Measures of well-being and the Italian BES

Tommaso Rondinella

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Growth vs. development (well-being, progress, quality of life)

«No development without growth»:

“we must embark on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas”.

(H. Truman, 1949)

Economic performance = GDP growth = development
Simon Kuznetz: “The welfare of a nation can scarcely be inferred from a measurement of national income”.

Bob Kennedy: “it measures everything, in short, except that which makes life worthwhile”.

Amartya Sen: “You could be well off, without being well. You could be well, without being able to lead the life you wanted. You could have got the life you wanted, without being happy. You could be happy, without having much freedom. You could have a good deal of freedom, without achieving much. We can go on”.

The limits of GDP

- Does not reflect income distribution
- Does not include important parts of the economic activity (house work, informal sector)
- Does not account for «negative externalities»
- Includes defensive expenditures
- Fixes the value of services according to market values, underestimating the value of public services
- Does not focus on household level

It measures the *output* not the *outcome*
Beyond GDP approaches

- Social indicators movement
- Basic needs
- Utilitarianism, welfare economics and happiness
- Allardt’s synthesis
- Sen’s capabilities approach
- OECD’s progress framework
1969, Department of Health “Towards a social report”

“to look at several important aspects of the quality of American life, and digest what is known about progress towards generally accepted social goals”

In order to:
• Offer major visibility to social themes
• Improve public programmes’ assessment

Tools:
Objective indicators of life conditions and ability to satisfy needs and interests.

Multidimensionality

to overcome the difficulty of reading income in terms of utility
Basic needs

1954: Cognitive approach, Maslow’s pyramid

1960s-70s: Basic needs (ILO + World Bank)

1989: Human-scale Development : Manfred Max-neef
Utilitarianism, welfare economics and happiness

• **Utilitarianism (Bentham, Stuart Mill)**

• **Welfare economics (Marshall, Pigou):**

  \[ \text{welfare is the sum of individual preferences} \]

  “if men define situations as real, they are real in their consequences” (Thomas, 1928: 571-572)

**Well-being as subjective well-being**

Layard (2009) “the right single measure of progress must be the one that is self-evidently good. The only such measure is the Happiness of the population – and the equivalent absence of misery”.
Objective and subjective approach for the analysis of quality of life

<table>
<thead>
<tr>
<th>Having</th>
<th>Objective indicators</th>
<th>Subjective indicators</th>
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<tbody>
<tr>
<td>(material needs)</td>
<td>Material living standards and environmental conditions</td>
<td>Satisfaction for life conditions</td>
</tr>
<tr>
<td>Loving</td>
<td>Objective measures of social relationships</td>
<td>Satisfaction for social relationships</td>
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<tr>
<td>(social needs)</td>
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<tr>
<td>Being</td>
<td>Social inclusion</td>
<td>Alienation / personal growth</td>
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<tr>
<td>(personal growth needs)</td>
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*Source: Allardt, 1993*
The capabilities approach is the conceptual basis of human development (Amartya Sen, Martha Nussbaum)

Well-being, poverty and inequalities must be considered within the space of capabilities — real opportunities people have to live the life they consider valuable.

Economic resources and material goods must be intended as the means for achieving the functioning — real people achievements.
Human development

Approach centered on people:

- individual is aim and mean of development
- participation and democracy are key within processes

Goods and resources → Capabilities → Results or functionings

Social, economic and cultural factors → Ability to choose
The Framework of the Progress of Societies

Solutions for measuring wellbeing: a few examples

**GDP corrections**
- Measure of Sustainable Welfare - MEW, Nordhaus e Tobin, 1971
- Index of Sustainable Economic Well-being – ISEW, Daly e Cobb, 1991
- Prodotto Interno di Qualità – PIQ, Symbola, 2007

**Sets of indicators**
- Report of the President's Research Committee on Social Trends, USA, 1933
- Millennium Development Goals, ONU, 2000
- Sustainable Development Indicators, EC
- National Accounts of Wellbeing, NEF, 2009

**Composite indexes**
- Relative National Standards of Living, Bennett, 1937
- Level of Living Index, UNRISD, 1966
- Human Development Index, UNDP, 1991
- QUARS, Sbilanciamoci!, 2006
- Happy Planet Index, NEF, 2006
- Better Life Index, OECD, 2011

**Subjective wellbeing**
- Life satisfaction /Happiness, Layard and many others, 2000s
# Recent developments

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
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<tbody>
<tr>
<td>2006</td>
<td>Istanbul declaration + Global Project on measuring the progress of societies.</td>
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<tr>
<td>2007</td>
<td>WWF, Club of Rome, EP – Beyond GDP (Barroso: “it is time to move beyond GDP”).</td>
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<tr>
<td>2008</td>
<td>Stiglitz-Sen-Fitoussi Commission</td>
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<tr>
<td>2009</td>
<td>European Commission – COM “GDP and Beyond”.</td>
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<tr>
<td>2015</td>
<td>Sustainable Development Goals</td>
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</table>
Wellbeing is a multidimensional concept which changes according to time, places and cultures.

The identification of dimensions and indicators to measure such a concept is always an exercise that reflects **norms**, **values** and **priorities** of those who participate in the selection process.

“What we measure affects what we do”

*Stiglitz-Sen-Fitoussi report*
A shared approach: deliberation and legitimacy

Statistical information, in order to be followed by political action, needs to have a certain degree of legitimacy.

In Italy we adopted a complex approach to share all decision at every steps not only with the experts but with the civil society at large.

A legitimate decision does not represent everyone’s will, but stems from everyone’s deliberation.

Manin 1987
The Istat-Cnel initiative

The project will produce a dashboard of indicators able to provide a shared view of the progress of the Italian society. It is built on:

- **Steering Committee**: with the participation of 33 stakeholders (CNEL representatives, NGO networks, women / consumers / environmental organizations) and Istat experts, to identify the domains and to agree on the final list of indicators.

- **Scientific Commission**: with the participation of 80 experts in different fields, to select indicators for each domain.

- **Public consultation**:
  - National survey
  - Online survey
  - Blog
  - Regional meetings
BES: a complex approach

Annual survey on what is important for wellbeing
(24k households)

Steering Committee

12 Dimensions

Scientific commission

134 Indicators

Online survey (2500 people) and Blog

Meetings in every region and Blog

Discussion

Final report
## Key domains for the Italian BES

<table>
<thead>
<tr>
<th></th>
<th>Domain</th>
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<tbody>
<tr>
<td>1</td>
<td>ENVIRONMENT</td>
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<td>2</td>
<td>HEALTH</td>
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<td>3</td>
<td>ECONOMIC WELL-BEING</td>
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<tr>
<td>4</td>
<td>EDUCATION AND TRAINING</td>
</tr>
<tr>
<td>5</td>
<td>WORK AND LIFE BALANCE</td>
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<tr>
<td>6</td>
<td>SOCIAL RELATIONSHIPS</td>
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<tr>
<td>7</td>
<td>SECURITY</td>
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<tr>
<td>8</td>
<td>SUBJECTIVE WELL-BEING</td>
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<tr>
<td>9</td>
<td>LANDSCAPE AND CULTURAL HERITAGE</td>
</tr>
<tr>
<td>10</td>
<td>RESEARCH AND INNOVATION</td>
</tr>
<tr>
<td>11</td>
<td>QUALITY OF SERVICES</td>
</tr>
<tr>
<td>12</td>
<td>POLICY AND INSTITUTIONS</td>
</tr>
</tbody>
</table>
BES - Next steps

- **Dissemination and discussion** of the dashboard of indicators at local level (at least one meeting in every region)
- By December 2012: *first report* on BES of the Italian society: overall analysis of wellbeing and equity
- Definition of **composite indicators** for each domain or sub-domain
- Definition of a set of indicators in order to assess **sustainability**
BES possible applications to policy-making

- **Legislative technical notes** might evaluate the impact of normative broader interventions with regard to BES domains;

- BES report will be *presented in Parliament*. Here it should be debated, with in depth discussion within parliamentary specific commissions;

- We could develop a **suite of statistical and econometric models** able to take into account economic, social and environmental issues, so to support ex-ante evaluation of public policies

- Istat and Sistan should be charged with the **extension al local level** (provinces, cities) of the information base needed for measuring BES

- The 134 selected indicators could be the subject of **information campaigns** within institutional devoted spaces
Lessons learned

• **Need of broad discussion with different actors:**
  • the deliberative process led to a 360° discussion over each theme, taking advantage of huge available information both theoretical and empirical.
  • Debate made possible the agreement over a number of issues which are seldom taken into account within related literature, such as Landscape and cultural heritage, soil use, quality of services, research and innovation.
  • It also, as said, is granting strong legitimacy to the final output.

• **Increasing interest at local level and chance for convergence:** Several local institutions are following closely the process so to be able to apply the set of indicators to their territories.

• **It is a long and delicate process.** After nearly two years, the scientific part hasn’t ended yet; its policy application is just beginning.

• **Evidence-based decision making is the real thing,** and we still talk too little about it.
BES - Next steps

- Definition of **composite indicators** for each domain or sub-domain
- Definition of a set of indicators in order to assess **sustainability**
- Declination at **local level**
- Definition of a collaboration with **Italian Parliament**
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Thank you!

Tommaso Rondinella
rondinella@istat.it
www.misuredelbenessere.it
EXTRA SLIDES
# Environment

## Quality of air and water
1. Drinkable water
2. Quality of marine coastal waters
3. Quality of urban air

## Quality of soil and territory
4. Urban parks and gardens
5. Areas with hydrogeologic problems
6. Contaminated sites

## Biodiversity
7. Terrestrial parks
8. Marine protected areas
9. Areas of special naturalistic interest

## Perceptions
10. Concern for biodiversity loss

## Material, energy and climate change
11. Material flows
12. Energy from renewable sources
13. Emissions of CO$_2$ and other greenhouse gasses
<table>
<thead>
<tr>
<th>Outcome</th>
<th>Risk factors</th>
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<tbody>
<tr>
<td>1. Life expectancy at birth</td>
<td>9. Life expectancy without activity limitations at 65 years of age</td>
</tr>
<tr>
<td>2. Life expectancy in good health at birth</td>
<td>10. Overweight or obesity</td>
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<tr>
<td>3. Physical Component Summary (PCS)</td>
<td>11. Smoking</td>
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<td>4. Mental Component Summary (MCS)</td>
<td>12. Alcohol consumption</td>
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<td></td>
<td>13. Sedentariness</td>
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<td></td>
<td>14. Nutrition– <em>fruit and vegetables</em> consumption</td>
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<tr>
<td>Life cycle phases</td>
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<tr>
<td>5. Infant mortality rate</td>
<td></td>
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<td>6. Traffic accidents (15-34 anni)</td>
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<tr>
<td>7. Age-standardised cancer mortality rate (19-64 years old)</td>
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<tr>
<td>8. Age-standardised mortality rate for dementia and related illnesses</td>
<td></td>
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<tr>
<td>(people aged 65 and over)</td>
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</tbody>
</table>
Disposable income and wealth
1. Per capita adjusted disposable income
2. Disposable income inequality
3. People at risk of relative poverty
4. Per capita net wealth
5. People living in financially vulnerable households

Consumption and material living conditions
6. People living in absolute poverty
7. Severely materially deprived people
8. People suffering poor housing conditions
9. Index of subjective evaluation of economic distress
10. People living in jobless households
Formal education
1. Participation in early childhood education
2. Percentage of people aged 25-64 having completed at least upper secondary education
3. Percentage of people aged 30-34 having completed tertiary education (ISCED 5 o 6)
4. Percentage of early leavers (aged 18-24) from education and training
5. Percentage of people aged 15-29 not in education, employment, or training (NEET)

Lifelong learning
6. Percentage of people aged 25-64 participating in formal or non-formal education

Skills
7. Level of literacy in the II classes of upper secondary education
8. Level of numeracy in the II classes of upper secondary education
9. Percentage of people aged 16 and over with high level of ICT competencies

Cultural participation
10. Synthetic indicator of the level of cultural participation
Participation and social exclusion
1. Employment rate of people 20-64 years old
2. Non-participation rate (unemployed + discouraged inactive but willing to work)

Quality of work
3. Transition rate (12 months time-distance) from non-standard to standard employment
4. Share of employed persons with temporary jobs for at least 5 years
5. Share of employees with below 2/3 of median hourly earning
6. Share of over-qualified employed persons
7. Incidence rate of fatal occupational injuries or injuries leading to permanent disability
8. Share of employed persons not in regular occupation

Continues…
Life balance
9. Ratio of employment rate for women 25-49 years with children under compulsory school age to the employment rate of women 25-49 years without children
10. Share of household work time carried out by women in a couple on the total of the household work time
11. Share of population aged 15-64 years that work over 60 hours per week (including paid work and household work)

Enterprise’s life
12. Share of employees covered by collective bargaining at company or district level
13. Share of employees that work in companies where there is trade union

Perceptions
14. Share of employed persons who feel their work unsecure
15. Share of employed persons who feel satisfied with their work
6 SOCIAL RELATIONSHIPS

Civil society
1. Synthetic indicator of social participation
2. Generalized trust

Social economy
3. Non-profit organizations per 10,000 inhabitants
4. Social co-operatives per 10,000 inhabitants
5. Volunteer work
6. Provided aids
7. Association funding

Family and social relationships
8. Satisfaction with family relationships
9. Satisfaction with friendship relationships
10. Percentage of people of 14 years and over which have relatives, friends or neighbours on which they can count
11. Percentage of children aged 3 to 10 years who play with their parents
**Crime**

1. Homicide rate  
2. Burglary rate  
3. Pick-pocketing rate  
4. Robbery rate

**Fear of crime**

7. Fear of crime rate (feeling unsafe when walking alone in the dark)  
8. Worries of sexual crime rate  
9. Concrete fear rate (afraid of becoming concretely a victim of crime)

**Physical and sexual violence**

5. Physical violence rate  
6. Sexual violence rate

**Perceptions**

10. Social decay (or incivilities) rate  
11. Intimate partnership violence rate
Cognitive dimension

1. Percentage of people aged 14 and over with a level of life satisfaction from 8 to 10

2. Percentage of people aged 14 and over very satisfied of their leisure time

3. Percentage of people aged 14 and over which believe their personal situation will improve in the next 5 years

NOTE: Subjective indicators play also an important role in the other domains. In fact, all the domains are measured taking into account both subjective and objective aspects.
Crosscutting indicators

1. Endowment of cultural heritage items
2. Current expenditure of Municipalities for the management of cultural heritage (museums, libraries and art galleries), per capita
3. Illegal building rate
4. Urbanisation rate of areas subject to building restrictions by virtue of the Italian laws on landscape protection

Rural landscape

5. Erosion of farmland from urban sprawl
6. Erosion of farmland from abandonment
7. Presence of historic rural landscapes
8. Quality assessment of Regional programmes for rural development (PSRs), with regard to the landscape protection

Urban landscape

9. Presence of Historic Parks/Gardens and other Urban Parks recognised of significant public interest
10. Conservation of historic urban fabric

Perception

11. People that are not satisfied with the quality of landscape of the place where they live
12. Concern about landscape deterioration
Creation of knowledge
1. Research intensity: Percentage of R&D expenditure on GDP
2. Patent propensity
3. Percentage of knowledge workers on total employment

Application and diffusion of knowledge
4. Innovation rate of the national productive system
5. Percentage of product innovators
6. Productive specialization in high-tech and knowledge intensive sectors
7. Internet use
11 QUALITY OF SERVICES

Accessibility – Social services
1. Index of accessibility to hospitals with emergency room
2. Beds in residential health care facilities
3. Waiting lists

Accessibility – Public utilities
4. Percentage of population served by natural gas
5. Beds in residential health care facilities:
6. Composite index of accessibility of selected services

Accessibility – Mobility
7. Index of accessibility to transport networks
8. Density of urban public transport networks

Effectiveness – Social services
9. Citizens who benefit from infancy services
10. Elders who benefit from home assistance

Effectiveness – Public utilities
11. Prison density per 100 places
12. Irregularity in water supply
13. Landfill of waste
14. Irregularity in electric power distribution

Effectiveness – Mobility
15. Time devoted to mobility
Civic and political participation
1. Voter turnout
2. Civic and political participation

Trust in institutions and social cohesion
1. Trust in the Parliament
2. Trust in judicial system
3. Trust in political parties
4. Trust in local institutions
5. Trust in other institutions

Gender and generation equity
8. Women and political representation in Parliament
9. Women and political representation at regional level
10. Women in decision-making bodies
11. Women in the boards of companies listed in stock exchange
12. Median age of members of Parliament
13. Length of civil proceedings of ordinary cognisance of first and second degree