

HOW TO MEASURE PROGRESS AND WELLBEING

"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."

(Robert F. Kennedy, 1968)

What is an Indicator?

"An indicator provides evidence that a certain condition exists or certain results have or have not been achieved. Indicators enable decision-makers to assess progress towards the achievement of intended outputs, outcomes, goals, and objectives."

(Harvard Graduate School of Education)

The type of indicator you use depends on your field and your aim. For example, health policy makers might use infant mortality rates or life expectancy to assess the general health of a population.

All indicators have their limitations in what they can describe and therefore be used to predict.

GDP (or GNP) is the dominant indicator for measuring economic progress. As such, it remains the indicator of choice for governments and institutions across the globe in framing their economic policies and in evaluating their social and environmental policies. Policies which affect society and environment are therefore often judged on their effect on GDP. Policies which promote growth in GDP, however, are rarely subject to similar judgement on any possible negative effects to society and the environment. Thus GDP growth is not only a measurement used to inform policy, but a policy aim in itself.

We know that GDP is a narrow indicator when it comes to measuring the wellbeing of a society and the health of an environment, as it fails to measure many factors, such as caring for others, which are important for human society.

The challenge, therefore, is to recreate a public debate about values, different models for society and how to make decisions based on trading off choices based on qualitative and quantitative data.

Below, you will find a list of possible indicators that can be used instead of/or with GDP to measure development and/or wellbeing. This is not an exhaustive list, merely a sample of alternatives to the use of GDP alone. You may agree or disagree with some of them or identify similar problems in their use to that of GDP. The list is adapted from *Growth and Development: A Bond Discussion Paper*, 2011.

Indexes that complement GDP: They measure economic activity but also include environment and human capital

Name of indicator	Description
Genuine Progress Indicator (GPI) Developed in 1989	GPI is calculated by <u>subtracting the cost</u> of crime, environmental degradation, leisure losses and income inequality from <i>consumption data</i> , and <u>adding the benefits</u> of volunteering/housework and services from putting public infrastructure in place.
Green GDP	Green GDP attempts to capture the environmental cost incurred in the course of GDP growth, including degradation and depletion of natural resources, to calculate a single number for growth. It <u>adds together all sources of wellbeing</u> , including all market goods and services. It has been used by countries such as Canada, China, and the US, but none of them have made it a regular feature.

Composite Indicators - Indexes that combine indicators on many different fronts to arrive at a unique comprehensive number

Name of indicator	Description
Human Development Index (HDI)	The Human Development Index combines life expectancy data and years of schooling with standard of living indicators. Standard of living is calculated by adjusting GDP with purchasing power parity. The index then ranks 177 member countries by its HDI result. The index was first published by the UN in 1990.
Happy Planet Index	The Happy Planet Index includes life expectancy at birth, life satisfaction, and ecological footprint. It does not indicate the 'happiest' country in the world but the relative efficiency with which nations convert natural resources into happy lives for their inhabitants. Created by the New Economics Foundation in 2006
Living Planet Index	This index measures the state and trends in global biological diversity – forests, freshwater and marine ecosystems – by tracking the populations over 2,500 species of fish, amphibians, reptiles, birds, and mammals. It also incorporates a measure of human consumption and generation of waste. WWF (1998 onwards)
OECD your better life index	This index compares 34 countries in 11 different areas, identified as essential for wellbeing: housing, income, jobs, community, education, environment, governance, health, life satisfaction, safety, and work-life balance. The index allows you to give your own weight (importance) to each area. (2011)

Direct 'wellbeing' indexes: Beyond measuring economic activity, directly calculate wellbeing

Name of indicator	Description
Gross National Happiness	Gross National Happiness calculates a single number to measure social progress and quality of life. It was developed for the Kingdom of Bhutan in 1972. It includes nine core dimensions ranging from psychological well-being, health, use of time, culture, education, environmental diversity, community vitality, living standard and governance. International comparisons are difficult however as the measurements are very subjective.