

FEATURE

Paul Allin
Office for National Statistics

Measuring societal wellbeing

SUMMARY

This article provides an overview of measuring societal wellbeing, also called quality of life or social welfare. GDP and the National Accounts measure economic wellbeing according to an internationally agreed system, but they are increasingly seen as measuring only part of societal wellbeing. The article considers what societal wellbeing is and the main approaches that are emerging for how it should be measured. Some examples are given to show how government around the UK is measuring societal wellbeing.

The Organisation for Economic Co-operation and Development and other international organisations are, through the 2007 Istanbul Declaration, promoting debate about what progress means and how a shared view of societal wellbeing can be produced, based on high-quality statistics. This article is a contribution to that debate, and is aimed primarily at learning more about the needs for information on wellbeing and progress, and how it would be used. This will help the Office for National Statistics develop its analysis programme addressing the priorities of children, ageing, public sector productivity and societal welfare, which is likely to draw initially on existing indicators and may also build on developments in 'satellite' accounts that extend the coverage and scope of the National Accounts.

The UK, as a market democracy, shares a commitment with the 29 other members of the Organisation for Economic Co-operation and Development (OECD) to sustainable economic growth and employment, rising standard of living, maintaining financial stability and contributing to the development of the world economy. The National Accounts and related indicators – especially GDP per head – provide a well-established and internationally agreed way of measuring economic wellbeing.

However, for an increasing number of public policy needs, and in public debate, it is becoming recognised that there is 'more to life than GDP' (see Box 1 for an extract from a speech by Robert Kennedy that is believed to be the origin of this phrase). Fine though they may be, many of the things that Robert Kennedy listed as outside GDP are intangible, difficult to define and impossible to measure.

Various wider measures of societal wellbeing have been proposed and developed. A number of different approaches are reviewed in this article, which has been prepared as an overview of measuring societal wellbeing, part of ONS's analysis programme addressing the priorities of children, ageing, public sector productivity and societal welfare.¹ Key to taking forward work in the Office for National Statistics (ONS) on societal wellbeing is the need to understand more fully the requirements for measures beyond GDP. It is hoped this article will help gather further user needs for ONS work.

What is societal wellbeing?

There is no single definition of wellbeing. The terms wellbeing, quality of life, happiness, life satisfaction and welfare are often used interchangeably (although some disciplines draw distinctions between them). An overview of wellbeing concepts and challenges was prepared by Fiona McAllister for the Sustainable Development Research Network in 2005.² One of the distinctions she makes is between objective and subjective wellbeing. Objective wellbeing refers to the material and social circumstances believed to foster – or detract from – an individual's or community's sense of wellbeing. Subjective wellbeing refers to an individual's self-assessment of their own wellbeing. This assessment is likely to include relative as well as objective measures, life history, values and expectations.

Much of the discussion and research is about the wellbeing of individuals. To support policy makers wishing to take a greater focus on wellbeing and to promote consistency, the Department for Environment, Food and Rural Affairs (Defra) has worked with other government departments, the devolved administrations and other stakeholders to develop a common understanding:

Well-being is a positive physical, social and mental state; it is not just the absence of pain, discomfort and incapacity, it requires that basic needs are met, that individuals have a sense of purpose, that they feel able to achieve important personal goals and participate in society.

Box 1

Quality of life

‘Too much and too long, we seem to have surrendered community excellence and community values in the mere accumulation of material things. Our gross national product ... if we should judge America by that – counts air pollution and cigarette advertising, and ambulances to clear our highways of carnage. It counts special locks for our doors and the jails for those who break them. It counts the destruction of our redwoods and the loss of our natural wonder in chaotic sprawl. It counts napalm and the cost of a nuclear warhead, and armoured cars for police who fight riots in our streets. It counts Whitman’s rifle and Speck’s knife, and the television programs which glorify violence in order to sell toys to our children.

Yet the gross national product does not allow for the health of our children, the quality of their education, or the joy of their play. It does not include the beauty of our poetry or the strength of our marriages; the intelligence of our public debate or the integrity of our public officials. It measures neither our wit nor our courage; neither our wisdom nor our learning; neither our compassion nor our devotion to our country; it measures everything, in short, except that which makes life worthwhile. And it tells us everything about America except why we are proud that we are Americans.’

From a speech by Robert Kennedy, University of Kansas in Lawrence, 1968 (internet search)

This draws on a number of sources, particularly the World Health Organisation’s definition of the health of an individual. It leads on to the question of whether the wellbeing of society as a whole is more than the sum of individual wellbeing. Clearly, there is some understanding that a community can have a sense of wellbeing. Measuring societal wellbeing overall may then involve both summarising individual (subjective) wellbeing and assessing (objective) material and social conditions.

Another way of understanding societal wellbeing is advocated by the OECD global project on measuring the progress of societies.³ There is as yet no widespread agreement on how best to measure ‘how a society is doing’. The OECD initiative also points to an important feature of the measure: are we seeking to measure the level of progress, which might be interpreted as the current stock of wellbeing, or the progress made over a given period, in the way that GDP measures total economic activity in a region over a period?

On the other hand, there are also barriers to social progress to understand. Over a century ago, aspects of life such as poverty, addiction and violence were described by Joseph Rowntree as social evils and ‘scourges of humanity’. The Joseph Rowntree Foundation has recently set up a project to update their founder’s agenda in the 21st century. This will provide a stark backdrop to discussion of societal wellbeing.

Why measure societal wellbeing?

The glib answer is that there is more to life than GDP, so it should be measured. GDP may have been interpreted as a proxy for societal wellbeing but is increasingly seen as an incomplete measure of quality

of life (see Anderson 1991). Although not described as explicitly about wellbeing, the concept of ‘National Statistics’ underpins it, because the aim of National Statistics is to provide an accurate, up-to-date, comprehensive and meaningful description of the economy and society of the UK. That, however, perhaps paints too broad a picture within which wellbeing or quality of life is hard to recognise. A more manageable framework appears from the context of sustainable development, in which economic, environmental and social issues and progress are seen as interdependent.

The need to measure wellbeing beyond economic growth is recognised within economics.⁴ Indeed, the use and limitations of GDP as a measure of welfare were much discussed during the formative years of national accounting. It is important not to lose sight of the limitations. More recently, John Helliwell has written that:

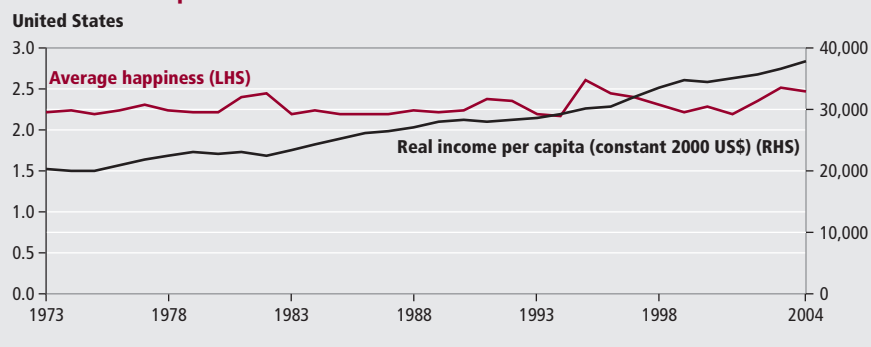
It is incumbent on economists especially, who have been responsible for propagating the myth of economic man, to at least consider the costs of policies that rely too much on its assumed truth ... The world is complex, and

best understood with many measures, and seen through many lenses. Simple and widely collected measures of social capital and well-being have earned a place in the researcher’s toolkit (see Helliwell 2006).

Richard Layard has called for radical reform to the theory behind public economics, to take on board the new psychology of happiness which shows that, ‘despite massive increases in purchasing power, people in the West are no happier than they were fifty years ago’ (see Layard 2006). Richard Easterlin was one of the first modern economists to study the relationship between GDP and happiness in the 1970s. He found that once a certain GDP is reached, the strength of the relationship between income and reported levels of happiness declines markedly. In **Figure 1**, the Easterlin paradox appears that reported happiness has remained broadly level in the US over 30 years while GDP per head in real terms has continued on an upward trend.

It is worth noting that the aim of the UK Treasury goes wider than GDP. Specifically, the aim of HM Treasury is ‘to raise the

Figure 1
The Easterlin paradox
United States



Source: Clarke et al 2006

rate of sustainable growth, and achieve rising prosperity and a better quality of life with economic and employment opportunities for all.⁵ The initial national economic development strategy of the Welsh Assembly Government highlighted 'We are ... aware that increasing GDP does not automatically lead to a better quality of life for our people. The way we develop is important too' (WAG 2001). Quality of life features in all sections of the principles and priorities for the Scottish Government (2007).

The UK 2005 sustainable development strategy, *Securing the Future*, recognised that wellbeing is at the heart of sustainable development. It identified a need to ensure that wellbeing issues are being tackled consistently, in the right way and that government is genuinely making a difference to people's lives. The Local Government Act 2000 had given local authorities the power to promote social, economic and environmental wellbeing in their areas.

There are therefore public needs for information about wellbeing to make, implement and evaluate policy. These have to recognise that much of individual contentment or societal wellbeing is not influenced by government, especially after policy becomes embedded and accepted as part of the social norm.

Policy needs are accompanied by general public interest in wellbeing, including on the effectiveness of government policy. This is being addressed in other countries through publications such as the Australian Bureau of Statistics' *Measures of Australia's Progress At a Glance* and a new non-profit American institution, the State of the USA, Inc., with the goal of establishing 'a credible and reliable web-based source of high-quality data to measure America's changing economic, social and environmental conditions'.

A number of non-governmental organisations in the UK have also recognised the need to measure the wellbeing of society. The most important conclusion of the authors of the 2007 Equalities Review, *Fairness and Freedom*, is that 'a more equal Britain would be a better Britain: more prosperous, more humane, more cohesive and fairer'. Among other reports, those from the Commission on Urban Life and Faith and the new economics foundation (nef) both set an agenda and draw on existing data to present measures,⁶ with nef working in particular with local authorities to develop wellbeing indicators to measure the impact of policy making.

The OECD notes that its *Going for Growth* publication focuses on policies that have the potential to improve economic performance, as measured by GDP per head. However, the OECD recognises that the wellbeing of individuals and households does not only depend on GDP per head, but also on other factors, such as leisure time, environmental quality, increases in competences and longevity, and distributive issues. This provides further impetus to the OECD's global project on measuring progress.

How should societal wellbeing be measured?

National accounts have been established for over 50 years, as a structured way of defining, measuring and presenting economic progress. Throughout this time there has been interest in setting GDP in a wider context. The International Association for Research in Income and Wealth (IARIW)⁷ was founded in 1947, in conjunction with a meeting of the International Statistical Institute. Its organisers were individuals who were actively engaged in national income accounting research or who, in their official or academic positions, had been instrumental in developing the important techniques in national income and national budgeting that had been implemented in a number of countries during World War II and the immediate post-war period. IARIW's fields of interest include the development of systems of economic and social accounting, and their use for economic policy, as well as defining, measuring and analysing national income and wealth and the distribution of income and wealth, and poverty.

Sen's work on development economics, and associated research in the measurement of wellbeing through the 'capability approach', broadened the concept of economic wellbeing to include non-monetary dimensions of the quality of life, such as health, education, housing and participation in social life, as well as to allow for individual freedom. In order to capture trends in these dimensions, and to make comparisons over time and between countries, many systems of social indicators have grown up over the years, including the OECD's social indicators, first published around 1980.⁸

Happiness has been considered as a measure of societal wellbeing at least since Jeremy Bentham's writings about the proper purpose of law (1789). Bentham proposed that this, as for all human action,

was to promote 'utility' or, to use the more famous formulation, the greatest happiness of the greatest number. More recent theories, including neoclassical economics, have developed alternative models of societal gain, based on different philosophical models of how benefits might be distributed. These models often used concepts of utility that have appealing mathematical properties, but do not necessarily have meaningful, measurable counterparts. It was only in the second half of the 20th century that happiness began to be measured regularly in academic and commercial social surveys. This focuses on the perception that people have of their own wellbeing, assessed through sets of questions that tend to start with something like 'All things considered, how satisfied are you with your life as a whole nowadays?'

A body of research into happiness and life satisfaction is building up,⁹ together with the view that overall life satisfaction can operate as an overall 'outcome' measure, reflecting economic wellbeing, health, education and access to services. However, it is also acknowledged that such measures have limitations. We do not know, for example, how much respondents discount current life dissatisfaction by future expectations, or the precise way in which life experience plays into current satisfaction. There may also be an increasing baseline of perceived entitlement, as prosperity is taken for granted. The measures are numerically constrained, for example, a score between 0 and 10, so that comparisons over longer periods and between places may be difficult to interpret.

Life-satisfaction/happiness and the 'capability approach' can be characterised as two main strands of research in the measurement of societal wellbeing beyond GDP. The territory beyond GDP was well mapped in 2006 in an OECD social, employment and migration working paper by Boarini, Johannsson and d'Ercole.¹⁰ Using a classification suggested there, the following components to the measurement of wellbeing can be identified:

- the National Accounts and GDP per head in particular
- ways of extending the National Accounts to include non-market activities, environmental impact, leisure time, social capital, the sharing of income within households, and various distributional concerns – which might be characterised as producing additional measures of welfare

(covering formal satellite accounts around the National Accounts and other estimates, such as those based on sustainable development principles)

- measures of specific social and environmental conditions that are related to wellbeing, which are invariably grouped into sets of indicators (for example, EU and OECD social indicator sets and the UN Human Development Index, which simply averages its component indicators)
- survey-based data on happiness and life-satisfaction

The strength of the National Accounts is that they have an internal rigour, internationally agreed and underpinned by a firm conceptual basis. However, this strength may also be a weakness when using them for wider measures of wellbeing. They do not cover, and do not claim to do so, all of the dimensions of wellbeing that are relevant. There is as yet no equivalent framework for social accounting. The promise of integration of social and economic data first set out in the 1950s in Stone's Social Accounting Matrices has not materialised, and this approach would anyway now need to be adapted to include environmental aspects. The IARIW remains an important focal point for work in this area. Sessions are being planned on measuring wellbeing and on macro indicators of wellbeing for the next IARIW general conference, in 2008.

This article reports on an initial tour of wellbeing literature and developments. It has not been possible to discover the extent to which various approaches and indicator sets are founded on articulated theoretical frameworks. Social psychology should provide sufficient established theory, for example on the hierarchy of human needs or on social deprivation, for a framework for societal wellbeing. It may well be that social psychology maps into the 'capability approach' and could be used to rationalise social indicators.

However, an initial impression remains that only now are theory and models relating to wellbeing being built. Moreover, interest is often in changes in wellbeing over time, to see how factors such as economic growth and public sector activities impact on it, which calls for more complex, dynamic theory and models.

In the absence of theory, analysts have often adopted a descriptive approach to wellbeing. A standard, cross-disciplinary definition of either quality of life or

wellbeing does not exist. Definitions vary according to research interests and objectives. Wellbeing can at best be viewed as a multidimensional, shifting concept. How it is measured relates to how the term is defined and what is being measured. Indicator sets designed to cover specific topic areas have an advantage in terms of covering a wider range of social concerns. But they are weakened by often not having any discernible theoretical basis.

Summarising an indicator set is also problematic. The full set of indicators can be presented, for example, with information that assesses the performance of each indicator. This leaves the user to weight the indicators together as appropriate for their needs, or simply to average them. The weights used in any composite index need to be explicit.

This means that indicator sets purporting to measure wellbeing on a broad basis often look just like arbitrarily chosen groups of likely looking indicators. Precisely because there is no theoretical basis, it is difficult to choose between competing sets, even though they frequently show quite different readings and comparative rankings.¹¹ One danger of not treating wellbeing consistently as a multidimensional concept is that particular contributions to the quality of life, for example, the quality of public space, may fail to be recognised.

Looking at the two broad approaches to measuring societal wellbeing identified in the literature (measures of a healthy society and measures of individual contentment) suggests that the quality criteria for each approach share some common features, but also have their own features:

- to measure the health/wellbeing of society through a set of measures that are grounded in a model of social behaviour, coherent, comprehensive, inclusive, consistent over time and space, and internationally agreed
- to measure individual contentment/happiness through statistical vehicles that are reliable, understandable, representative of population as a whole, and replicable

That no framework for measuring societal wellbeing has yet been agreed, unlike the system of national accounts, may simply be that there is no common currency with which to measure the many dimensions of wellbeing. Quality-adjusted years of life and other measures of healthy life expectancy are used in the health and social care context. However, despite wellbeing having health as

a core feature, it is difficult to operationalise this across other aspects of wellbeing.

Consistency over time is another important feature. Changes in societal wellbeing might intuitively be rather slow to take effect. On the other hand, there might be some changes that reflect a paradigm shift in attitudes or outcomes (for example, how did the events of 9/11 or the Asian tsunami impact on the wellbeing of those of us who were not directly affected?). Whether change is gradual or abrupt, measures are needed that allow those changes to be determined with confidence. The analogy with measuring turning points in the economy is intriguing: might social indicators be found that lead, lag or are coincident with turning points in societal wellbeing?

In their OECD paper, Boarini *et al* conclude that:

- within the National Accounts, other and possibly better measures than GDP per head exist, for example, net national product and net income. However, these are less widely available and, where they are available, they do not change the picture given by comparing GDP per head over time or between countries
- illustrative calculations to extend the National Accounts similarly do not alter the rankings of GDP per head between countries. However, extending the National Accounts does show a different time profile in wellbeing to that shown by GDP per head
- similarly, levels of most of the specific indicators of social conditions are significantly correlated to GDP per head across OECD countries, while changes over time are not. A composite index based on these indicators points to significant difference in performance relative to GDP per head in around half of OECD countries, whatever the weights used in the index
- survey-based data on happiness and life-satisfaction across OECD countries are only weakly related to levels of GDP per head. Research on these subjective measures suggests that several distinct factors – such as joblessness, family and community ties – contribute to overall life-satisfaction and their influence cannot be reduced to a single dimension of economic resources

The authors' summary is that:

measures of economic growth remain critical for any assessment of well-being

but they need to be complemented with measures of other dimensions of well-being. How best to integrate these different measures is an open question. One approach is to take measures of economic resources as a starting point and then introduce a series of corrections to incorporate other arguments, but internationally-agreed standards on how to value these various non-market factors have yet to be developed. A different approach is to use various non-monetary indicators alongside conventional measures of economic resources: while still lacking a coherent conceptual and statistical framework, these indicators provide information that is relevant for the assessment of well-being.

Reflecting on what this means for the UK, two points should be made. First, while it is generally true that moving from GDP to net national product (NNP) or net income does not change the picture much, it does make a difference for the UK, which is an exception. UK capital stock is much lower in relation to GDP than other comparable countries, reflecting secular underinvestment. However, in national accounting terms, this does mean that depreciation in the UK is proportionately lower than for other countries. On an NNP per head basis, the UK therefore appears higher in the league table than it would on a GDP comparison basis.

Secondly, given that some satellite accounts are produced in the UK, one way forward would be to make greater use of them, retaining the rigour of national accounts but with much greater inclusion of social, environmental and economic outcomes than would be possible within national accounts. (The language here is interesting: it conveys the picture of subsidiary accounts orbiting the main National Accounts, whereas if the primary concern is to measure wellbeing then the monetary National Accounts may not have such a central position). The challenge, of course, is then to design, implement and update satellite accounts. The Atkinson Report on measuring government output and productivity recommended greater use of satellite accounts, particularly for the development of human capital through education, and for health.¹²

Examples of measuring societal wellbeing in the UK

In this section, a limited number of examples from government around the UK are examined, in each of the categories of

wellbeing measurement beyond GDP listed above. This is not a comprehensive review of all work relevant to wellbeing, especially the many different indicator sets that each give a view on aspects of wellbeing. It is also not a guide to sources beyond government, such as the Economic and Social Research Council's British Household Panel Survey, which began in 1991 and includes measures of subjective wellbeing that have been widely analysed.

Extending the National Accounts

The index of sustainable economic welfare (ISEW) represents an estimate of welfare based on sustainable development principles. Daly and Cobb (1989) developed the method and Cobb and others turned this into the Genuine Progress Indicator in the mid-1990s. In the UK, developments have been led by Tim Jackson at Surrey University and nef. One variation was called the Measure of Domestic Progress and in July 2007 nef launched the European Happy Planet Index. This first ranks countries separately for their carbon footprint, life expectancy and life satisfaction. Then the indicators are put together to demonstrate the efficiency with which their resource use translates into relatively long and happy lives.¹³

Munday *et al* (2007) have calculated an ISEW for Wales covering 1990 to 2005 showing that the ISEW per head grew more strongly between 1990 and 2005 overall than did GDP per head, in contrast with the picture painted by the life satisfaction measure (for the US, but typical of OECD countries) in Figure 1. The pilot Welsh ISEW starts from consumers' expenditure (not total GDP) and a number of adjustments are made. The largest of these are for domestic labour services and public expenditure on health and education (both adding to the index) and costs of depletion of non-renewable natural resources and an adjustment to consumption for income inequality (both negative impacts).

It is clear to see how all the components of the Welsh ISEW are derived. Critiques of all ISEWs major on the selection and construction of particular elements of the index, and on how the index should be used and interpreted. The index base is personal consumption expenditure, taken as the utility gained from market goods and services.

ONS has been publishing environmental accounts in the spring and autumn of each year since 2002.¹⁴ Environmental accounts are 'satellite accounts' to the main National Accounts. They provide information on

air pollution, energy consumption, oil and gas reserves, trade in basic materials, environmental taxation and spending on environmental protection. These are related to the different industrial, commercial and domestic sectors. Environmental accounts use similar concepts and classifications of industries to those employed in the National Accounts, and they reflect the recommended European Union and United Nations framework for developing such accounts. The availability of various data sources used in Environmental Accounts varies from topic to topic. It is therefore not possible to update all sections of the publication for every edition.

Household satellite accounts measure and value the unpaid outputs produced by households in the UK. ONS published experimental estimates in 2002,¹⁵ suggesting that the value added by UK households – or gross household product – in 2000 was some £695 billion (an amount equivalent to 78 per cent of GDP as defined in the National Accounts, excluding household product). This work, unlike the UK Time Use Survey conducted around the same time, does not appear to be widely known. It was not referred to in the ISEW for Wales mentioned above, for example. Yet simply applying a pro-rata figure for Wales to the ONS experimental estimates suggests a gross household product for Welsh households of £28 billion in 2000, five times the size of the adjustment for domestic labour included in the pilot Welsh ISEW. Recognising that all of this work is experimental, there are nevertheless marked differences between the two approaches that need to be examined further, as part of a wider debate about measuring societal wellbeing.

Since the Atkinson report, ONS has been developing measures of public service output which aim to measure changes in quality of service. A recent publication proposed that quality should be measured on two broad dimensions: the extent to which the service succeeds in delivering intended outcomes, and the extent to which it is responsive to users' needs. The strategy also said that transparent decisions, backed by research if possible, should be made on the relative importance of these aspects of quality for different services.¹⁶

Indicator sets

UK government sustainable development strategies have given rise to what is now a set of 68 sustainable development indicators, through which to review progress, along with other evidence, in four priority areas:

- sustainable consumption and production
- climate change and energy
- protecting natural resources and enhancing the environment, and
- creating sustainable communities and a fairer world

The indicators are updated annually and presented in a National Statistics booklet.¹⁷ Each indicator is assessed against a baseline position and 'traffic lights' are used to signal whether there is a clear improvement, little or no change, clear deterioration or insufficient or no comparable data. In the 2007 publication, there are 93 measures that are comparable with the position in 1999. Of these, 50 (over half) showed improvement, 32 showed little or no change, and 11 had deteriorated.

With Neighbourhood Statistics (NeSS), there is a set of 13 community wellbeing/ social environment indicators for each local authority area, as well as many other indicators that add to the picture of quality of life.¹⁸ The main policy drivers for NeSS were initially to better understand patterns of deprivation and social exclusion, but the coverage of indicators has increased over time to present broader pictures of local areas. The NeSS community wellbeing/ social environment indicators do not appear to have been much studied or analysed, either as a set or in combination with other small area indicators. Taken together with the Scottish¹⁹ and Northern Ireland small area statistics, there is in effect a UK data set that could be used as one way of reporting on societal wellbeing.

Social Trends draws together economic and social statistics from a wide range of government departments and other organisations to paint a broad picture of our society today, and how it has been changing.²⁰ Much of what ONS publishes in *Social Trends* and elsewhere is used in measuring and debating wellbeing in specific contexts, such as health and social care. However, commentators noted that, although the latest edition of *Social Trends* produced some 'arresting statistics', it is not clear how to interpret the meaning of these statistics for wider wellbeing or the overall direction of progress of the country.²¹

Life satisfaction

The 2007 edition of the UK Government Sustainable Development Indicators contains for the first time an indicator section on wellbeing.²² This follows research looking at how wellbeing can fit into policy making and what measures can inform

these policies. The wellbeing measures that have been identified include the following:

- selected existing sustainable development indicators
- some related measures to support the relevant existing sustainable development indicator
- new survey results on life satisfaction, which in due course may be developed into measures of wellbeing, and for which a number of summary charts are presented showing, for example, the distribution of life satisfaction scores overall and by social grade
- measures of participation in sport and culture, and a measure of positive mental wellbeing

According to the Defra survey reported there, the average overall life satisfaction rating for England was 7.3 out of 10. This is supported by provisional results from the 2007 European Social Survey using the same question, which gave an average for Great Britain of around 7 out of 10. The majority of people rate themselves in the upper half of life satisfaction scores and 49 per cent of people rated their overall life satisfaction as 7 or 8 out of 10. There are interesting echoes here with experimental psychology findings on how people rate themselves against others (see Fine 2006).

Concluding remarks

The Istanbul Declaration, issued by the OECD and other international organisations in 2007,³ urged:

statistical offices, public and private organisations, and academic experts to work alongside representatives of their communities to produce high-quality, facts-based information that can be used by all of society to form a shared view of societal wellbeing and its evolution over time.

This article is an initial contribution to that debate. It is aimed primarily at learning more about the needs for information on wellbeing and progress, and how information would be used. Is the requirement to take regular stock of the state of the UK, counting human, social and cultural capital as well as economic capital, or to measure the amount of societal wellbeing generated over a given period? ONS has signalled that measuring societal wellbeing is a priority analytical area. It is developing a plan for this in the light of user requirements. In gathering requirements,

ONS is also taking account of views of societal wellbeing such as those seen through the lens of equality, fairness and freedom.

Given that wellbeing is multifaceted, does it need to be summarised as a single number? Although this is done in a number of approaches, it is done simplistically and essentially by assuming equal importance to each component. Perhaps a phased approach would be more helpful, firstly to identify and agree the various areas of life that contribute to overall life satisfaction, welfare or wellbeing. There is much to debate here, but also some shared understanding of major components, including health, income, the environment, education and equalities. Choices of components and associated indicator sets – and what is left out – would have to be justified against some sound framework. Better ways of presenting multidimensional data also need to be found. Then, having measured the components or dimensions, it may be appropriate to find ways of judging their relative importance. Can a utility function be defined and measured, based on population values?

The measurement of societal wellbeing may need to be undertaken at different geographical levels. There may well be a need to assess wellbeing for the UK as a whole, including for comparison with other EU member states or other members of the OECD, as well as to feed into the evaluation of policy options. But there will also be needs for measures for parts of the UK, including again for comparisons, both within the UK and between, for example, European regions. If GDP per head (strictly, ONS estimates gross value added per head) is different between two parts of the UK, are there compensating factors that rebalance wellbeing in the two regions? Meeting local and community level needs may only be possible with different indicators from those that might be most useful at national level.

Another dimension to measuring wellbeing would be to compare different social groups, for example by age or life-cycle stage, income or cultural identity. More generally, the distributional question is central to work on wellbeing having real meaning. Data will be needed to assess the (relative) wellbeing of subgroups, the distribution of wellbeing outcomes, and to understand how different policy instruments might impact in different ways.

Although this has been by no means a comprehensive review of existing work, it is clear that there is a large amount of data already collected that could be analysed further, to provide some insight to societal

wellbeing and progress, beyond GDP, in all the categories of products that have been suggested as ways of measuring wellbeing. There are also a number of challenges in making sense of what is already available and presenting this in a clear and structured way.

ONS might also particularly contribute to the debate by exploring the need for satellite accounts and, with appropriate resources, developing them by building on national accounts expertise. Whether or not these might eventually add up to a system of national wellbeing accounts is another matter. A first step here could be to explore policy and other needs for particular accounts, for example to measure social care, as well as building links between existing satellite accounts and other measures of societal wellbeing. This would be one way of providing structure to the understanding of wellbeing. It should usefully draw on reviewing how existing satellite accounts are used.

Notes

- 1 See ONS News Release on statistical priorities for 2007–08, 27 March 2007.
- 2 See www.sd-research.org.uk/well-being/documents/SDRNwell-beingpaper-Final_000.pdf
- 3 Measuring and fostering the progress of societies was the theme of an OECD world forum in June 2007, see www.oecd.org/document/51/0,2340,en_21571361_31938349_37115187_1_1_1_1,00.html
- 4 See, for example, *The Economist* 23 December 2006 cover story *Happiness (and how to measure it)*.
- 5 See www.hm-treasury.gov.uk/about/about_index.cfm
- 6 See www.culf.org.uk and www.neweconomics.org
- 7 See www.iariw.org
- 8 See www.oecd.org/dataoecd/

- 9 See, for example, www.worlddatabaseofhappiness.eur.nl
- 10 Paper DLESA/ELSA/WD/SEM(2006)2 is available at www.oecd.org/els/workingpapers
- 11 Based on observations by Dennis Trewin, a former Australian National Statistician, at an OECD conference on measuring societal progress and well being (Milan, June 2006).
- 12 See www.statistics.gov.uk/about/data/methodology/specific/PublicSector/Atkinson/final_report.asp
- 13 See www.neweconomics.org/gen/european_happy_planet_index_160707.aspx
- 14 Details are available at www.statistics.gov.uk/cci/nugget.asp?id=143
- 15 See www.statistics.gov.uk/hhsa/hhsa/index.html
- 16 See www.statistics.gov.uk/articles/nojournal/ukcemga_strategy_paper.pdf
- 17 See www.sustainable-development.gov.uk/progress/data-resources/sdiyp.htm
- 18 See, for example, the data sets for Gosport local authority by entering relevant details at www.neighbourhood.statistics.gov.uk/dissemination
- 19 See, for example, the data sets for the Scottish Borders area by entering relevant details at www.neighbourhood.statistics.gov.uk/dissemination
- 20 See www.statistics.gov.uk/statbase/product.asp?vlnk=13675
- 21 See *Financial Times*, 14 April 2007, page 8.
- 22 See www.sustainable-development.gov.uk/progress/national/68.htm

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CONTACT

elmr@ons.gsi.gov.uk

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