

Global indicators and benchmarks for Human Wellbeing

Nicholas Ward, Ryde Secondary College

Introduction

GDP has long been used as a measure of a population's wellbeing, but there is a growing interest among policymakers and researchers to go "Beyond GDP" – to find better measures of a person's actual lived experience than the value of her income or expenditure.

One idea is to directly ask people about their wellbeing. Recently investigated survey measures of 'subjective wellbeing' (SWB) have primarily focused on measuring aspects of SWB such as happiness and life satisfaction. The basic problem faced by single-question SWB measures (such as happiness or life-satisfaction questions) is that they do not manage to capture all the wellbeing aspects that enter into preferences. Indeed, a consensus is emerging among researchers that wellbeing is multi-dimensional, and more than one survey question is needed to assess it.

Source: World Economic Forum, 2015

Human Development Index (HDI)

The Human Development Index (HDI) was developed by the United Nations as a metric to assess the social and economic development levels of countries (Investopedia, 2016).

Visit the United Nations (UN) HDI website to complete the following questions

<http://hdr.undp.org/en/content/human-development-index-hdi>

1. Why was the HDI developed?

2. Complete the table below on the three dimensions and their indicators of HDI

Dimension	Indicator/s	Dimension Index
Long and healthy life		
Knowledge		
A decent standard of living		

3. What does the HDI not measure?

4. In your opinion, why does the HDI aggregate three dimensions, and not just one?

Global indicators and benchmarks for Human Wellbeing

Visit <http://hdr.undp.org/en/data-explorer> and select '*Download all 2016 HDR data*' from the top LH corner.

5. Open the Spreadsheet, and using the data from 'Table 1' complete the following table of the top 5 countries

Rank	Country	HDI Value	Long and healthy life	Knowledge		A decent standard of living
			Life expectancy at birth (years)	Expected years of schooling (years)	Mean years of schooling (years)	Gross national income (GNI) per capita (2011 PPP \$)
1						
2						
3						
4						
5						

6 Using the data from 'Table 1', complete the following table

	Country	HDI Score
Highest HDI Score		
Lowest HDI Score		

7. If the HDI just used Gross National Income (GNI) per capita, would the rankings be the same? Give an example?

8. Where does Australia rank? In which indicators should Australia be commended? In which areas is there room for improvement?

9. Why is '*mean years of schooling*' an important component of the HDI?

Global indicators and benchmarks for Human Wellbeing

Although the HDI only incorporates three dimensions (with four measurements), the United Nations Development Programme (UNDP) does publish data on another of other statistics. Complete the table below using the data in the spreadsheet

	NORWAY	AUSTRALIA	UNITED STATES
HDI Data (Table 1)			
HDI Rank (Score)	1 st	2 nd	10 th
HDI Score	0.949	0.939	0.920
Life Expectancy at birth			
Expected years of schooling			
Mean years of schooling			
Gross national income (GNI) per capita			
Gender Inequality Index (Table 5)			
Maternal mortality ratio (deaths per 100,000 live births)			
Adolescent birth rate (births per 1,000 women ages 15–19)			
Share of seats in parliament (% held by women)			
Population Trends (Table 7)			
Urban (%)			
Health Outcomes (Table 8)			
Physicians (per 10,000 people)			
Public health expenditure (% of GDP)			
Education Achievements (Table 9)			
Pupil-teacher ratio, primary school (number of pupils per teacher)			
Government expenditure on education (% of GDP)			
Human Security (Table 12)			
Prison population (per 100,000 people)			
Homicide rate (per 100,000 people)			
Violence against women ever experienced – Intimate partner (%)			

Global indicators and benchmarks for Human Wellbeing

The where-to-be-born index

The *where-to-be-born index* is another measure of wellbeing, compiled by the Economist Intelligence Unit (EIU). The index links the results of subjective life-satisfaction surveys—how happy people say they are—to objective determinants of the quality of life across countries.

The index takes 11 indicators into account. Some are fixed, such as geography; others change only very slowly over time (demography, social and cultural characteristics). The indicators are:

- material wellbeing as measured by GDP per head (in \$, at 2006 constant PPPS);
- life expectancy at birth;
- the quality of family life, based primarily on divorce rates;
- the state of political freedoms;
- job security (measured by the unemployment rate);
- climate (measured by two variables: the average deviation of minimum and maximum monthly temperatures from 14 degrees Celsius; and the number of months in the year with less than 30 mm rainfall);
- personal physical security ratings (based primarily on recorded homicide rates and ratings for risk from crime and terrorism);
- quality of community life (based on membership in social organisations);
- governance (measured by ratings for corruption);
- gender equality (measured by the share of seats in parliament held by women).

Source: The Economist, 2012

The Where-to-be-born Index

Rank	Country	/10	Rank	Country	/10
1	Switzerland	8.22	=40	Cuba	6.39
2	Australia	8.12	42	Colombia	6.27
3	Norway	8.09	43	Peru	6.24
4	Sweden	8.02	=44	Estonia	6.07
5	Denmark	8.01	=44	Venezuela	6.07
6	Singapore	8.00	=46	Croatia	6.06
7	New Zealand	7.95	=46	Hungary	6.06
8	Netherlands	7.94	48	Latvia	6.01
9	Canada	7.81	49	China	5.99
10	Hong Kong	7.80	50	Thailand	5.96
11	Finland	7.76	51	Turkey	5.95
12	Ireland	7.74	52	Dominican R	5.93
13	Austria	7.73	53	South Africa	5.89
14	Taiwan	7.67	=54	Algeria	5.86
15	Belgium	7.51	=54	Serbia	5.86
=16	Germany	7.38	56	Romania	5.85
=16	USA	7.38	57	Lithuania	5.82
18	UAE	7.33	58	Iran	5.78
19	S Korea	7.25	59	Tunisia	5.77
20	Israel	7.23	60	Egypt	5.76
21	Italy	7.21	61	Bulgaria	5.73
22	Kuwait	7.18	62	El Salvador	5.72
=23	Chile	7.10	=63	Philippines	5.71
=23	Cyprus	7.10	=63	Sri Lanka	5.71
25	Japan	7.08	65	Ecuador	5.70
26	France	7.04	=66	India	5.67
27	Britain	7.01	=66	Morocco	5.67
=28	Czech Rep.	6.96	68	Vietnam	5.64
=28	Spain	6.96	69	Jordan	5.63
=30	Costa Rica	6.92	70	Azerbaijan	5.60
=30	Portugal	6.92	71	Indonesia	5.54
32	Slovenia	6.77	71	Russia	5.31
33	Poland	6.66	73	Syria	5.29
34	Greece	6.65	74	Kazakhstan	5.20
35	Slovakia	6.64	75	Pakistan	5.17
36	Malaysia	6.62	76	Angola	5.09
37	Brazil	6.52	77	Bangladesh	5.07
38	Saudi Arabia	6.49	78	Ukraine	4.98
39	Mexico	6.41	79	Kenya	4.91
=40	Argentina	6.39	80	Nigeria	4.74

Source: Economist Intelligence Unit 2013

Refer to the where-to-be-born index to answer the following questions:

1. Define 'subjective life-satisfaction surveys'

Global indicators and benchmarks for Human Wellbeing

2. Why is climate an important indicator?

3. What are the similarities between the *HDI* and *The where-to-be-born index*

Source: The Economist, 2012

The World Happiness Report

The World Happiness Report is a landmark survey of the state of global happiness. The World Happiness Report 2018, ranks 156 countries by their happiness levels, and 117 countries by the happiness of their immigrants (Source: World Happiness Report, 2018). Download the 2018 World Happiness Report to answer the following questions – <http://worldhappiness.report/>

1. Who writes the report? (p. 3)

2. How is it measured (p. 16)

3. Complete the table below of the 2015–17 top ranking countries of happiness (p. 23)

Rank	Country	Score
1		
2		
3		
4		
5		

4. Complete the table below on the countries which had the greatest gain between from 2008–2010 to 2015–2017 (p. 27)

Rank	Country	Score
1		
2		
3		

Global indicators and benchmarks for Human Wellbeing

Legatum Prosperity Index

The Legatum Prosperity Index offers a unique insight into how prosperity is forming and changing across the world. The Index analysed the countries across 9 sub-indices. It is unique in defining prosperity as a combination of wealth and wellbeing (Source: LegatumInstitute Foundation, 2017).

Visit the Legatum Prosperity Index website to answer the following – <http://www.prosperity.com>

1. How much of the world's population does the index cover? (About > FAQ)

2. List the nine 'pillars' of the report (Rankings)

- a. _____
- b. _____
- c. _____
- d. _____
- e. _____
- f. _____
- g. _____
- h. _____
- i. _____

3. Complete the table below of the top five rankings countries, according to this index

Rank	Country
1	
2	
3	
4	
5	

4. Who is the Legatum Institute?

THE CONVERSATION

How do we measure well-being?

Source: The Conversation, 2018

Opinions differ on the definition of well-being. Yet there's a growing consensus that it cannot be reduced to material consumption and that other aspects of life, such as health and good social relations, are essential to being well.

Increasing well-being is generally accepted as one of the essential components of social progress, but if different aspects of life all contribute to well-being, can or should we construct an overall measure of it? For example, is "happiness" a good measure?

Before we can begin to monitor social progress in terms of well-being, we need more clarity on the concept itself.

Measuring happiness

One possibility is to use large opinion surveys in which individuals answer simple questions on their degree of happiness or life satisfaction. These have revealed robust patterns, confirming that economic growth has a weaker than expected effect on satisfaction, and that other aspects of life, such as health and unemployment, are important.

These simple survey measures seem credible. But according to psychologists, happiness and life satisfaction do not coincide. Life satisfaction has a cognitive component – individuals have to step back to assess their lives – while happiness reflects positive and negative emotions that fluctuate.

A focus on positive and negative emotions can lead to understanding well-being in an "hedonic" way, based in pleasure and the absence of pain. Looking instead to individuals' judgements about what is worth seeking suggests a preference-based approach (a possibility we discuss below). People judge all sorts of different things to be worth seeking.

In other words, happiness may be an element in evaluating one's well-being, but it is not the only one.

The capability approach

Nobel Prize winner Amartya Sen has pointed out that understanding well-being on the basis of feelings of satisfaction, pleasure, or happiness have two problems

The first he calls "physical-condition neglect". Human beings adapt at least partially to unfavourable situations, meaning the poor and the sick can still be relatively happy. One striking study by a team of Belgian and French physicians has shown that even in a cohort of patients with chronic locked-in syndrome, a majority reported being happy.

The second problem is "valuation neglect". Valuing a life is a reflective activity that should not be reduced to feeling happy or unhappy. Of course, Sen admits, "it would be odd to claim that a person broken down by pain and misery is doing very well".

We should therefore not fully neglect the importance of feeling well, but also acknowledge it is not the only thing people care about.

Together with Martha Nussbaum, Sen formulated an alternative: the capability approach, which stipulates that both personal characteristics and social circumstances affect what people can achieve with a given amount of resources.

Giving books to a person who cannot read does not increase their well-being (probably the opposite), just as providing them with a car does not increase mobility if there are no decent roads.

According to Sen, what the person manages to do or to be – such as being well-nourished or being able to appear in public without shame – are what really matter for well-being. Sen calls these achievements the “functionings” of the person. However, he further claims that defining well-being only in terms of functioning is insufficient, because well-being also includes freedom.

His classic example involves the comparison between two undernourished individuals. The first person is poor and cannot afford food; the second is wealthy but chooses to fast for religious reasons. While they achieve the same level of nourishment, they cannot be said to enjoy the same level of well-being.

Therefore, Sen suggests that well-being should be understood in terms of people’s real opportunities – that is, all possible combinations of functionings from which they can choose.

The capability approach is inherently multidimensional; but those seeking to guide policy often think that rationally dealing with trade-offs requires having one single ultimate measure. Adherents of the capability approach who succumb to this thought often mistrust individual preferences and apply instead a set of indicators that are common to all individuals.

So-called “composite indicators” – like the United Nations’ Human Development Index, which adds together consumption, life expectancy and educational performance at the country level – are a frequent outcome of this kind of thinking. They have become popular in policy circles, but they fall victim to simply adding up scores on different dimensions, all deemed equally important.

Taking individual convictions seriously

Beyond the subjective approach and the capability approach, a third perspective – the preference-based approach to well-being – takes into account that people disagree about the relative importance of different life dimensions.

Some people think that hard work is necessary to have a valuable life while others prefer to spend more time with family. Some think that going out with friends is key, while others prefer reading a book in a quiet place.

The “preference-based” perspective starts from the idea that people are better off when their reality matches better what they themselves consider to be important.

Preferences thus have a cognitive “valuational” component: they reflect people’s well-informed and well-considered ideas about what a good life is, not merely their market behaviour.

This does not coincide with subjective life satisfaction. Recall the example of patients with the locked-in syndrome reporting high levels of satisfaction because they have adapted to their situation. This does not mean that they would not prefer to have their health back – and it certainly does not mean that citizens without locked-in syndrome would not mind falling ill with it.

One example of a preference-based measure, advocated by the French economist Marc Fleurbaey, directs people to choose reference values for all non-income aspects of life (such as health or number of hours worked). These reference values will depend on the individual: everyone probably agrees that not being ill is the best possible state, but a workaholic lawyer is likely to place a very different value on work hours than someone with an arduous and hazardous factory job.

Fleurbaey then suggests that people define a salary that, combined with the non-income-based reference value, would satisfy the individual as much as their current situation.

The amount by which this “equivalent income” differs from the person’s actual work-based income can help answer the question: “How much income you would be willing to give up for better health or more free time?”

Some psychologists are sceptical about preference-based approaches because they assume that human beings have well-informed and well-considered ideas about what makes a good life. Even if such rational preferences exist, one struggles to measure them because these are aspects of life – family time, health – that are not traded on markets.

Does all this matter in practice?

The following table, compiled by the Belgian economists Koen Decancq and Erik Schokkaert, shows how differing approaches to well-being can have practical consequences.

It ranks 18 European countries in 2010 (just after the financial crisis) according to three possible measures: average income, average life satisfaction and average “equivalent income” (taking into account health, unemployment, safety and the quality of social interactions).

	Income	Subjective life satisfaction	Equivalent income
1	Norway	Denmark	Norway
2	Switzerland	Switzerland	Switzerland
3	Netherlands	Finland	Sweden
4	Sweden	Norway	Denmark
5	Great Britain	Sweden	Great Britain
6	Germany	Netherlands	Belgium
7	Denmark	Belgium	Netherlands
8	Belgium	Spain	Finland
9	Finland	Germany	France
10	France	Great Britain	Germany
11	Spain	Poland	Spain
12	Slovenia	Slovenia	Greece
13	Greece	Estonia	Slovenia
14	Czech Republic	Czech Republic	Czech Republic
15	Poland	France	Poland
16	Hungary	Hungary	Estonia
17	Russia	Greece	Russia
18	Estonia	Russia	Hungary

Some results are striking. Danes are much more satisfied than they are wealthy, while France is the opposite. These large divergences are not seen when comparing equivalent incomes, however, which suggests that satisfaction in these two countries is heavily influenced by cultural differences.

Germany and the Netherlands also do worse on satisfaction than on income, but their equivalent income rankings confirm that they do relatively worse on the non-income dimensions.

Greece has a remarkably low level of life satisfaction. Cultural factors may play a role here, but Greece is also characterised by high income inequality, which is not captured by the averages in the table.

These differences among various measures of well-being hint at the important issues involved in deciding which measure of well-being – if any – to select. If we want to use the measure to rank nations’ performance at providing well-being, then we will be pulled towards a single, simple measure, such as subjective happiness. If we seek to keep track, for policy purposes, of whether individuals are doing well in the respects that really matter, we will be pulled towards a more multi-dimensional assessment, such as that offered by the capability approach. And if we are most impressed by disagreement among individuals as to what matters, we will have reason to understand well-being along the lines suggested by the preference-based approach.

Authors

Henry S. Richardson – Professor of Philosophy, Senior Research Scholar, Kennedy Institute of Ethics, Georgetown University and Erik Schokkaert – Professor of Economics, Katholiek Universiteit of Leuven

Refer to ‘How do we measure well-being?’ article to answer the following questions

1. Why would economic growth have a “weaker than expected effect on satisfaction”?

2. What is the limitation of solely using happiness to measure wellbeing?

3. Why does Sen champion measuring wellbeing in 'people's real opportunities'?

4. What is the limitation of the Human Development Index (HDI)?

5. What is "high income inequality"?

6. What is the author's preference for measuring wellbeing?

7. Are the authors repeatable sources? Why or Why



By Sasin Tipchai - <https://commons.wikimedia.org/w/index.php?curid=69664649>