

RESEARCH - ANALYSIS - SOLUTIONS

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Quality of Life Assessment is too important to be left to economists

In 2008, French President Nicolas Sarkozy established the Commission on the Measurement of Economic Performance and Social Progress. It was headed by two Nobel laureates, Joseph Stiglitz and Amartya Sen, and coordinated by the French economist, Jean-Paul Fitoussi. The 22 members of the Commission included 3 other Nobel laureates in economics, a psychologist and 16 other economists.

The mandate of the Commission was to identify limitations of Gross Domestic Product (GDP) as an indicator of economic performance and social progress, and to explore alternative measures that, we hoped, would lead to a composite index to measure the complex and subjective question of sustainable human wellbeing. Unfortunately the Commission fell short on several counts.

The problems identified by the Commission have been familiar to economists and other social scientists for over 40 years. Some issues flagged by the Commission include the inability of the GDP to factor in goods and services that are not commodified, such as unpaid domestic work, largely performed by women; the reality that market prices do not necessarily reflect societal

valuation; and the inability to quantify the quality and benefits to society of important services such as health care and education.

Also not identified by the Commission is the problem that some activities that contribute to measured growth, such as manufacturing and resource extraction can also have negative implications, through pollution and inefficient allocation of resources, that are not considered.

Neither does GDP take account of skewed income distribution or the drawbacks of living on foreign assets. GDP is the flagship of a system of measures of growth and progress that John McMurty describes as 'life-blind', undermining progress in developing measures and implementing public policies leading to genuine progress.

Most solutions offered by the Commission have been proposed before. For example, the Commission recommended that GDP measures take a secondary role to net national product, which "takes into account the effect of depreciation or household income, which focuses on the real income of households".

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If one tracks the progress of UN agencies crafting increasingly comprehensive systems for monitoring progress with economic, social and environmental indicators — from the Paris Biosphere Conference of 1968 to the UN General Assembly resolution of 2002 naming the 2005-2014 period as the UN Decade of Education for Sustainable Development — it is clear that there are many official agencies focused on such systems. According to UN official documents, sustainable development is the umbrella concept to pull together progress on social, political, economic and environmental activities.

For the developers of the UNDP's Human Development Index and those of us working on the Canadian Index of Wellbeing, it is encouraging that the Commission recognized that "...the time is ripe for our measurement system to *shift emphasis from measuring economic production to measuring people's well-being*", as well as shifting emphasis on per capita figures to "measures of household income and consumption" and "jointly with wealth".

The Commission's suggestion (pp.14-15) to use the "following key dimensions...material living standards, health, education, personal activities including work, political voice and governance, social connections and relationships, environment (present and future conditions), insecurity, of an economic as well as a physical nature" seem less comprehensive than the dimensions proposed for the Canadian Index of Wellbeing, but there is considerable overlap.

The Commission's ninth recommendation is its most important, yet most likely to be ignored in the short run. It recommends that "Statistical offices should provide the information needed to aggregate across quality-of-life dimensions, allowing the construction of different indexes" (p.16). It goes on to note: "while assessing quality-of-life requires a plurality of indicators, there are strong demands to develop a single summary measure". But the commission doesn't tell us why there are, or should be such demands.

The Commission fails to link the requirements of an acceptable measure of wellbeing to those of an acceptable measure of sustainability and this in my view is the report's weakest feature. The authors use the following analogy to argue that linking the two is not possible:

"when driving a car, a meter that added up in one single number the current speed of the vehicle and the remaining level of gasoline would not be any help to the driver. Both pieces of information are critical and need to be displayed in distinct, clearly visible areas of the dashboard" (Commission 2009, pp.16-17)."

While it would be useless to add some measure of speed to some measure of gasoline, the requirement to link measures for an quality of life measure to sustainability is absolutely necessary because quality of life is precisely the thing that we seek to improve and sustain.

Absent a clear vision of what it is we want to sustain, where should a sustainability analysis begin? There is no good reason to try to create every measure at the same time, but it does seem that there is a natural order of progression in research programs leading from a clear articulation of what it is one wants to sustain to a clear articulation of what will be required to do the job. Although one measure will not accomplish both tasks, there is a clear asymmetry of order such that the second task cannot be accomplished unless the first task is done *and* directly linked to it, i.e., the possession of a good measure of the quality of life is a necessary condition for possessing a good measure of its sustainability. Given this asymmetry, it is dangerous to insist on the need to separate the two tasks unless the separation is made only in the interest of recognizing and emphasizing the order of priority.

Members of the Canadian Index of Wellbeing 'team' will be pleased with the Commission's assessment that "widening the scope of asset and production measures brings with it more imputations" (p.29). We found that as we moved from the domain of living standards with its relatively vast store of measures and data to the domains of health, community vitality, democratic engagement, leisure and culture, we were faced with great gaps in data availability that required us to make imputations in order to construct time series trends over several years.

The Commission also addresses "cross-cutting issues" with regard to material living standards and health. Here they speak to the importance of measuring "*inequalities* in individual conditions in the various dimensions of life", assessing the "*relationship* between the various dimensions of quality of life" and the need to "*aggregate* the rich array of measures in a parsimonious way" (pp.54-56). They challenge official

statistical agencies to respond to researchers' needs for aggregate data so they can adequately conduct quality of life research. However, my impression, based on 40 years of research, anecdotes, formal and informal discussions among quality-of-life researchers, statisticians and economists in many countries, is that there are relatively few statistical offices with much enthusiasm for taking on all the problems of constructing aggregate quality-of-life indexes.

Their suggestion that "...rather than focusing on constructing a single summary measure of quality of life, statistical systems should provide the data required for computing various aggregate measures according to the philosophic perspective of each user" (p.57) is cause for concern. In fact, priority is already given to such indicators and it precisely this bias for producing individual indicators within relatively discrete silos containing apparently closely related statistical time series that has made it so difficult for people working in statistical offices to even imagine composite measures linking the information in diverse silos. Further, the absence of adequately resourced specific programs of development of composite indexes prevents researchers from raising important questions concerning, for example, the completeness or incompleteness of current stocks of statistical time series, links in the form of causal interactions or mere correlations among the indicators housed in different silos, the collection of redundant indicators needlessly absorbing scarce resources and the failure to collect important data whose availability might reveal serious limitations and/or distortions of our understanding of the quality of our lives.

The Commission also tells us that "Measures of subjective well-being provide key information about people's quality of life", and it recommends (among other things) that "Statistical offices should incorporate questions to capture people's life evaluations, hedonic experiences and priorities in their own surveys" (p.58). This is OK as far as it goes, but it does not go far enough. Statistical offices must be as aggressive in exploring the full range of subjective determinants and constituents of wellbeing as the objective. Thus, the following sorts of things should be considered: generic feelings of positive or negative affect; specific feelings of fear, joy and contentment; attitudes of racism, sexism, classism and homophobia; beliefs in progress and democratic process; knowledge of natural sciences, arts and current events; personal standards for evaluation like equity, justice, moral vir-

tue and beauty; motives like vengeance or the pursuit of wealth; needs for love, friendship, social and self esteem; wants for luxury items, leisure activities or just free time; personal assessments of one's own happiness, satisfaction with life as a whole or domains/aspects of life (job, marriage, housing), satisfaction with the overall quality of one's life or one's overall wellbeing. Researchers do not have direct, sensible access to other people's felt affect, attitudes, beliefs, knowledge, motives, values, evaluation standards, needs, wants and personal assessments of happiness, etc., although it is precisely such attributes that supremely characterize our species and human agency in particular.

If we are going after comprehensive assessments of human wellbeing, we must obtain much more information than can be reasonably categorized under the three headings of "people's life evaluations, hedonic experiences and priorities". However, my impression is that relatively few people in national statistical offices around the world are remotely interested in undertaking research addressing the broader range of issues listed in the previous paragraph, preferring instead to leave such things to academics.

The main problems with this status quo approach to subjective indicators are that (1) academics do not have access to the same resources that statistical offices have (so academics' sample sizes, frequency of surveys, levels of analyses, etc., are in relatively shorter supply), (2) public officials pay more attention to analyses coming from their statistical offices than from academics, (3) many academics prefer to use data collected by statistical offices rather than collect their own, and therefore (4), relatively deep, theory-driven survey research leading to greater understanding of people's assessments of the quality of life will continue to be overwhelmed by relatively shallow, a theoretical research (depending on one's definition of 'theory') and, what is worse, (5) public policy will continue to be made on relatively half-baked research (i.e., research purporting to explain important aspects of our lives on the basis of incorrectly specified equations lacking crucial explanatory variables) and (6) people will continue to suffer the consequences.

If we invest enough resources, maybe we can come close to a workable composite index representing the multidimensional space of a sustainable good quality of life. The Commission on the Measurement of Economic Performance and Social Progress had an opportunity to take us a few steps closer to that goal,

but for one reason or another failed. If a similar opportunity should present itself in the future, the outcome will be more successful if human beings are recognized as complex organisms living in very complex social, political, economic and environmental conditions. This should lead to a more plausible measure of progress that will almost certainly be very complex. This of course will take time and other resources, and most of all, patience to develop.

References

Commission: 2009, *Report by the Commission on the Measurement of Economic Performance and Social Progress*, by J.E. Stiglitz, A. Sen and J.-P. Fitoussi. Commission, Paris.

This paper is based on a longer essay called “What did Stiglitz, Sen and Fitoussi get right and what did they get wrong”, presented in a panel discussion with 5 other speakers at the Seventeenth World Congress of Sociology, 11-17 July 2010 in Gothenberg, Sweden. All 6 papers will be published in *Social Indicators Research* in 2011.

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