

A decorative graphic of a dotted circle in shades of yellow and orange, positioned to the left of the title.

What is Wellbeing

Wellbeing is the ultimate goal of policy making and everyone has a general feeling what it is. Unfortunately, it is not as easy to agree on a definition or to measure it. There are many reasons behind this difficulty.

Wellbeing is a matter of value judgement.

Wellbeing is not the same for every society, group, religion, let alone individuals. Like with the notion of “development” many wellbeing topics are subject to informal rules and values governing society. The most striking example is pollution: until mid-20th century nobody thought clean air or water was a matter of wellbeing.

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Factsheet Wellbeing



Which disciplines study Wellbeing?

Sociology classifies it in five different types:



Political science links wellbeing in public policy on certain accounts of the good life that find their roots in ancient ethical theory, focusing on the relationship of virtue (arête) and happiness (eudaimonia).

Economics Wellbeing is more than just happiness and means “developing as a person, being fulfilled, and making a contribution to the community” or “how people feel and how they function, both on a personal and a social level, and how they evaluate their lives as a whole.”

How Wellbeing is measured?

1 GDP and GNI are good proxies but have limitations: the main advantages of GDP are that it is “objective”, standardised and not subject to value judgements, as well as that it is widespread and allows for international and interregional comparisons but it is unable to capture negative externalities (pollution, congestion), non-market transactions, the informal economy, quality improvements in goods and services as well as ethical aspects

2 Starting a new measuring effort with a challenge: a group of economists led by Nobel laureate Joseph E. Stiglitz, French economist Jean-Paul Fitoussi, and Nobel laureate Amartya Sen issued a report challenging gross domestic product (GDP) as a measure of progress and wellbeing. Published as *Mismeasuring Our Lives* by *The New Press*, the book sparked a global conversation about GDP and a major movement among scholars, policy makers, and activists to change the way we measure our economies.

3 The OECD “beyond GDP” agenda provides an accessible overview of the last decade’s global movement, sparked by the original critique of GDP, and proposes a new “dashboard” of metrics to assess a society’s health, including measures of inequality and economic vulnerability, whether growth is environmentally sustainable, and how people feel about their lives.



New approaches

A large number of efforts are made internationally, of which SPI is one. **Measuring opportunities** arising from computing power, access to information, big data and data analytics have facilitated the creation of new indicators. Their merit lies in their efforts to overcome measuring biases, but their content differs in various aspects: it reflects the value judgement of each measuring endeavour, it measures different territorial levels (national, regional or even local sometimes), it refers to one or more countries etc. But they share several **common elements**: all of them value **health, education** and the **environment** but they may add different dimensions, measure specific topics within each indicator and aggregate them in different ways. They all include both objective, measurable statistics as well as perceptions.



The crucial issue of inequality

Wellbeing measures are usually averages, and do not embrace the problem of inequality, which is rising in developed countries but diminishing **between developed and developing countries**. This has led to the emergence of the concept **“geography of discontent”** (this may be used as the opposite to wellbeing): High unemployment, low wage growth and other symptoms of poor socio-economic performance have led to a growing public discontent with the political and economic status quo.

In parallel and since the 2008 global financial crisis, there has been a growing mistrust from citizens about the capacity of their governments to ensure wellbeing now and in the future. Within national boundaries the degree of discontent reflects the economic performance of a region relative to others in the country. With unchanged policies, unfolding megatrends such as automation will further increase the spatial divides that create this pattern of discontent and likely increase tension while undermining social cohesion.

STRATEGY 1 “HEALING GDP”	STRATEGY 2 “COMPLEMENTING GDP”		STRATEGY 3 “REPLACING GDP”	
	Without subjective well-being	With subjective well-being	Without subjective well-being	With subjective well-being
Measure of Economic Welfare (MEW)	Human Development Index (HDI)	Better Life	Well-Being Index (WBI)	Happy Life Expectancy
Index of Sustainable Well-being (ISWB)	Inequality-adjusted HDI (I-HDI)		Social Development Index (SDI)	Happy Planet Index
Genuine Progress Indicator	Index of Social Progress (WISP)			(Gross National) Happiness
Index of Economic Well-Being	Index of Social Health			

Source: Delhey and Kroll (2013)

Recommendations for an excellent wellbeing policy

- Policies need to be guided by informative indicators about people's **quality of their lives, inequalities, and sustainability**
- Better **metrics of people's wellbeing** for all countries, regardless their level of development
- Better **quality and comparability of metrics of economic inequality**
- Disaggregated data by age, gender, disability status, sexual orientation, education (**social status**)
- **Integration of information on economic inequalities** within the System of National Accounts should be pursued
- Assessing equality of opportunity is important
- Regular, frequent and standardised collection of **evaluative and experiential measures** of subjective wellbeing should be pursued
- Policies should be assessed for their **effects on people's economic insecurity**
- Better measures of sustainability are needed
- The measurement of **trust and other social norms** should be improved
- **Access to statistical data and administrative records** by academics and policy analysts should be facilitated
- To deliver "better policies for better lives", wellbeing metrics should be used (informed policy making)

The SPI peer learning workshop conclusion

- Wellbeing policy is a **hot topic** for European regions
- Policy makers have a good feeling on how many measurement efforts exist
- **Conceptually all disciplinary approaches** are valuable inputs to understand wellbeing
- While all regions explicitly take wellbeing into consideration when they design structural policies, they **lack an explicit definition** and address components based on their (implicitly recognised?) relevance
- **Health** is by far the most important component to address and measure, followed by education, while material living standards and personal activities ranked lowest
- Missing elements in the **SPI methodology** that would help making policies more explicit include culture, deaths at work, biodiversity, commuting time, unemployment, urbanisation and inequality.
 - Inequality is corroborated by the reaction that the **economy of discontent** is a serious or moderate problem in all regions; no region considers it irrelevant.