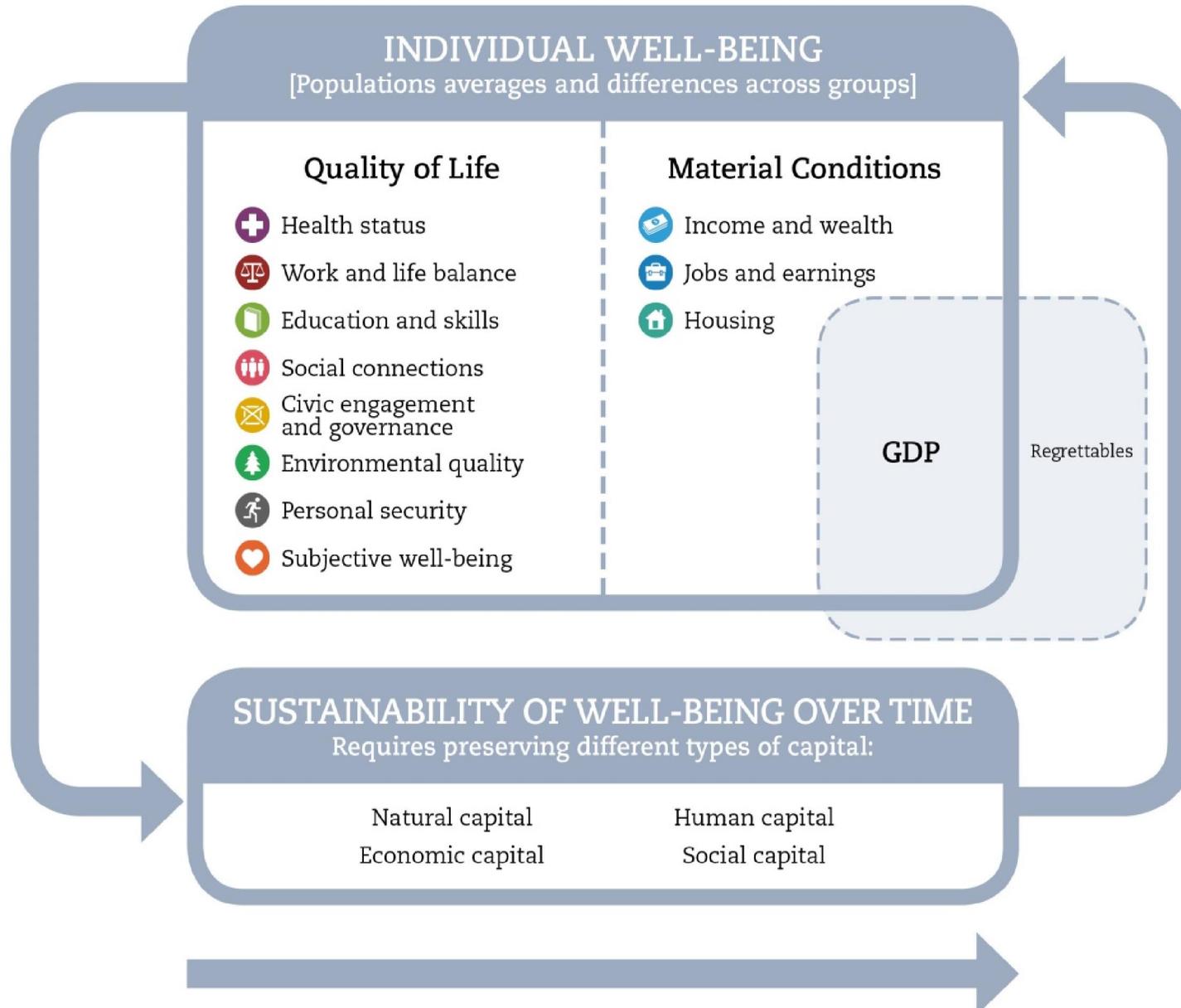
OECD  
**Better Life**  
Initiative

- Key audiences: **National statistical offices** and **policy-makers** (plus interactive **Better Life Index** website for a wider audience)
- Embedding broader “alternative” indicators of societies’ progress into the **mainstream statistical system**
- Improving the **evidence base** available to policy-makers ... and broadening our understanding of what a **successful policy** looks like

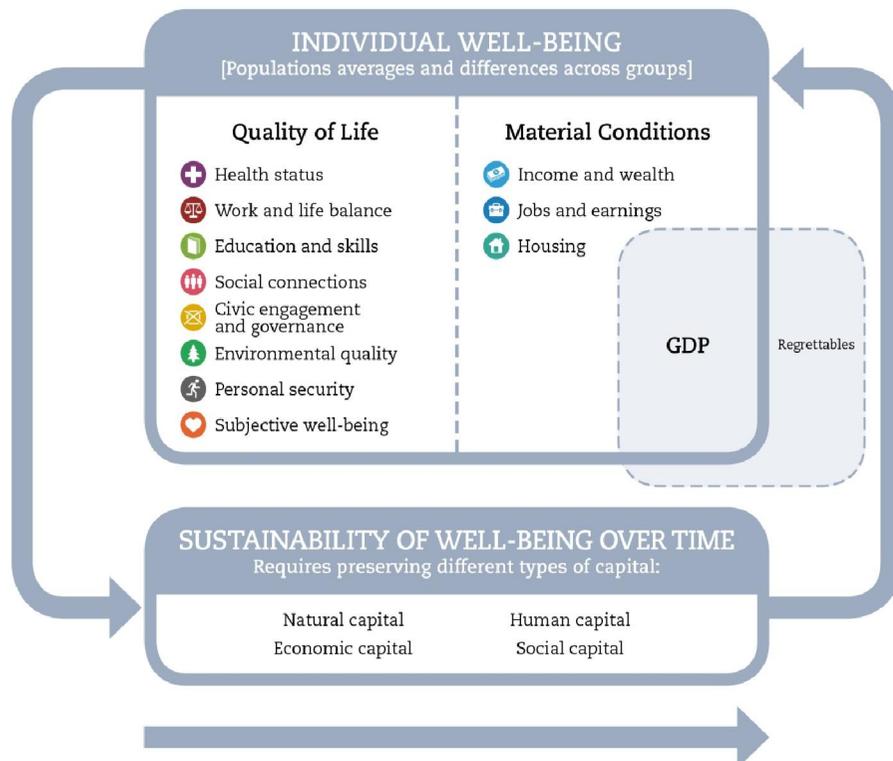
# What is well-being?

- Well-being is about **end states** - i.e. is your life good? (Welfarism)
- Well-being is about **freedom** - i.e. are you free to choose the life you think is good to live? (e.g. Capabilities Approach)
- OECD framework includes dimensions of life that are **both**:
  - **Intrinsically** important
    - i.e. end states that matter to people (e.g. being in good health)
  - **Instrumentally** important
    - i.e. states that enable choices (e.g. good health enables participation in education and work)

# The OECD framework for measuring well-being



# Measurement focus



- Focus on **people**, not just the economic system
- Focus on **outcomes**, rather than inputs or outputs
- Reporting both **averages** and **inequalities**
- Capturing both **objective** and **subjective** aspects of life
- Concerned with well-being both **today** and **tomorrow**

# Indicator selection: guiding principles

## Relevance

- face valid
- easily understood (e.g., more is better)
- policy relevant



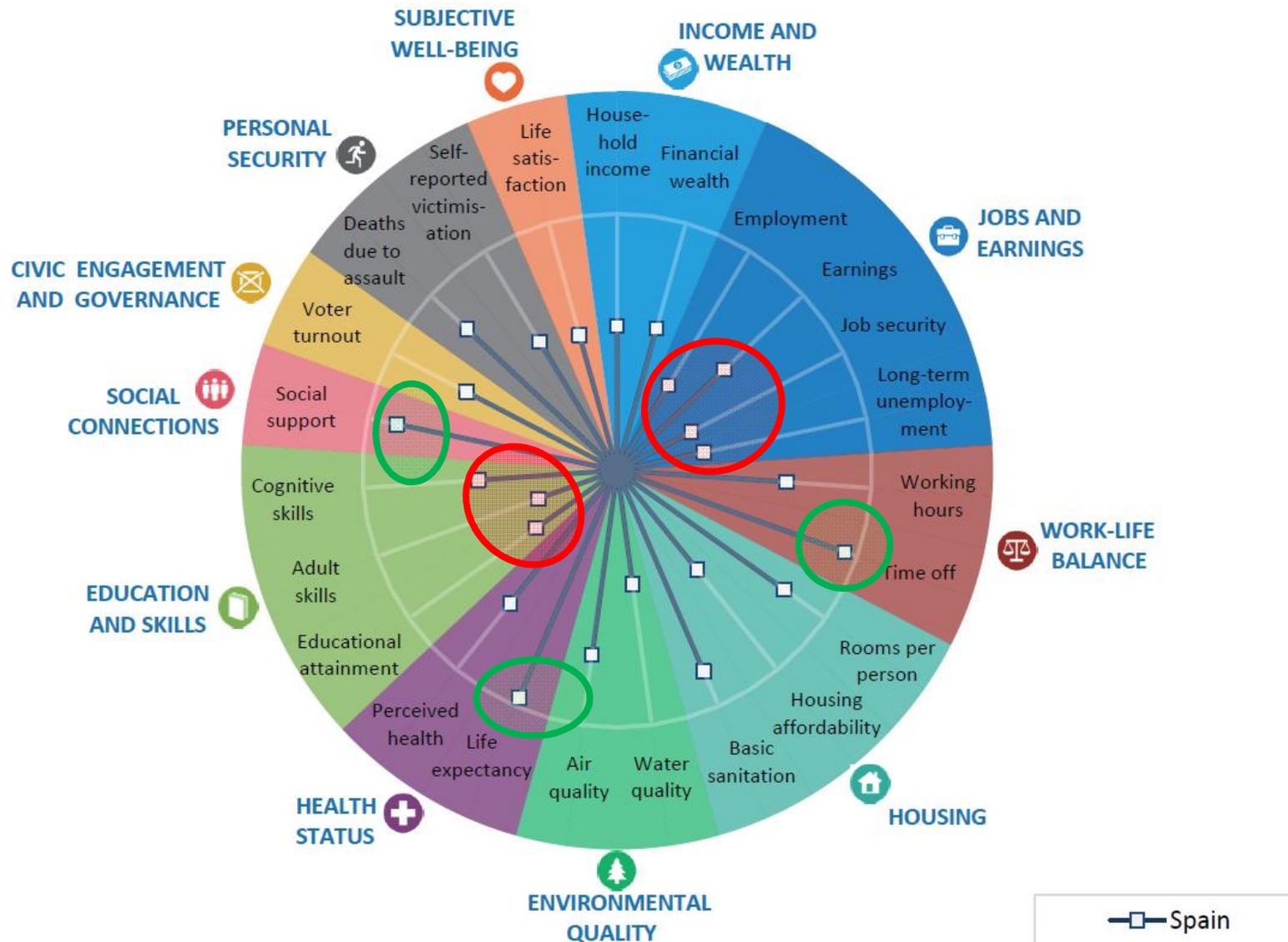
## Data considerations

- official or established sources; non-official place-holders
- comparable/standardized definitions
- maximum country-coverage
- recurrent data collection
- can be disaggregated by population groups



## **2. Some illustrative data**

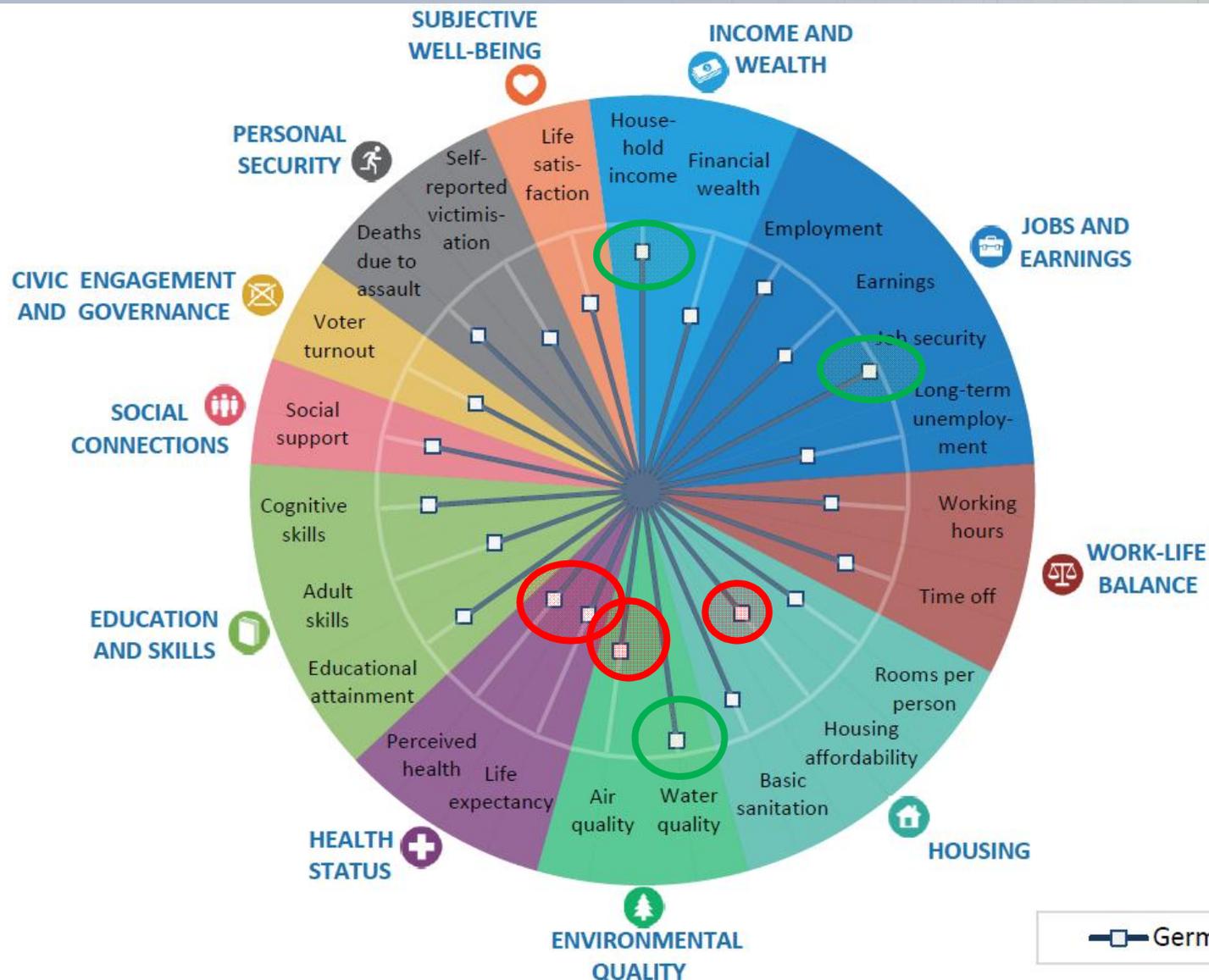
# How's life in Spain? (relative to the OECD?)



This chart shows areas of well-being strengths and weaknesses for Spain, based on a ranking of all OECD countries. Longer lines show areas of relative strength, while shorter lines show areas of relative weakness.

For more details, please visit: [www.oecd.org/statistics/Hows-Life-2015-country-notes-data.xlsx](http://www.oecd.org/statistics/Hows-Life-2015-country-notes-data.xlsx)

# ...and in Germany?



This chart shows areas of well-being strengths and weaknesses in Germany, based on a ranking of all OECD countries. Longer lines show areas of relative strength, while shorter lines show areas of relative weakness.

For more details, please visit: [www.oecd.org/statistics/Hows-Life-2015-country-notes-data.xlsx](http://www.oecd.org/statistics/Hows-Life-2015-country-notes-data.xlsx)

# Are lives getting better? The picture since 2009 is mixed...



In 2014, **long-term unemployment** remained higher than in 2009 in two thirds of OECD countries

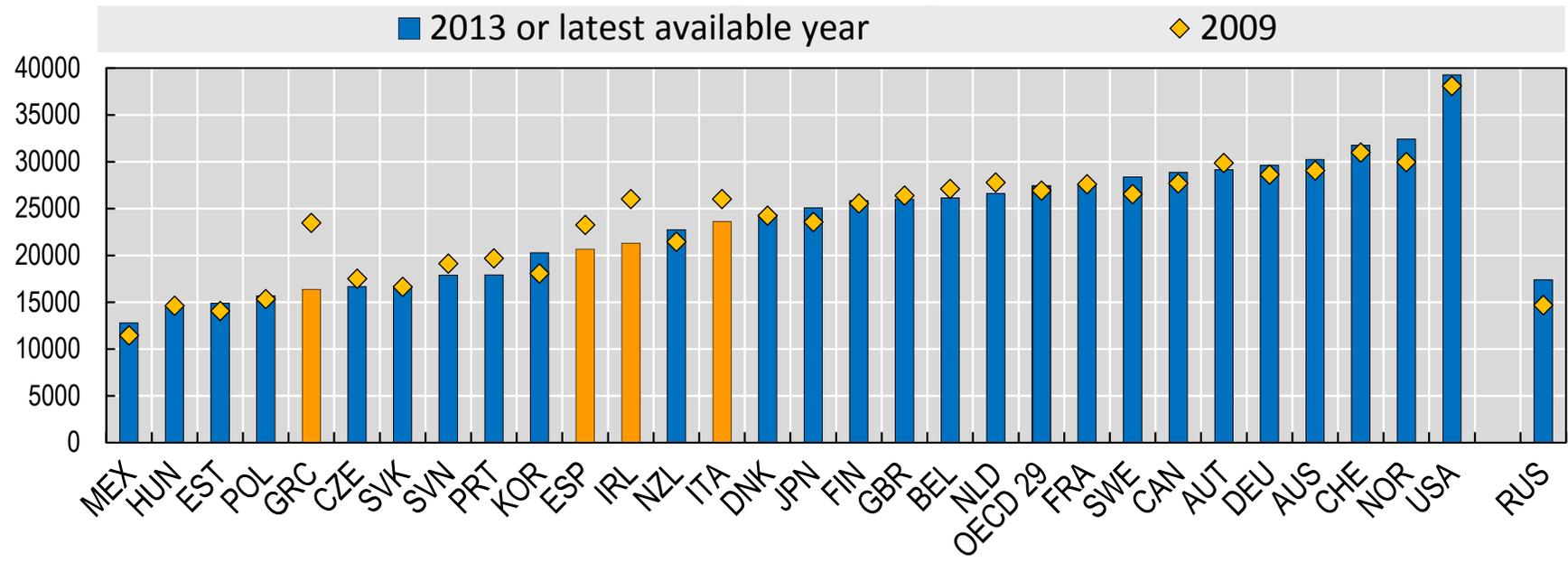


**Housing** has become **less affordable** in over one third of OECD countries



In 2013, **average household income** remained lower than in 2009 for one third of OECD countries

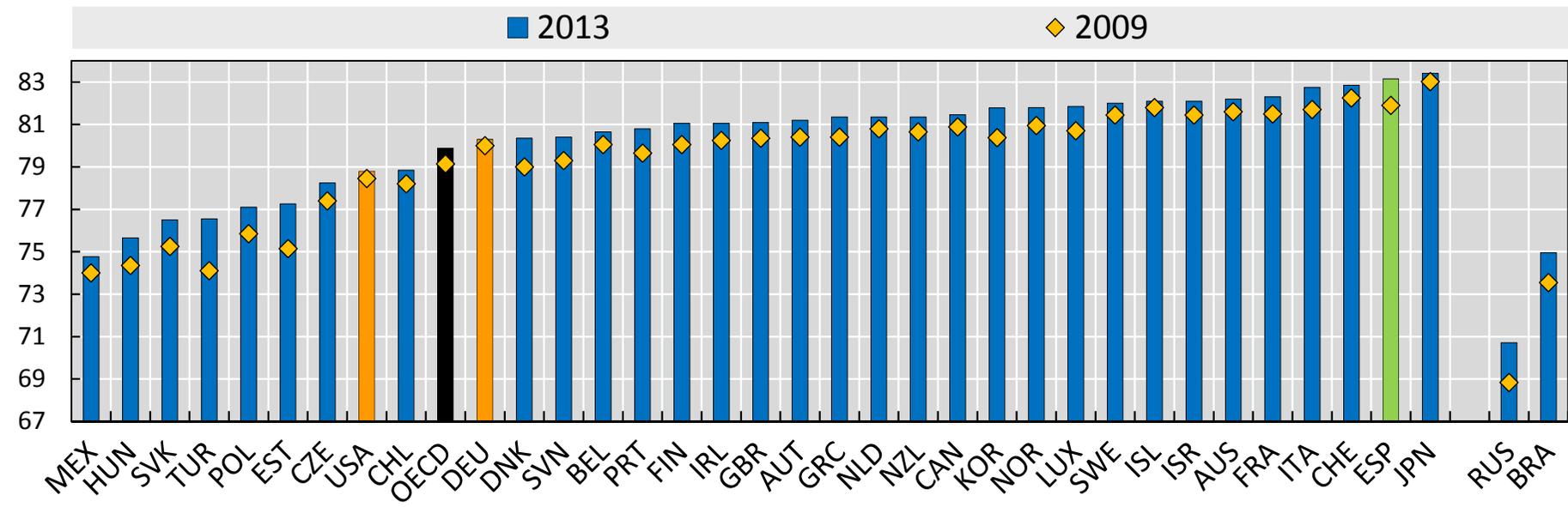
### Household net adjusted disposable income



# Are lives getting better? The picture since 2009 is mixed...

-  1 in 8 employees in the OECD routinely **work very long hours** (50 or more per week)
-  **Voter turnout** has declined in two thirds of OECD countries from 2007 levels
-  **Life expectancy** at birth in OECD countries has increased by an average of 9 months since 2009

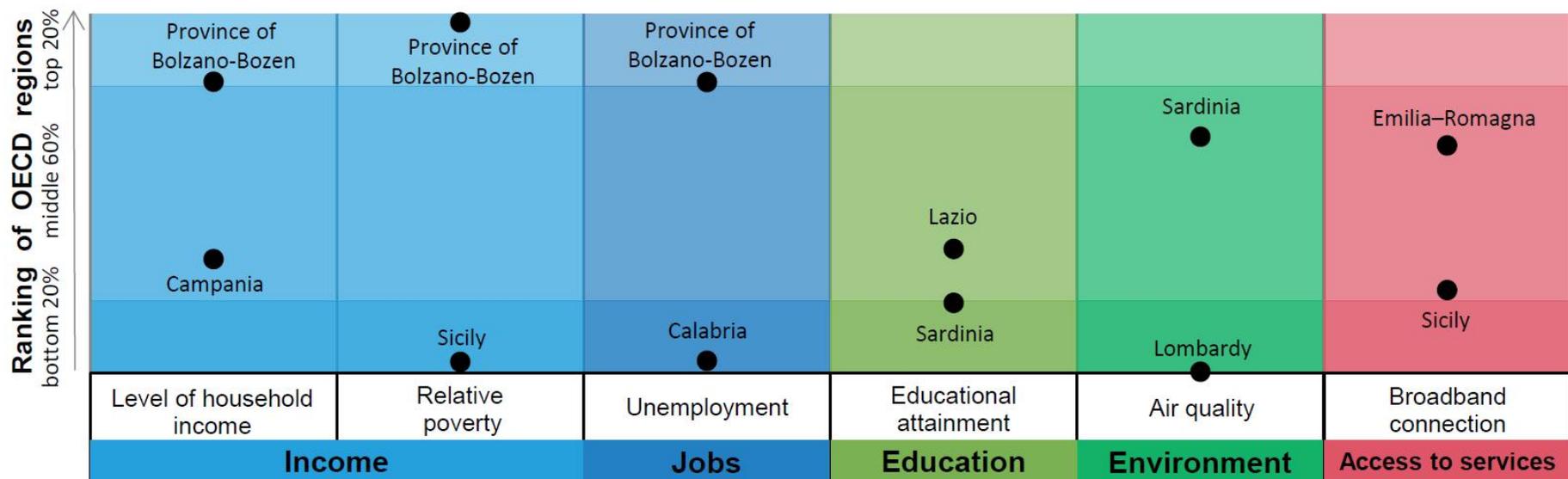
Life expectancy at birth, in years



# Where you live in a country affects your chances to live well

## Regional well-being in Italy

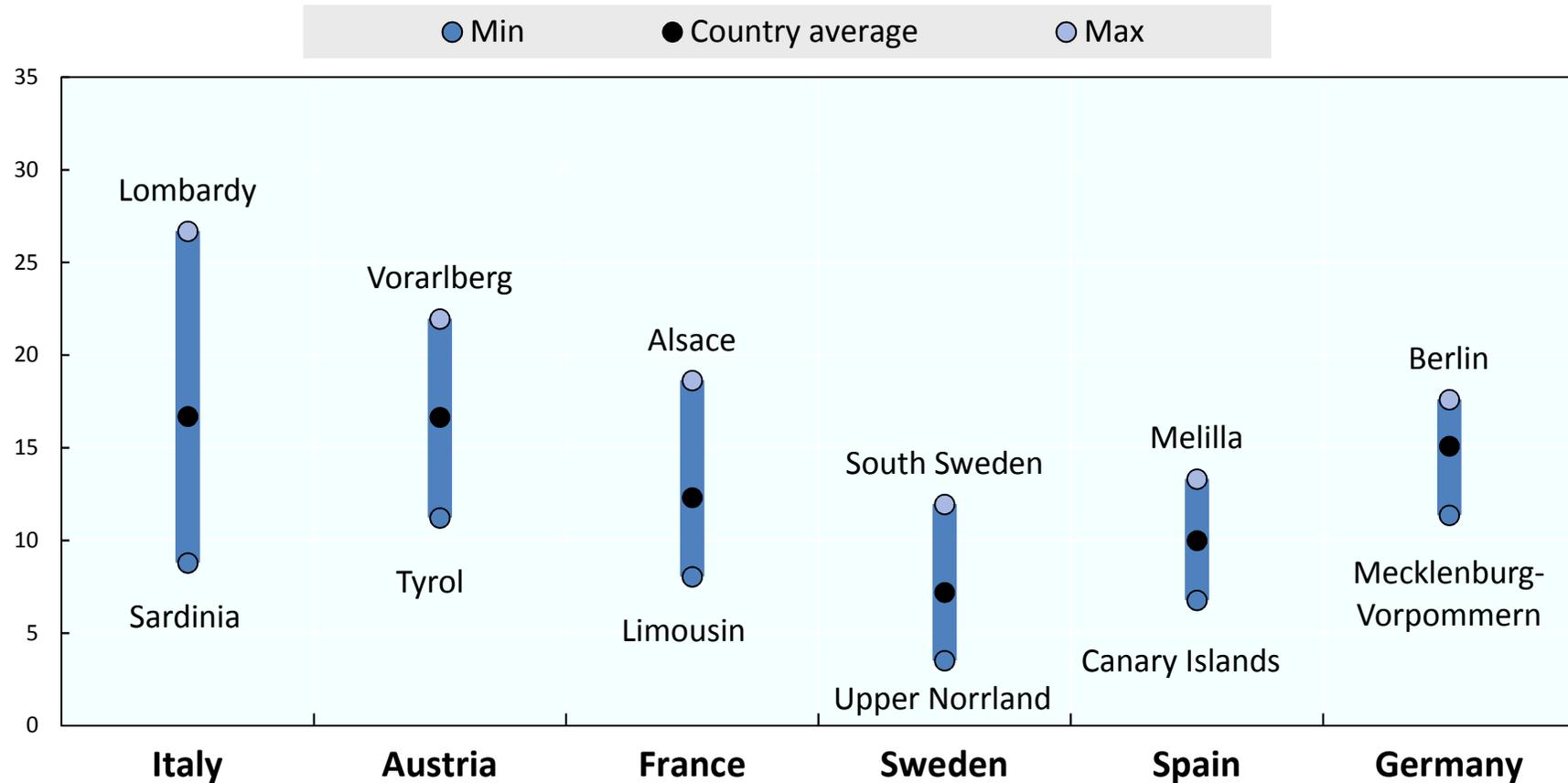
Performance of Italian regions, relative to the other OECD regions



Differences *within* countries can be as large as differences between countries

- e.g. employment rates in Italy range from 40% in Campania to 73% in Bolzano, the same difference between Greece (49%) and Iceland (82%)

# Regional variations in air quality (PM<sub>2.5</sub> annual averages, 2010-2012)



Note: Data refer to three-year average measures (2010-2012). The values provide the average level of air pollution in each region. The regional average is obtained by weighting the observed levels of PM<sub>2.5</sub> by the population in a 1km<sup>2</sup> grid and summing the values within each region. Calculations based on Van Donkelaar et al. (2015).

Source: OECD (2015) Regional Well-Being (database), <http://dx.doi.org/10.1787/region-data-en>.

Visit [www.oecdregionalwellbeing.org](http://www.oecdregionalwellbeing.org) to explore our regional well-being data in more depth

## Resources for well-being over time: illustrative indicators

### Natural capital

- ↓ OECD per capita emissions of **greenhouse gases** have decreased since 2000, but global atmospheric concentrations continue to rise
- ↓ **Forest area** per capita has decreased 7% in the OECD area since 2000, in the context of large worldwide net losses
- **Biodiversity** is often at risk: the proportion of threatened mammals, plants and birds (as a share of all known species) exceeds 20% in around one third of OECD countries

## Resources for well-being over time: illustrative indicators

### Human capital

- ↑ The share of 25-34 year olds completing **upper secondary education** has increased by 8 percentage points since 2000 in the OECD
- ↑ In terms of **risks to future health**, **smoking** has declined since 2000, with 18.5% of OECD residents reporting that they smoke every day in 2012, down from 23.8% in 2000
- ↓ However, **obesity** is on the rise, with 21.8% of the OECD population now considered obese (up from 17.8% in 2000)
- ↓ The sharp increase in **long-term unemployment** during the Great Recession also puts human capital at risk – particularly where much of the burden falls on **young people**

## Resources for well-being over time: illustrative indicators

### Social capital

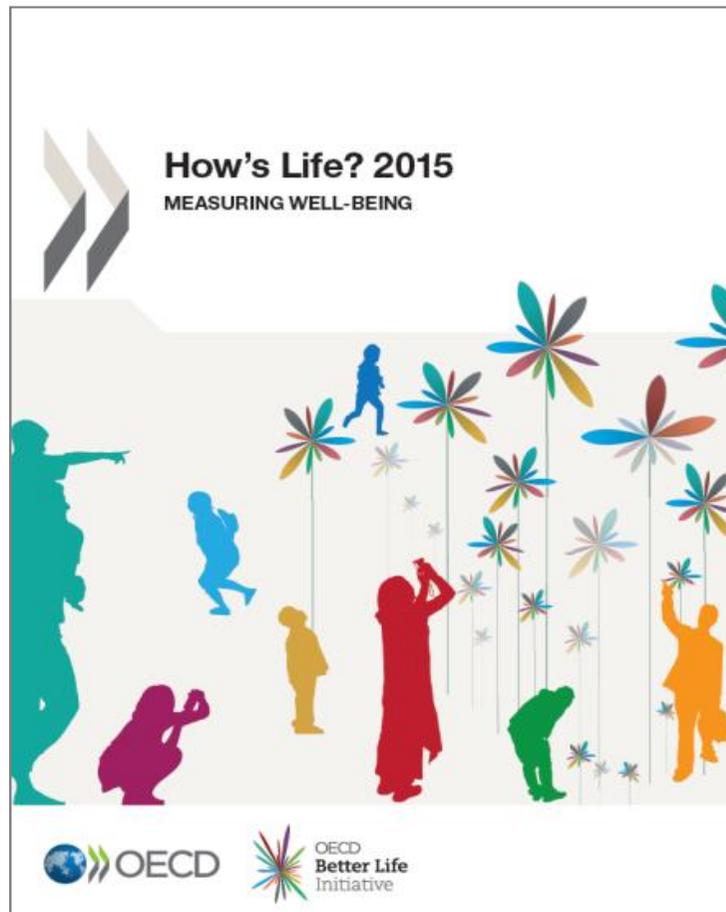
- **Trust in other people** is highest in Denmark, Finland and Norway, and lowest in France, Czech Republic, Greece, Hungary and Portugal (European data only)
- For the average European OECD country, trust in the police is higher than trust in the legal system, and **trust in the political system** is the lowest of all 3 institutions
- Trust, voting, and volunteering are lower among more disadvantaged groups

## Resources for well-being over time: illustrative indicators

### Economic capital

- ↓ **Household debt** (as a % of disposable income) is higher now than in 2000 in almost all OECD countries. In around half, it has increased further since the start of the crisis
- **Gross fixed capital formation** in the OECD remains sluggish, following a very sharp decrease in 2009
- ↓ Between 2000 and 2013, most OECD countries saw a reduction in the **financial net worth of government** as a % of GDP

# Lots more in How's Life? (and our country notes)

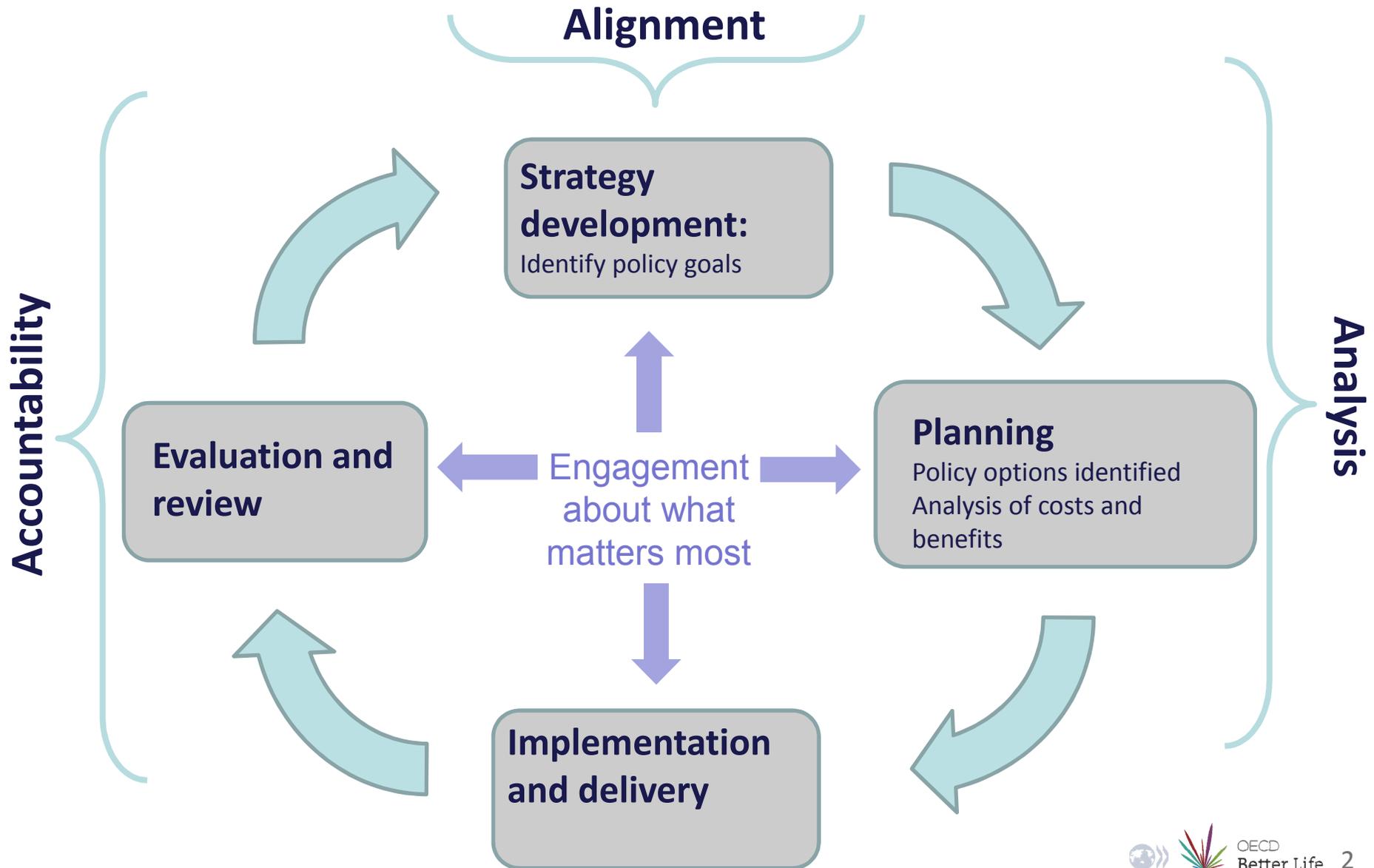


[www.oecd.org/howslife](http://www.oecd.org/howslife)

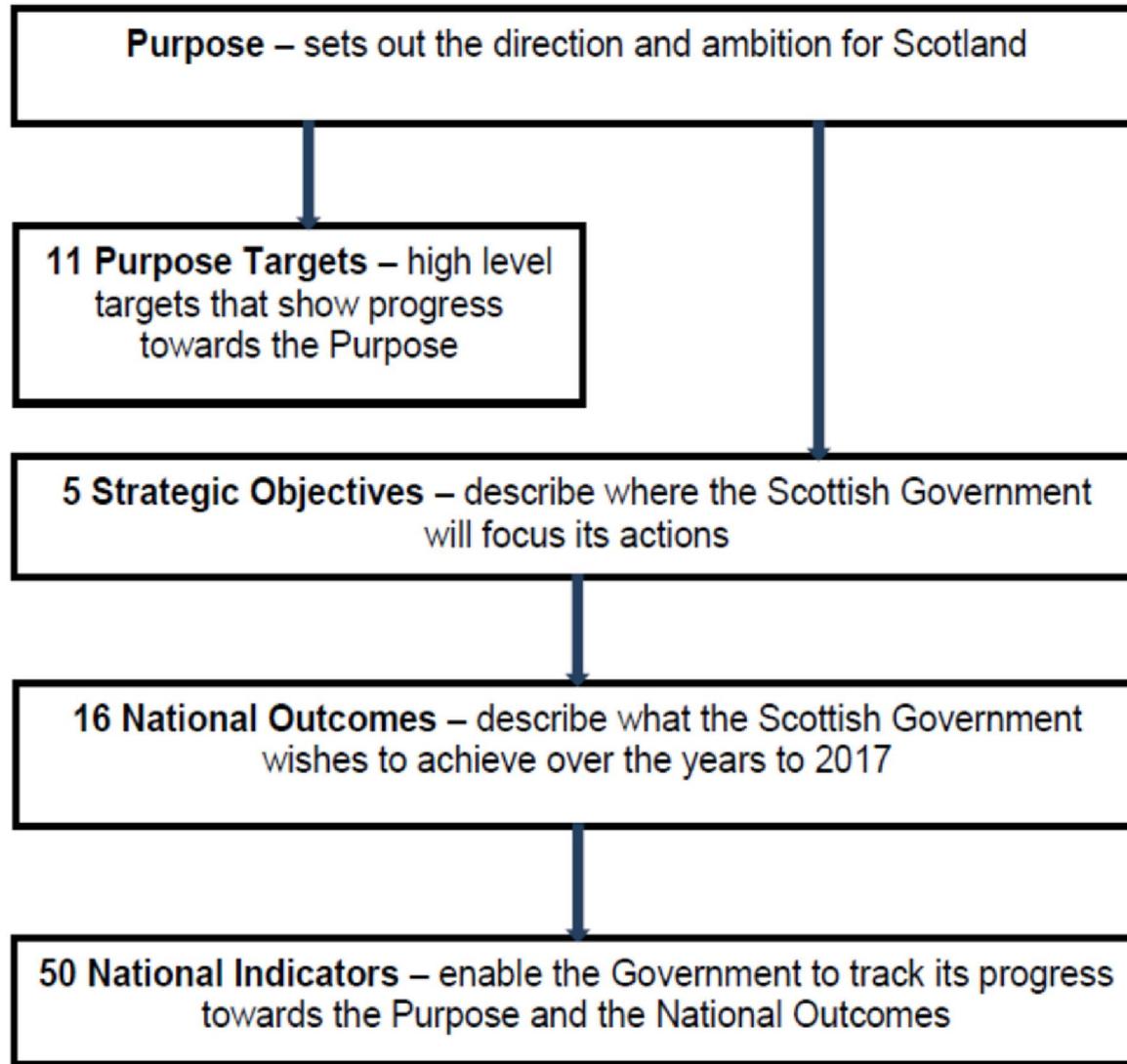


### **3. What can you *do* with these data?**

# Well-being measures and the policy cycle

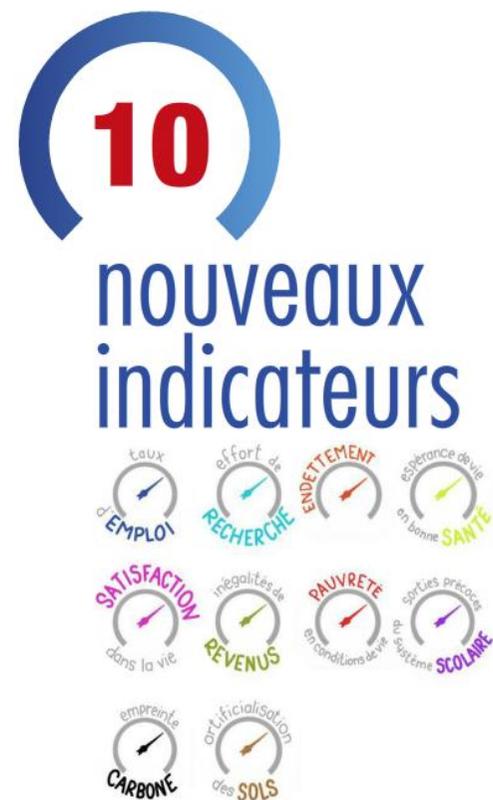


# Aligning objectives – National Performance Framework, Scotland



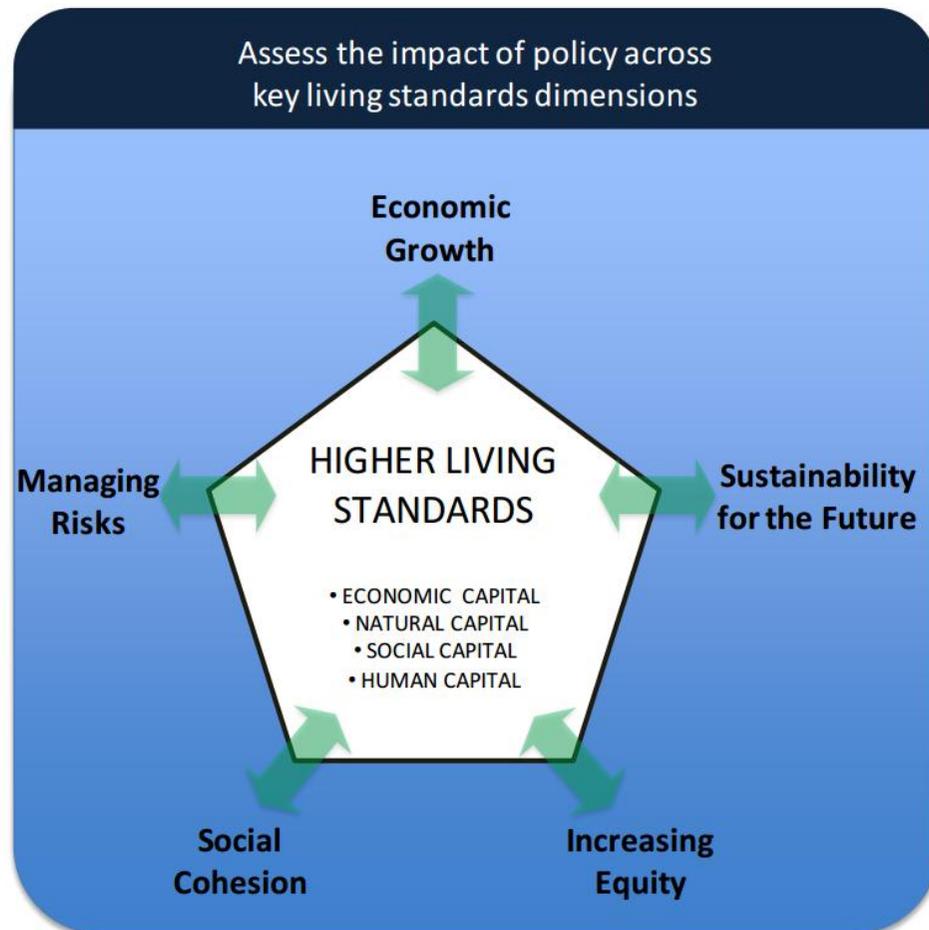
# Strategy development and alignment – 10 indicators of prosperity, France

- Loi “Nouveaux indicateurs de richesse” (April 2015): each year the government has to report on 10 well-being indicators when presenting the budget law, and must document the possible impact of the budget law on the 10 indicators
- The first report was published by the Prime Minister’s Office in 2015, and discussed in Parliament in November
- In a similar example, the “Well-Being of Future Generations (Wales) Act 2015, places a legal requirement on Welsh Assembly Government Ministers to set national indicators.



# Policy design and analysis – New Zealand Treasury

## LIVING STANDARDS: THE HEART OF OUR POLICY ADVICE



- Framework developed for front-line policy analysts
- A “manageable list of the key issues that **make the most difference**”
- Embeds the concept of living standards more **systematically** and more **visibly** in policy advice to Ministers

Source: [www.treasury.govt.nz/abouttreasury/higherlivingstandards](http://www.treasury.govt.nz/abouttreasury/higherlivingstandards)

# Policy evaluation– UK Cabinet Office

Using well-being indicators to help evaluate policy impacts:

- Community learning
- Employment activation programmes
- The impact of sport and culture on well-being

<b>Wellbeing – Before and After National Citizen Service 2011</b>							
<i>Base: All</i>						<i>NCS</i>	
	<b>Results</b>				<b>Impact</b>		
	<b>Baseline</b>		<b>Follow-up</b>		<b>Change over time</b>		<b>Difference in difference</b>
	<b>NCS</b>	<b>Control</b>	<b>NCS</b>	<b>Control</b>	<b>NCS</b>	<b>Control</b>	
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>			
High satisfaction with your life	64	61	79	73	15	11	4%
High level of happiness felt yesterday	66	67	72	69	7	2	5%
Feel things you do in life are worthwhile	65	64	79	73	14	9	5%
Low levels of anxiety felt yesterday	45	56	49	51	4	-5	9%
<b>Bases</b>	1612	1571	1625	1580			

Source: United Kingdom Cabinet Office (2013), Wellbeing Policy and Analysis: An Update of Wellbeing Work across Whitehall  
[www.gov.uk/government/publications/wellbeing-policy-and-analysis](http://www.gov.uk/government/publications/wellbeing-policy-and-analysis)

# Challenges in applying well-being to policy

- We currently have a **list of ingredients**, not a recipe for well-being
- It can be difficult to summarise findings in easily digestible form  
... and traditional policy analysis doesn't cope well with so many different outcomes to consider
- The framework can be used to identify **synergies** and **trade-offs** between outcomes  
...but it cannot (on its own) tell you how to optimally resolve the trade-offs.
- Aggregating measures into a summary index requires **assigning values** to the different outcomes

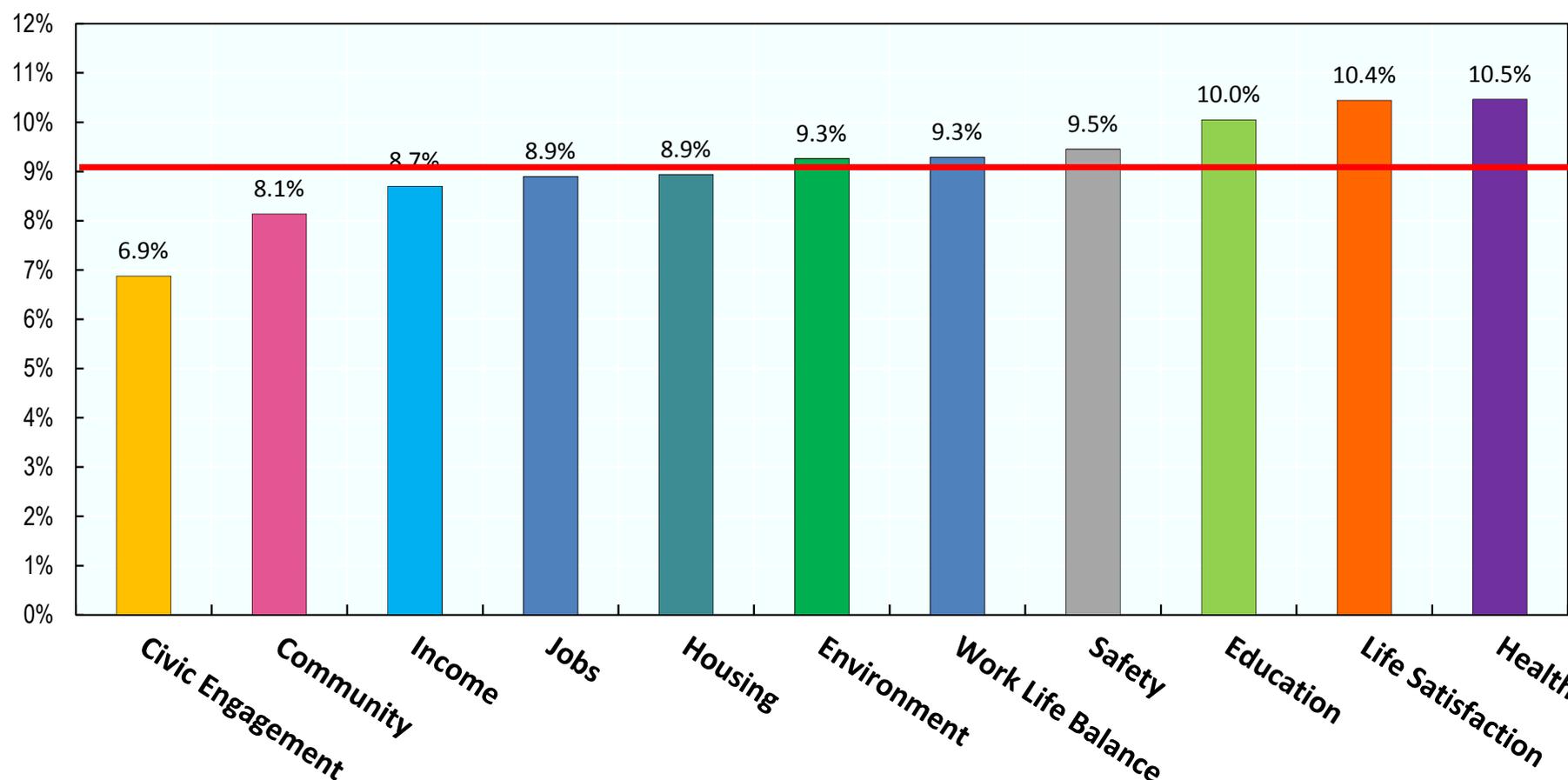
# Engagement: Your Better Life Index

The image shows a screenshot of the Better Life Index website. On the left, a horizontal bar chart displays the index scores for 14 countries, ordered from lowest to highest score. Each country is represented by a colorful, multi-petaled flower icon. The countries listed are: United Kingdom, Luxembourg, Belgium, Ireland, Germany, Netherlands, United States, Finland, New Zealand, Iceland, Canada, Denmark, Sweden, Australia, Norway, and Switzerland. The URL [www.oecdbetterlifeindex.org](http://www.oecdbetterlifeindex.org) is overlaid in blue text across the middle of the chart. At the bottom of the chart area, the text "Display countries alphabetically | by rank" is visible.

On the right side, there is a section titled "Create Your Better Life Index". Below the title, it says "Rate the topics according to their importance to you:". Below this is a control panel with 12 topics, each with a colored slider and a +/- button. The topics are: Housing (green), Income (blue), Jobs (dark blue), Community (red), Education (light green), Environment (green), Civic Engagement (yellow), Health (purple), Life Satisfaction (orange), Safety (grey), and Work-Life Balance (dark red). At the bottom of the control panel are "Reset" and "Help" buttons. Below the control panel are three dark blue buttons: "Gender differences", "Compare with others", and "Share your index".

# Well-being priorities among Better Life Index users

Relative weights assigned to domains, as shared by 73,761 people in OECD countries



Notes: Responses have been weighted ex post to correct for biases in the age and gender composition of the sample of users. Ratings are expressed as a percentage of the total ratings assigned; if users gave equal weights to all eleven dimensions, each would attract 9.09% of the total (this level is shown as the red line in the Figure).

Source: OECD (2015), *How's Life? 2015: Measuring Well-being*, OECD Publishing, Paris.

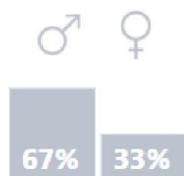
DOI: <http://dx.doi.org/10.1787/how-life-2015-en>

# Better Life Index user responses – by country

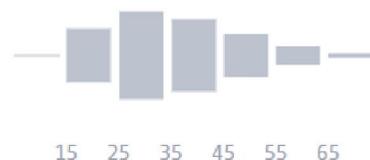
## Spain

3208 responses

### Gender



### Age



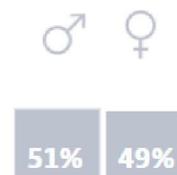
### Topics



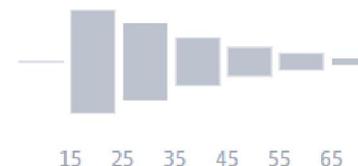
## France

11525 responses

### Gender



### Age



### Topics



Notes: Responses have **not** been weighted to correct for biases in the age and gender composition of the sample of users.

Source: <http://www.oecdbetterlifeindex.org/de/antworten/#DEU>

# Mapping preferences and performance in Spain



# Conclusions



1. Economic growth is only one aspect of societal progress, and is a means to an ends, not a final goal in itself
2. Well-being provides a framework for assessing the impact that policies (and wider societal changes) have on people's lives  
→ is life getting better, and for whom?
3. This can make things more complicated  
→ but real life **is** complicated!
4. We are still in the early stages... but the evidence base is growing, and examples of practical policy uses are increasing in number



# THANK YOU!

carrie.exton@oecd.org

[www.oecd.org/measuringprogress](http://www.oecd.org/measuringprogress)

[www.oecdbetterlifeindex.org](http://www.oecdbetterlifeindex.org)