

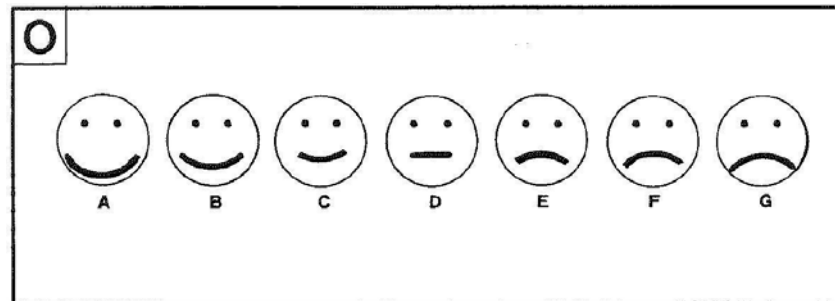
Measuring Wellbeing: International Developments and the New Zealand Experience

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Overview

- Why Measure Wellbeing?
(why we are interested in subjective wellbeing measures)
- Developments in Measuring Subjective Wellbeing
(how do we measure wellbeing)
- International Developments
(what is being done elsewhere)
- Subjective Wellbeing in New Zealand
(the New Zealand context)
- Future Directions
(thoughts)



Why Measure Wellbeing?

- “Wellbeing... means those aspects of life that... are important for a person’s happiness, quality of life and welfare” – The Social Report 2008, p 4.
- What it means to be “better off”:
 - Quality of life
 - Happiness
 - Utility
- The underlying premise in most public policy is that a policy is good because we think someone, somewhere, will be better off in some way

Why Measure Wellbeing?

- The focus of national statistical offices has traditionally been on objective measures
 - resident population
 - movement in price levels
 - personal income
 - labour force status
- Economic output – GDP at an aggregate level, income at a personal level – remains the main focus for measuring progress

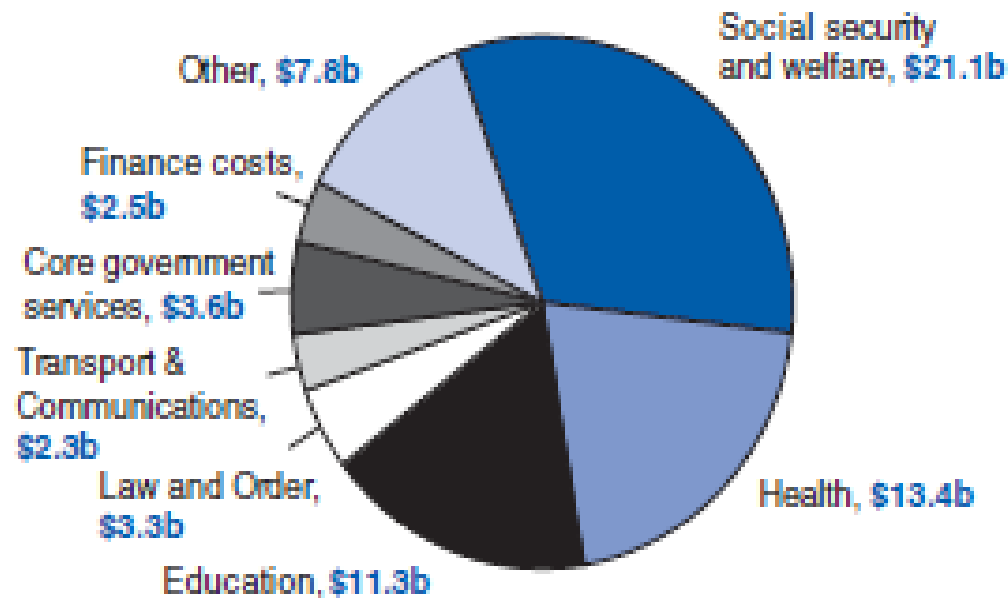
Why Measure Wellbeing?

- Wellbeing vs resources:
 - People face differing prices for converting resources into wellbeing (e.g. valuing leisure)
 - Many aspects of wellbeing are qualities of the individual person concerned and are, in principle, difficult or impossible to price (e.g. health status)
 - Most people would reject the assertion that access to resources captured all the complexity of what makes a life worthwhile

Why Measure Wellbeing?

Where do core Crown expenses go?

2009/10: \$65.3b (37.3% of GDP)



Social security & welfare includes New Zealand Superannuation, the Accommodation Supplement and the Domestic Purposes, Unemployment, Sickness & Invalid's benefits.

Measuring Subjective Wellbeing

- There are a number of approaches to measuring wellbeing
 - Indices such as the Human Development Index or the various Genuine Progress Indicators
 - Outcome reports such as New Zealand's Social Report or the OECD's Society at a Glance
 - Estimating welfare functions
 - Subjective measures of wellbeing such as assessments of overall life satisfaction or happiness

Measuring Subjective Wellbeing

- Up until about 10 years ago, subjective measures were largely ignored outside of opinion polls
- Since 2000 this has changed – there is an increasing acceptance among economists, psychologists, and sociologists that subjective measures of wellbeing capture meaningful information...
- ...although there is still a healthy debate about the limits of the information captured and what it can be appropriately used for

Measuring Subjective Wellbeing

- Subjective wellbeing can cover a wide range of different measures
 - Domain specific (e.g. satisfaction with working life)
 - Psychometric scales (composite indices)
 - Simple questions (how happy are you?)
- Focus for this seminar are what are emerging as the core measures of overall happiness or life satisfaction
 - Overall life satisfaction
 - Positive affect
 - Negative affect

Measuring Subjective Wellbeing

- The New Zealand General Social Survey

I am now going to ask you a very general question about your life. This includes all areas of your life, not just what we have talked about so far.

Looking at showcard 1, how do you feel about your life as a whole right now?

11. Very satisfied
12. Satisfied
13. No feeling either way
14. Dissatisfied
15. Very dissatisfied

Measuring Subjective Wellbeing

- Positive and negative affect relate to a person's mood or feelings.
- Positive affect and negative affect are distinct things
 - Positive affect is not the opposite of how sad you are feeling
- They are measured by experience sampling or via day reconstruction
 - In each case people report the feelings they are experiencing at a particular time during the day

Measuring Subjective Wellbeing

- So what is the evidence that all this actually works?
 - Different measures of subjective wellbeing correlate well with each other
 - Subjective wellbeing measures also correlate well with other outcomes we would expect them to (e.g. suicide)
 - Subjective wellbeing measures correlate well with informant reports from friends and family and observable characteristics (smiling)
 - Biophysical measurements, including heart rate, brain electrical activity, eyeblink startle response, and saliva cortisol levels have all also been shown to correlate with subjective wellbeing

Measuring Subjective Wellbeing

- Limits to subjective wellbeing measures
 - Subjective questions can be heavily influenced by question order and contextual effects
 - A significant component of total variance is associated with fixed personality type (c50% of total variance)
 - There are significant constraints due to the use of a bounded scale (income can increase forever, life satisfaction is limited from 0-10 depending on the scale used)
 - Culture does matter and has an effect on responses to subjective wellbeing measures
 - Subjective wellbeing tends to be relative both to one's peer group (aspiration treadmill) and past experience (the hedonic treadmill)

International Developments

- The OECD has made more effective outcome monitoring a priority since 2004
 - Resumed publishing *Society at a Glance* in 2001
 - Palermo (2004), Istanbul (2007), and Busan (2009) World Forums on Measuring the Progress of Societies
 - Inclusion of subjective wellbeing measures in *Society at a Glance* 2005, and in the 2007 and 2009 World Forums
- The 2008 fiscal crisis has added new impetus to better ways to measure progress
 - How did we get into this mess (warning signs)
 - How do we manage it (minimise the negative impacts)
 - Did an excessive focus on income help cause the mess

International Developments

- In 2008 Nicholas Sarkozy commissioned nobel laureates Joseph Stiglitz and Amartya Sen, along with French economist Fean Paul Fitossi to review the “Measurement of Economic Performance and Social Progress”
- The Stiglitz/Sen/Fitoussi report makes 3 sets of recommendations relating to:
 - Classical GDP issues
 - Quality of Life
 - Sustainable Development and the Environment

International Developments

- Non-monetary indicators have an important role to play in measuring social progress
- National statistical agencies should incorporate questions about subjective wellbeing in their standard surveys
- Quality of life also depends on the objective conditions and opportunities available to people... The challenge is to... invest in statistical capacity in areas where available indicators remain deficient
- Indicators of quality of life should inform about the inequalities in individual experiences.
- ...information on the “joint distribution” of the most salient features of quality of life
- Statistical systems should provide the information needed to allow the computation of several aggregate measures of quality of life

International Developments

- We need to go beyond measures of economic output
- Measures of subjective wellbeing are needed...
- ...and we need to fill the existing gaps in our existing suite of objective outcome measures
- Our measurement framework needs to cover the distribution of outcomes as well as the average
- ...and allow us to look at multiple outcomes for the same person at the same time
- Taken as a whole, this framework should support the development of over-arching scalar measures

New Zealand

- New Zealand is very well placed with respect to the recommendations of the Stiglitz report
- The Programme of Official Social Statistics (which kicked off in 2004) explicitly aimed to address a very similar range of information gaps
 - Capture a wide range of outcomes important to wellbeing not captured elsewhere
 - Supplement objective measures with subjective measures
 - Allow the analysis of outcomes for the same person at the same time

New Zealand

- The Programme of Official Social Statistics

	NZGSS	HES	Time Use	Maori	Disability	Health / NZCASS
Subjective Wellbeing	√	-	-	√	√	√ / -
Outcome Measures	√	-	√	√	√	√
Distribution	√	√	√	√	√	√
Coincidence	√	-	-	√	√	√ / -

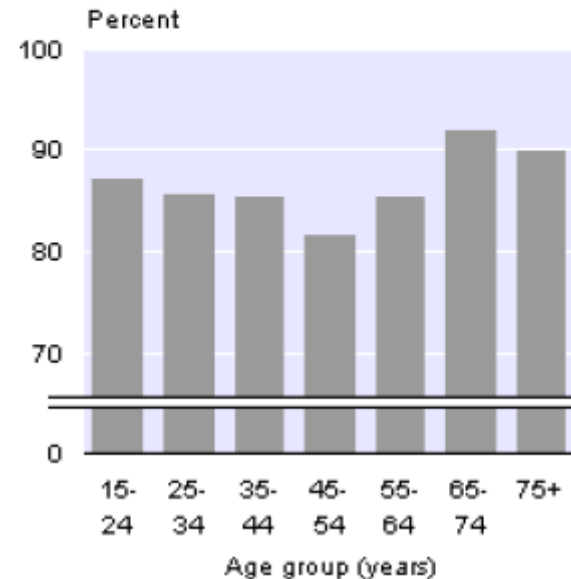
New Zealand

- The New Zealand General Social Survey:
 - Biannual survey of 8000 households
 - Includes a measure of overall life satisfaction
 - Intended to support monitoring social outcomes and allow analysis of the inter-relationship of outcomes across domains, including the exploration of multiple disadvantage
 - First release of data was on 29 October 2009
 - Second wave currently in the field

Selected NZGSS Measures For the total population April 2008–March 2009	
Measure	Population (%)
Financial well-being	
Personal income	
\$70,001 or more	12.2
\$30,001–\$70,000	36.1
\$30,000 or less	51.6
Adequacy of income to meet everyday needs ⁽¹⁾	
More than enough	13.7
Enough / just enough	71.8
Not enough	14.5
Self-assessed general health status	
Excellent / very good / good	87.5
Fair / poor	12.5
Major problem with house / neighbourhood	
Have a major problem	51.2
Safety and security	
Very safe / safe walking alone in neighbourhood at night	52.4
Can access support in a time of crisis ⁽²⁾	96.4
Household has stored emergency water	40.7
Experienced discrimination in last 12 months	10.1
Social contact and isolation	
Had face-to-face contact with family ⁽³⁾	83.7
At least once a week ⁽⁴⁾	66.0
Had non-face-to-face contact with family ⁽³⁾	95.8
At least once a week ⁽⁴⁾	79.6
Felt isolated from others most / all of time in last four weeks	3.6
Voluntary and unpaid work	
Undertook voluntary work ⁽⁵⁾	32.6
Undertook unpaid work ⁽⁶⁾	64.6
Environment	
Household recycles all / most recyclable items	73.9
Household minimises energy use all / most of the time	53.9

People Who Were Very Satisfied / Satisfied with Life Overall

By age (10-year groupings)
April 2008–March 2009

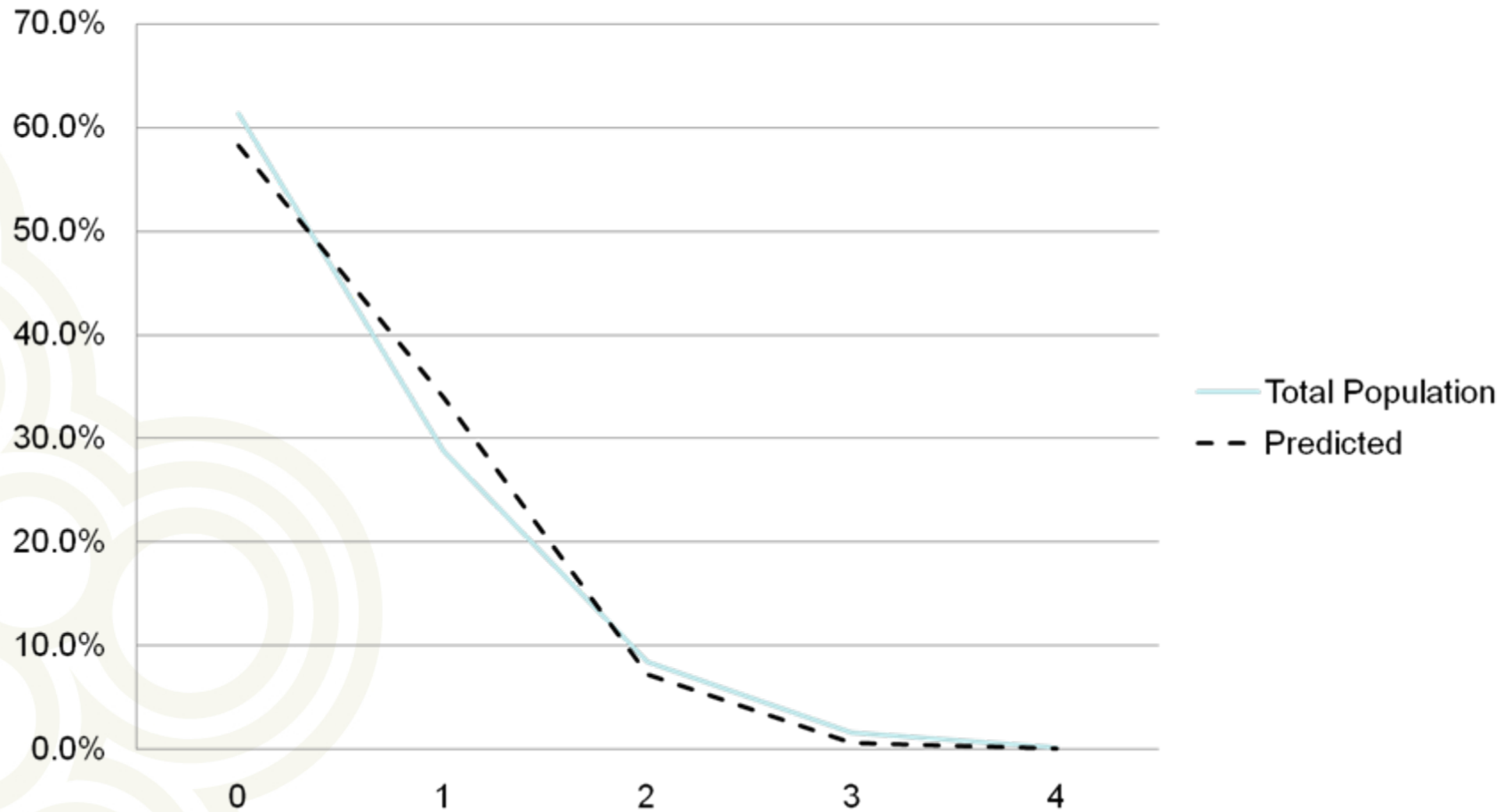


Overall life satisfaction	
Very satisfied / satisfied	85.8

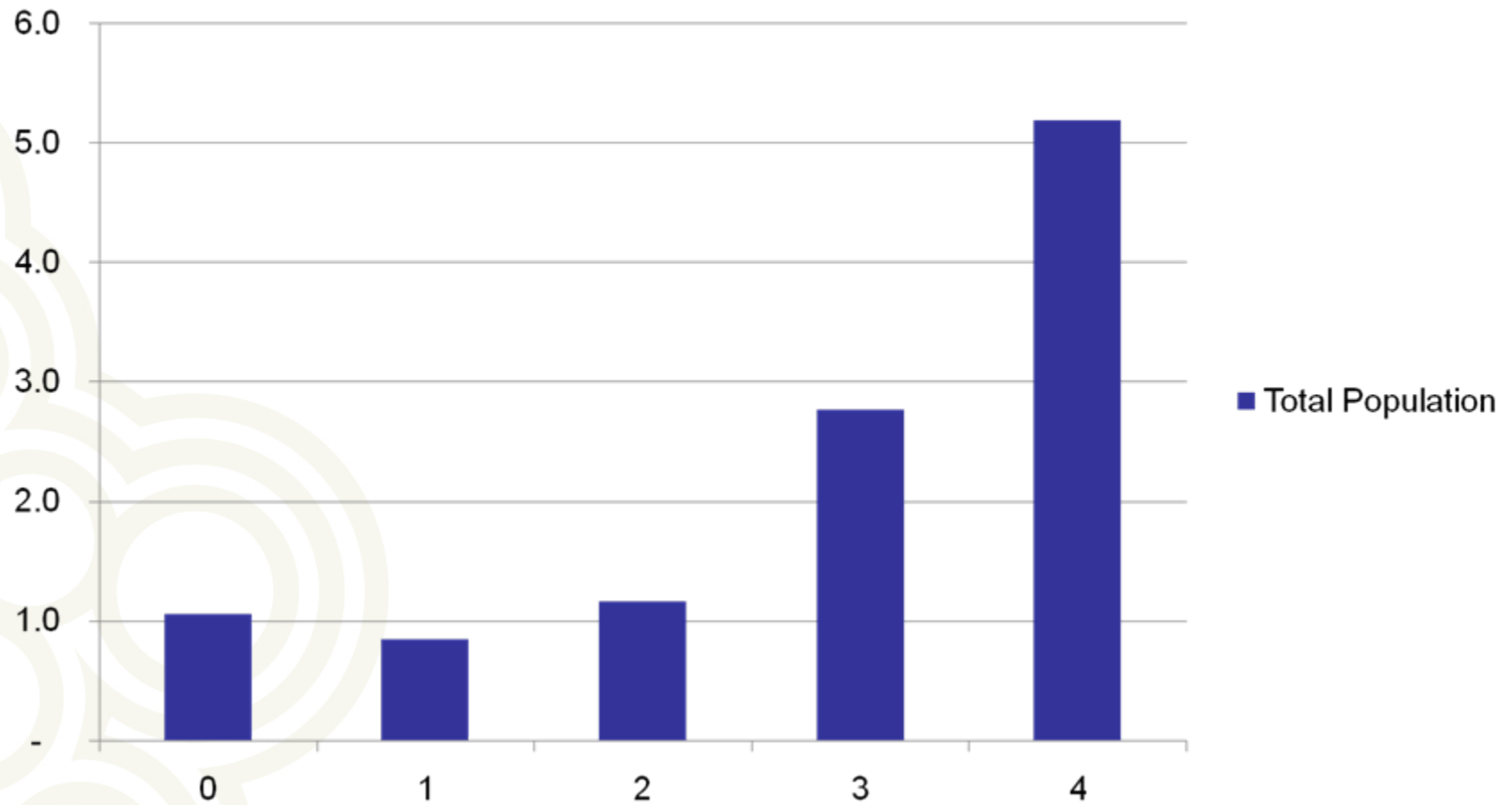
(1) Only asked of people aged 18 years and over, and includes partner's income where applicable.
(2) From someone living in another household.
(3) Living in another household during the past four weeks.
(4) Percentage is of those who had contact.
(5) For a group or organisation in the last four weeks.
(6) For someone living in another household in the last four weeks.

Note: Related measures have been grouped under topic headings, but do not cover the entire topic. Data users can access a wider array of measures relating to the topics in the NZGSS dataset.

Actual vs predicted levels of multiple poor outcomes in New Zealand 2008/09



Relative probability of multiple poor outcomes: actual vs predicted 2008/09



Future Directions

- What role should a national statistical office play in the collection of subjective wellbeing data?
 - Should we collect it at all?
 - If we do, how should we present it?
- Our answer to the first question is clear:
 - There is a continued and policy need – driven by outcome monitoring but including other uses of subjective wellbeing data

Future Directions

- There is no question that we need to measure wellbeing
 - Wellbeing is the main focus of most public policy
 - The costs of not measuring it are very high
- To do this a broad range of outcome measures will be required
- The place and role of measures of subjective wellbeing such as overall life satisfaction is less clear

Future Directions

- There are two main arguments against giving overall life satisfaction and similar measures a central place
 - The measure the wrong thing
 - They aren't comparable between groups of interest
- The wrong thing?
 - Cross country studies (e.g. Helliwell 2004) can account for c90% of variance in overall life satisfaction measures
 - The determinants in such models are generally plausible (income, health, governance, education, social connection, stability)
 - Risk of confusing what is a good outcome (which overall life satisfaction can show us) to how to get good outcomes

Future Directions

- Comparability?
 - As mentioned earlier, the boundedness of subjective wellbeing measures is a genuine issue for monitoring wellbeing
 - Cross-cultural comparability is another area of concern
- The jury is out on time series comparisons
 - We would not expect large changes in developed countries
 - We currently lack good time series data for those rapidly developing countries where we would expect to see a change
 - Significant movements in post-communist Europe over the past 10 years

Future Directions

- In the past, subjective wellbeing measures in New Zealand have largely been used as:
 - ‘points of interest’
 - scale validation
- While these uses will remain relevant, there are two key uses that will drive the future collection and publication of subjective measures
 - monitoring outcomes
 - ‘apples and oranges’

History: 1970s and 1980s

123. On this card are some face expressing various feelings.
Below each is a letter.

Which face comes closest to expressing how you feel about:

- a. your health?
- b. this house/flat?
- c. The education that you have had?
- d. Your spare time activities?
- e. Your family?
- f. Your income?
- g. IF WORKING: your (main) job?
- h. IF ENGAGED IN UNPAID HOUSEHOLD DUTIES: your housework?
- i. Your neighbourhood?
- j. Your friends?
- k. Your life as a whole?

