Chapter 1

Well-being today and tomorrow: An overview

This chapter draws together the big picture on well-being, outlining the OECD framework for measuring well-being, and including an overview of the detailed findings in Chapters 2 and 3. An analysis of well-being strengths and weaknesses finds that every OECD country has room for improvement, and countries with similar levels of GDP per capita can have very different well-being profiles. There can also be large gaps in well-being within countries, for example between younger and older people, between men and women, and between people with different levels of education. Changes in well-being since 2009 suggest a mixed picture, with progress in some countries and on some indicators, but continuing challenges in others. Recent trends relating to natural, human, social and economic capital highlight resources and risks for future well-being. Data from www.oecdbetterlifeindex.org show which dimensions of well-being people prioritise when building their own Better Life Index. *Finally, some of the latest advances in the measurement and use of well-being data are described.*

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Introduction

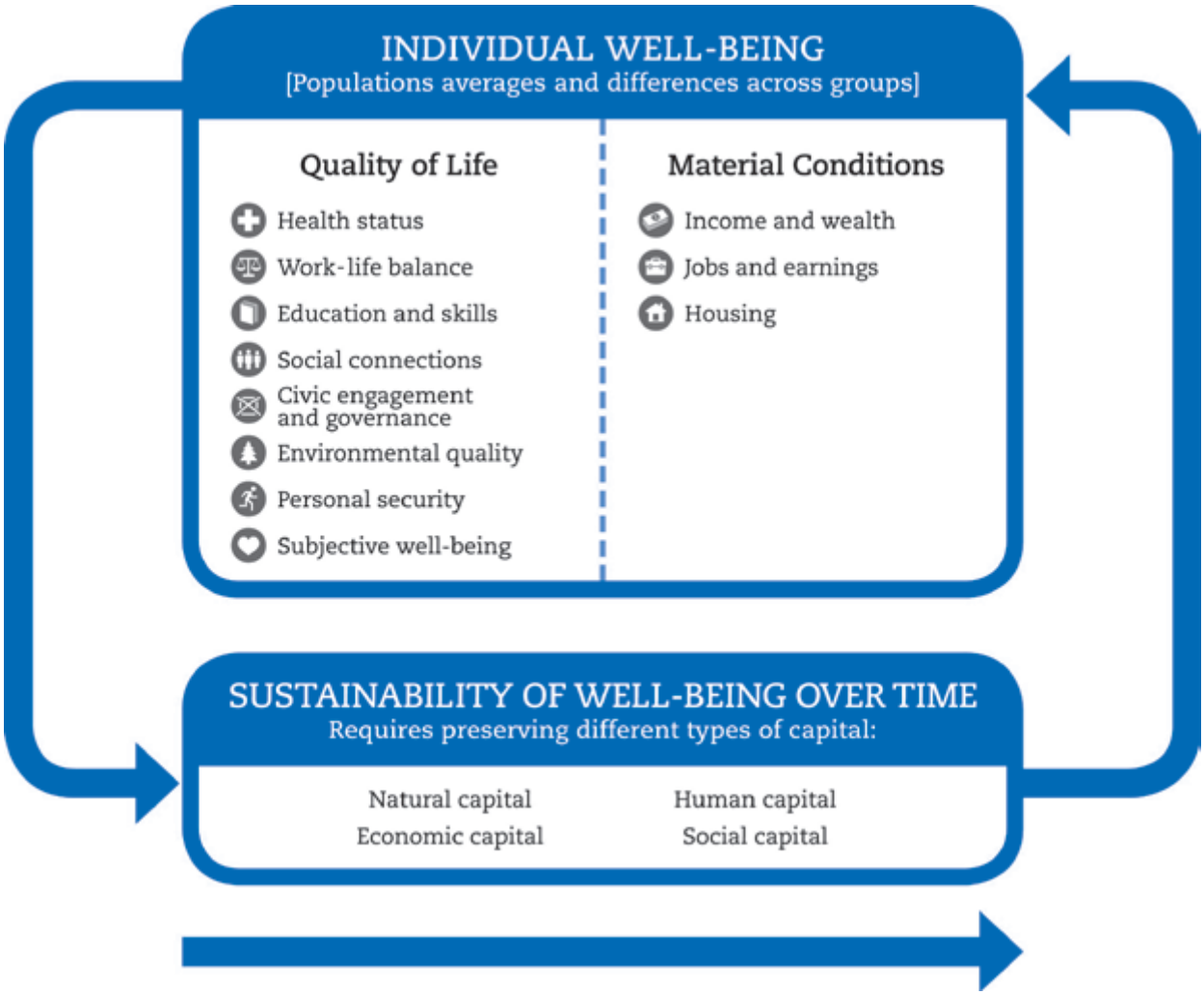
The OECD aims to promote "better policies for better lives". Doing this requires a good understanding of what it means to have a better life; an assessment of people's well-being today along with a sense of what improvements should be prioritised for the future. The statistics in this report provide a snapshot of people's lives in OECD countries and selected partners (Brazil and the Russian Federation). They include objective information about the conditions in which people live, and the opportunities they have in life, as well as data that reflect how people feel about different aspects of their lives. By building a broad picture of people's lives in different countries, this report aims to promote a deeper and more engaged discussion about the changes that are needed in order to make those lives better, including priorities for public policies.

While there is no single recipe for well-being, there is an increasing consensus around a common list of useful ingredients. The OECD framework for measuring individual well-being includes eleven different dimensions that are important for well-being today, grouped under the two broad headings: *material conditions* (income and wealth, jobs and earnings, housing), and *quality of life* (health status, work-life balance, education and skills, social connections, civic engagement and governance, environmental quality, personal security, and subjective well-being) (Figure 1.1). "Going beyond the average" is an important feature of the framework: it is important to look not just at whether life is getting better overall, but also *for whom*. This includes differences between men and women, between older and younger people, between high and low income groups, and between people with differing levels of education.

Yet the framework also goes beyond current well-being by considering the stocks of resources (or "capital") that can be measured today and that play a key role in shaping well-being outcomes over time, including natural capital, human capital, economic capital and social capital.

The goal of this chapter is to draw together the *big picture* on well-being, summarising findings in Chapters 2 and 3, which offer a more detailed account of well-being outcomes today (Chapter 2) and the resources that can help to support well-being over time (Chapter 3). The first section provides a snapshot of life in the OECD, and then a brief analysis of well-being strengths and weaknesses among OECD countries. Next, disparities in well-being between different groups of the population are considered, followed by a section that describes changes in well-being over time. This chapter also examines and summarises recent trends in the evolution of key capital stocks that will be important for maintaining well-being over time. Some data on user responses from the OECD's Better Life Index web-tool (*www.oecdbetterlifeindex.org*) are then described, offering some insights into what people say matters the most for their well-being. The final section describes some of the latest developments in the measurement and use of well-being data.

Figure 1.1. **The OECD framework for measuring well-being**



Source: OECD (2011), *How's Life?: Measuring Well-Being*, OECD Publishing, Paris, *http://dx.doi.org/10.1787/9789264121164-en*.

Box 1.1. **The OECD approach to measuring well-being**

The OECD framework for measuring well-being was first introduced in *How's Life? 2011*. It builds on a variety of national and international initiatives for measuring the progress of societies using a broad set of metrics, as well as on the recommendations of the Stiglitz, Sen and Fitoussi Report (2009) and the input provided by the National Statistical Offices (NSOs) represented in the OECD Committee on Statistics and Statistical Policy. Conceptually, the framework reflects elements of the *capabilities approach* (Sen, 1985; Alkire and Sarwar, 2009; Anand, Durand and Heckman, 2011), with many dimensions addressing the factors that can expand people's choices and opportunities to live the lives that they value – including health, education, and income (see OECD, 2013a).

Box 1.1. **The OECD approach to measuring well-being** *(cont.)*

The approach to measuring current well-being has several important features:

- It puts **people** (individuals and households) at the centre of the assessment, focusing on their life circumstances, and their experiences of well-being.
- It focuses on well-being **outcomes** – aspects of life that are directly and intrinsically important to people – rather than the inputs and outputs that might be used to deliver those outcomes. For example, in the education dimension, measures focus on the skills and competencies achieved, rather than on the money spent on schools or the number of teachers trained.
- It includes outcomes that are both **objective** (i.e. observable by a third party) and intrinsically **subjective** (i.e. where only the person concerned can report on their inner feelings and states), recognising that objective evidence about people's life circumstances can be usefully complemented by information about how people experience their lives.
- It considers the **distribution** of well-being outcomes across the population as an important feature to reflect in measurement, including disparities associated with age, gender, education and income.

The OECD approach to assessing the resources for future well-being focuses on the broader natural, economic, human and social *systems* that embed and sustain individual well-being over time. The focus on stocks of "capital" or resources is in line with the recommendations of the Stiglitz, Sen and Fitoussi Report (2009) as well as several other recent measurement initiatives, including the UNECE-Eurostat-OECD Task Force on Measuring Sustainable Development (United Nations, 2009), the UNU-IDHP and UNEP's *Inclusive Wealth Report* (2012), the *Conference of European Statisticians' Recommendations on Measuring Sustainable Development* (UNECE, 2014), and several country initiatives (e.g. the Swiss Federal Statistical Office, FSO, 2013; Statistics New Zealand, 2011). A key feature in several of these frameworks is the distinction made between well-being "here and now" and the stocks of resources that can affect the well-being of future generations "later". Several of these approaches go beyond simply measuring levels of stocks to consider how these are managed, maintained or threatened. Recognising the global challenges and shared responsibilities involved in maintaining well-being over time, many of these approaches also highlight the importance of understanding how actions taken in one country can affect the well-being of people in other countries, i.e. the dimension of well-being "elsewhere".

Source: How's Life? Measuring Well-Being (OECD, 2011; 2013a).

Current well-being: How's life in OECD countries?

According to the latest available data, the average OECD resident lives on an annual household income of around 27 000 USD (per capita, after taxes and transfers),[1] and their average household net financial wealth is more than double that (per capita). Around two thirds of people aged 15-64 have jobs, though 1 in 38 people in the OECD labour force have been unemployed for a year or more. Average annual gross earnings in the OECD area amount to 40 600 USD per full-time employee, and long working hours are not unusual: 1 in every 8 employees routinely works for 50 hours or more per week. People in full-time employment spend just under 15 hours per day on leisure and personal care, on average, including time spent sleeping. Paying for their home costs the average OECD household 20% of their gross adjusted disposable income each year. The average home has more rooms than residents (around 1.7 per person), though in ten OECD countries more than 2% of people still do not have access to an indoor flushing toilet for the sole use of their household. Around 80% of people in OECD countries say that they are satisfied with the water quality in their local area, but only 40% of OECD residents live in areas where annual exposure to fine particulate matter ($PM_{2.5}$) air pollution is

lower than the World Health Organisation recommended threshold of 10 micrograms per cubic metre.

In more than two-thirds of OECD countries, a child born today can expect to live until they are 80 years old or more. Among adults, 69% of people describe their health as "good" or better. Each year, one in every 25 adults reports being the victim of an assault, and 1 in 25 000 people in the OECD area die from assault. Only two-thirds of people say that they feel safe walking alone at night in the area where they live. Not everyone uses their right to vote: around 68% of people registered to vote cast a ballot in the most recent election. Across the OECD, just over three-quarters of people aged 25-64 have attained at least an upper secondary education. Though the majority of people feel that they have a friend or relative that they could count on in times of trouble, around 1 in every 8 people do not. Every day in the OECD, nearly 25% of people report experiencing more anger, worry and sadness than enjoyment, well-restedness and smiling or laughter. When asked to evaluate their satisfaction with life as a whole, the average OECD resident reports a score just above 7 out of 10.

The "average OECD resident" is, of course, a statistical construction: a summary of the entire population's experiences, but one that may not resonate with the majority of individuals. In reality, there are large differences in people's life circumstances and experiences, both within and between countries. The remaining part of this section focuses on well-being differences at the country level, while the following section looks in further detail at patterns *within* countries.

Well-being is inherently multidimensional, and therefore difficult to summarise succinctly. It is not straightforward to identify who "has" well-being and who "lacks" it, both at the individual and at the national level. Chapter 2 details more than 30 indicators for measuring current well-being, spanning the eleven dimensions included in Figure 1.1, for 36 countries. This section highlights some of the general patterns observed across a smaller number of "headline" indicators. It suggests that different countries have different well-being strengths and weaknesses, and that every country has areas where it performs well or poorly. One striking finding is just how different the well-being outcomes in different dimensions can be for countries with very similar levels of GDP per capita – underlining the importance of giving more attention to the many factors *beyond GDP* that shape a country's well-being experiences.

The analysis that follows focuses on the latest available data for the core set of "headline" measures also reported in previous editions of *How's Life?* (OECD, 2011 and 2013a; see Table 1.1). These indicators have been selected on the basis of several criteria related both to their relevance to assessing well-being (e.g. face validity; focusing on individuals or households; referring to summary outcomes rather than inputs or outputs) and to their quality and availability (e.g. being based on agreed definitions and comparable methods of data collection; being produced with reasonable frequency and timeliness; and being available for the large majority of OECD countries; see OECD 2011a and 2013a for further details). While most of the headline measures meet most of these criteria, the development of better indicators is a continuing endeavour (see below and Chapter 2). When official statistics that meet these criteria are not available for all countries, placeholders taken from non-official data sources are used; this applies to data on social support, water quality, self-reported victimisation and subjective well-being. The availability of OECD-wide data remains an important constraint in the selection of indicators, which will be improved further as more suitable and more comparable statistics become available.

Table 1.1. **Headline indicators of current well-being**

Well-being domain	Concept	Indicator	Year[1]	Unit of measurement
Income and wealth	Household income	Household net adjusted disposable income	2013	USD at 2010 PPPs, per capita
	Financial wealth	Net household financial wealth	2013	USD at current PPPs, per capita
Jobs and earnings	Employment	Employment rate	2014	Employed aged 15-64, as a percentage of the population aged 15-64
	Earnings	Average annual gross earnings per full-time employee	2013	USD at 2013 PPPs
	Job security	Probability of becoming unemployed	2014	The annual inflow into unemployment (percentage points)
	Long-term unemployment	Long-term unemployment rate	2014	Percentage of the labour force unemployed for one year or more
Work-life balance	Working hours	Employees working very long hours	2013	Percentage of employees routinely working 50 hours or more per week
	Time off	Time devoted to leisure and personal care	Various	Hours per day, persons in full-time employment only
Housing	Rooms per person	Rooms per person	2013	Average number of rooms per person (excluding bathroom, toilet, kitchenette, scullery/utility rooms and garages)
	Housing affordability	Housing expenditure	2012	Percentage of household gross adjusted disposable income spent on housing and house maintenance
	Basic sanitation	Dwellings without basic sanitary facilities	2013	Percentage of people without an indoor flushing toilet for the sole use of their household
Environmental quality	Water quality	Satisfaction with water quality	2014	Percentage of satisfied people in the overall population
	Air quality ($PM_{2.5}$)	Annual exposure to fine particulate matter ($PM_{2.5}$) air pollution	2010-2012 average	Population-weighted exposure to $PM_{2.5}$ concentrations, micrograms per cubic metre
Health status	Life expectancy	Life expectancy at birth	2013	Number of years a newborn can expect to live
	Perceived health	Perceived health status	2013	Percentage of adults reporting that their health is "good" or better than good
Education and skills	Educational attainment	Educational attainment of the adult population	2013	Percentage of people aged 25-64 with at least an upper secondary education
	Cognitive skills	Cognitive skills of 15 year old students	2012	The OECD Programme on International Students Assessment (PISA) mean score for reading, mathematics and science
	Adult skills	Competencies of the adult population aged 16-65	2012	The OECD Programme for the International Assessment of Adult Competencies (PIAAC) mean proficiency scores on literacy and numeracy
Social connections	Social support	Perceived social network support	2014	Percentage of people who have friends or relatives that they can count on in times of trouble
Civic engagement and governance	Voter turnout	Voter turnout	2014	Percentage of votes cast among the population registered to vote
Personal security	Deaths due to assault	Deaths due to assault	2012	Age-standardised rate, per 100 000 population
	Self-reported victimisation	Self-reported assault	2010	Percentage of people declaring that they have been assaulted in the previous 12 months
Subjective well-being	Life evaluation	Life satisfaction	2014	Mean values reported using the "Cantril ladder" 0-10 scale, ranging from best possible to worst possible life.

1. In a limited number of countries, the latest available year will be earlier than shown.

Strengths and weaknesses in well-being at different levels of GDP per capita

To provide a truly multidimensional picture of well-being it is important to go beyond a simple summary approach and look at *which countries* do well in *which dimensions* of well-being. Annex 1.A (Figure 1.A.1) provides a detailed analysis of relative strengths and weaknesses on a country-by-country and indicator-by-indicator basis. It shows that while some countries do better than others in the various dimensions of well-being, no country has it all: when a very wide range of outcomes are considered, every country has areas of relative strength and areas of relative weakness. Annex 1.A presents a well-being summary for countries grouped in very broad geographical terms, but to provide a high-level picture,

the section that follows looks at the relative well-being levels among countries with similar levels of economic development, i.e. those in the top third, middle third and bottom third of the OECD in terms of GDP per capita in 2013 (see Box 1.2).

Box 1.2. **Assessing comparative strengths and weaknesses in well-being at different levels of GDP per capita**

The analyses shown in Figures 1.2 to 1.4 (below) focus on the *relative* well-being performance of different countries within the OECD area. The indicators considered are the "headline" indicators detailed in Table 1.1. As a first step, country scores on each well-being indicator have been ranked from best to worst. An outcome is regarded as a relative "strength" if a country falls within the top third of all OECD countries; "mid-ranking" means that the country falls within the middle-third of all OECD countries; and an outcome is regarded as a relative "weakness" if the country falls within the bottom third of all OECD countries. Several countries have gaps due to missing data: adult skills (PIAAC) and time off (time devoted to leisure and personal care) are two outcomes particularly affected by this limited country coverage. In these instances, strengths and weaknesses are determined with reference to *only to those countries with available data*. Thus, if only 21 countries are covered, the top third refers to the top 7 of those countries.

Figures 1.2 to 1.4 summarise these strengths and weaknesses for three clusters of countries, grouped according to their level of GDP per capita in 2013 (expressed in US dollars at current PPPs; data are sourced from OECD, 2015a). Figure 1.2 shows well-being strengths and weaknesses for the 12 countries within the top third of the OECD area in terms of GDP per capita (ranging from USD 91 000 in Luxembourg to 43 000 in Canada). Figure 1.3 focuses on strengths and weaknesses for 11 countries with an intermediate GDP per capita (ranging from USD 42 000 in Iceland, to 32 500 in Israel). Finally, Figure 1.4 describes strengths and weaknesses for the 11 countries within the bottom third in the OECD area in terms of GDP per capita (ranging from USD 28 900 in Slovenia, to 16 900 in Mexico).

Although countries with a higher GDP per capita tend to do better in many well-being outcomes, Figures 1.2 to 1.4 also demonstrate that a high GDP is no guarantee of high level of well-being in every aspect of life. Countries with very similar levels of economic resources can also have strongly differing levels of performance on a number of well-being outcomes. This implies that a variety of factors *beyond GDP* can shape average levels of well-being in a given country. It also suggests that there are clear opportunities for countries with similar levels of economic development to learn from one another in terms of "what works" to deliver better well-being outcomes.

A country's position relative to other OECD countries is, of course, only one aspect of its well-being performance overall. While it can be informative to look at elements of relative strength and weakness, this type of analysis has some obvious limitations. The classification of both GDP and well-being outcomes into "top third", "middle third" and "bottom third" is essentially arbitrary; there is no empirical basis for the use of these particular thresholds. This type of analysis also cannot highlight areas of well-being in which all countries might be struggling (albeit with some countries struggling more than others) or areas of well-being where all OECD countries are generally performing well, relative to people's expectations, or to more specific policy targets. In the future, it could also be valuable to extend this analysis to consider inequalities in well-being, as well as changes in well-being over time.

Well-being strengths and weaknesses among OECD countries with the highest GDP per capita

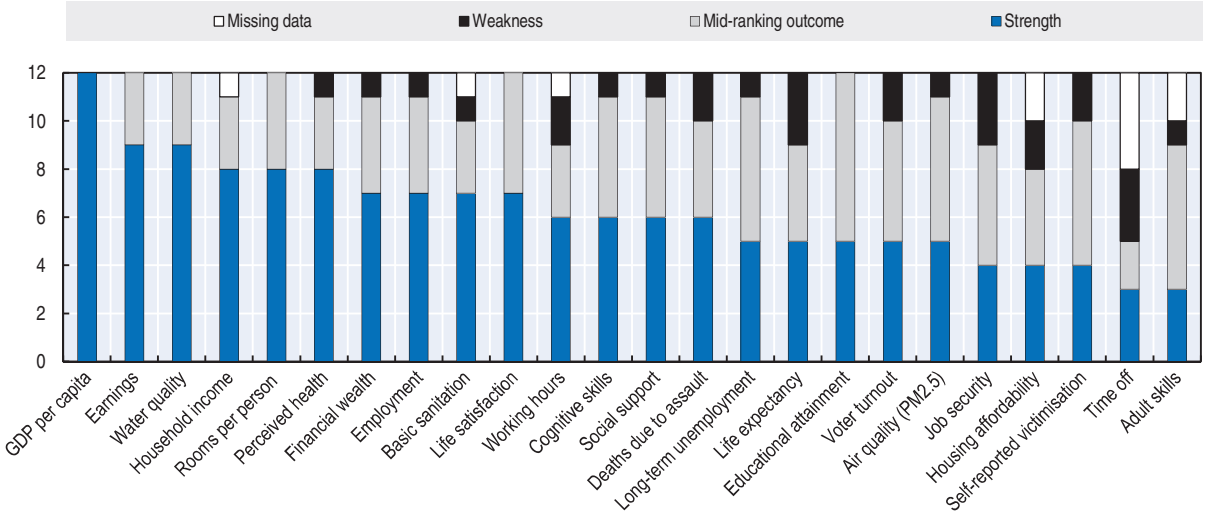
Among the OECD countries with the highest GDP per capita (i.e. with a level of GDP per capita within the top third of OECD countries: Luxembourg, Norway, Switzerland, the United States, the Netherlands, Ireland, Austria, Australia, Sweden, Denmark, Germany and Canada), average well-being performance tends to be high. Figure 1.2 shows that the outcomes for

these countries tend to be particularly strong in terms of earnings, water quality, household net adjusted disposable income, and rooms per person – which are strengths in at least two thirds of cases (and no high-GDP countries have significant weaknesses in these areas). More than half of all high-GDP countries also have strengths in perceived health, basic sanitation, net financial wealth, employment, life satisfaction, and working hours.

A high GDP per capita does not, however, guarantee a high performance across all well-being indicators. Only 4 out of the 12 top-GDP countries have strengths in job security (measured as the probability of becoming unemployed) and self-reported victimisation. Among the high-GDP countries where data are available, only one third have strengths in adult skills and time off (time devoted to leisure and personal care). Indeed, time off, job security and life expectancy are common areas of weakness for high-GDP countries – with at least 3 high-GDP countries falling in the bottom third of the OECD on these measures. At least 2 high-GDP countries also have weaknesses in relation to working hours, housing affordability, deaths due to assault, self-reported victimisation, and voter turnout.

Figure 1.2. **Well-being strengths and weaknesses in OECD countries with the highest GDP per capita**

Number of countries with strengths, weaknesses and mid-ranking outcomes, latest available year



Note: The countries with the highest levels of GDP per capita (in USD) in 2013 are those whose GDP per capita is ranked in the top third of the OECD area (i.e., Luxembourg, Norway, Switzerland, the United States, the Netherlands, Ireland, Austria, Australia, Sweden, Denmark, Germany and Canada). For the well-being indicators shown along the *x*-axis, "strengths" refer to outcomes ranked in the top third of the OECD area as a whole (34 countries); "weaknesses" refer to outcomes ranked in the bottom third of the OECD area as a whole.

StatLink http://dx.doi.org/10.1787/888933258838

Well-being among OECD countries with intermediate GDP per capita

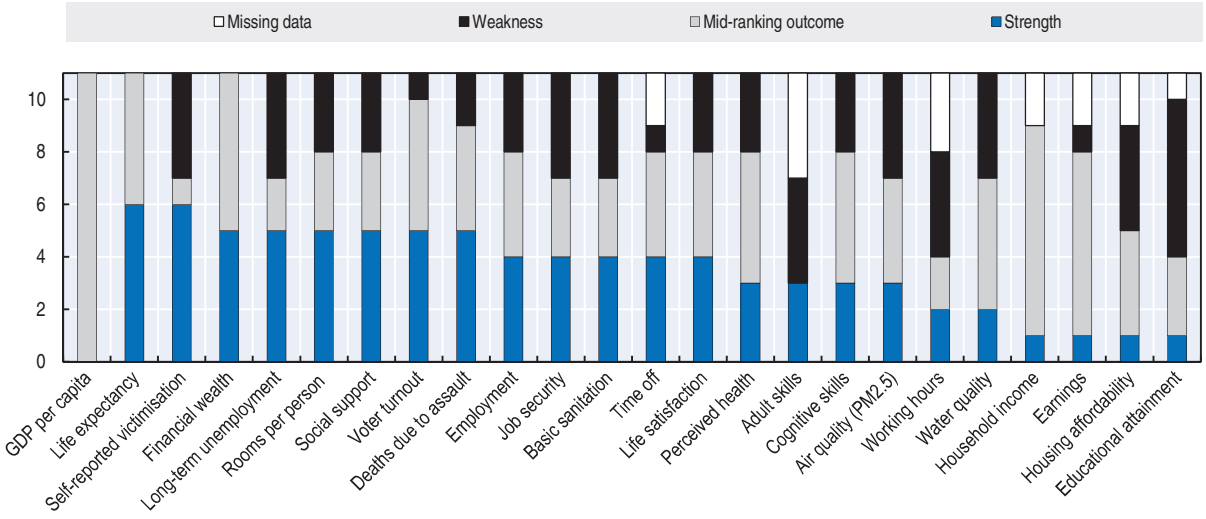
A mid-ranking level of GDP is not always associated with mid-ranking well-being outcomes: countries in the middle third of the OECD in terms of GDP per capita (Iceland, Belgium, Finland, the United Kingdom, France, Japan, New Zealand, Italy, Spain, Korea and Israel) show a very mixed performance across the headline indicators. More than half of all intermediate-GDP countries (6 out of 11) have strengths in relation to life expectancy and self-reported victimisation, and 5 out of 11 have strengths in net financial wealth, voter turnout, deaths due to assault, rooms per person, social support, and long-term unemployment.

Challenges for intermediate-GDP countries include educational attainment and adult skills, which are weaknesses for around 60% of the countries in this group. Working hours

and housing affordability are also weaknesses for around half the countries in this group. Over one third also have challenges in relation to self-reported victimisation, long-term unemployment, job security, basic sanitation, air quality and water quality. By contrast, none of the intermediate-GDP countries have relative weaknesses in household income, net financial wealth, or life expectancy.

Figure 1.3. **Well-being strengths and weaknesses in OECD countries with intermediate GDP per capita**

Number of countries with strengths, weaknesses and mid-ranking outcomes, latest available year



Note: Countries with intermediate levels of GDP per capita (in USD) in 2013 are those whose GDP per capita is ranked in the middle third of the OECD area (i.e., Iceland, Belgium, Finland, the United Kingdom, France, Japan, New Zealand, Italy, Spain, Korea and Israel). For the well-being indicators shown along the x-axis, "strengths" refer to outcomes ranked in the top third of the OECD area as a whole (34 countries); "weaknesses" refer to outcomes ranked in the bottom third of the OECD area as a whole.

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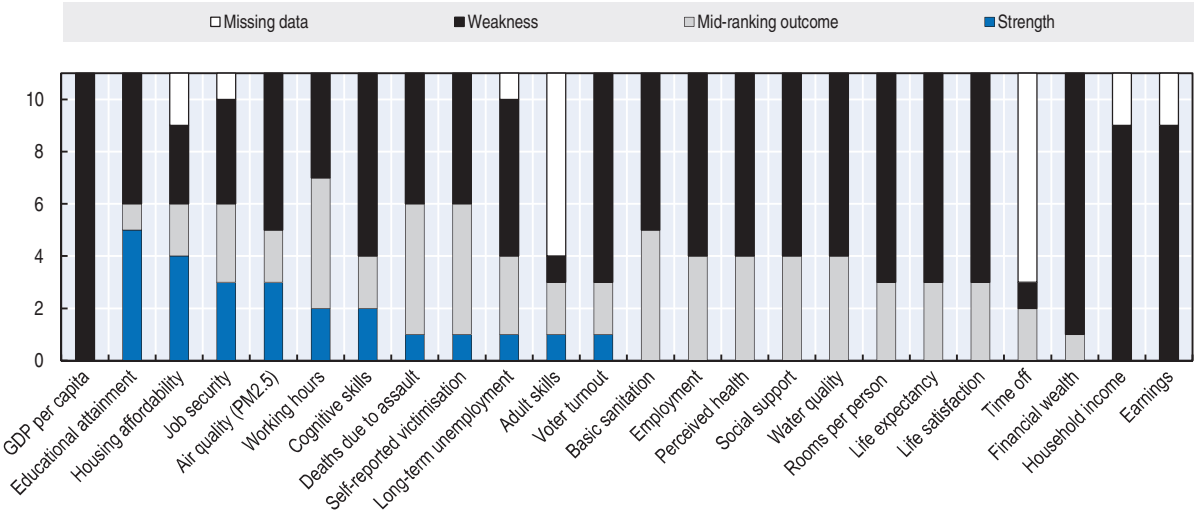
Well-being among OECD countries with the lowest GDP per capita

Countries whose GDP per capita falls within the lowest third of the OECD area (Slovenia, the Czech Republic, Portugal, the Slovak Republic, Estonia, Greece, Poland, Hungary, Chile, Turkey and Mexico) generally have lower well-being across most of the headline indicators (Figure 1.4), but there are exceptions. Nearly half of all countries with available data in this group have strengths in relation to educational attainment and housing affordability; and around one quarter have strengths in relation to job security and air quality. Two out of the 11 countries in this group also have strengths in relation to working hours and cognitive skills among 15 year olds.

Countries in this group share some common well-being challenges. As would be expected, all lower-GDP countries have weaknesses in relation to household income and earnings. More than two-thirds also have weaknesses in relation to net financial wealth, voter turnout, life satisfaction, life expectancy, and rooms per person. By contrast, housing affordability and job security were weaknesses for only around one third of low-income countries. There are very significant data gaps for lower-GDP countries in relation to both adult skills and time off.

Figure 1.4. **Well-being strengths and weaknesses in OECD countries with the lowest GDP per capita**

Number of countries with strengths, weaknesses and mid-ranking outcomes, latest available year



Note: OECD countries with the lowest GDP per capita (in USD) in 2013 are those whose GDP per capita is ranked in the lowest third of the OECD area (i.e. Slovenia, the Czech Republic, Portugal, the Slovak Republic, Estonia, Greece, Poland, Hungary, Chile, Turkey and Mexico). For the well-being indicators shown along the x-axis, "strengths" refer to outcomes ranked in the top third of the OECD area as a whole (34 countries); "weaknesses" refer to outcomes ranked in the bottom third of the OECD area as a whole.

StatLink http://dx.doi.org/10.1787/888933258857

Going beyond the average: How are well-being outcomes distributed?

Although detailed analysis of the distribution of well-being is often constrained by data availability, a number of disparities in outcomes are described in Chapter 2 – including those associated with education, income, gender and age. *How's Life?* 2013 (OECD, 2013a) included a special focus on gender disparities, while this edition addresses age-related differences in well-being in particular, complementing the evidence child well-being in Chapter 4. In considering these findings, no distinction is made between differences associated with age itself (e.g. differences due to the ageing process, or life-course changes) as opposed to cohort effects (e.g. those associated with the life experiences of people born in a particular time). In addition, people at different stages in life can often have different life circumstances, such as levels of income, social relationships and health status. Thus, age-related differences are not necessarily always caused by age itself *per se*, and should be understood with reference to a variety of other factors that co-vary with age.

The labour market outcomes of young people were particularly affected during the first few years of the financial crisis (OECD, 2013b; 2014a), and this is a trend that has continued in more recent years. In two thirds of OECD countries, younger people (aged 15-24) are currently more likely than prime-age (25-54) workers to be long-time unemployed, and in several countries (e.g. Belgium, Hungary, Australia, Luxembourg, the United Kingdom and Italy) the rates of long-term unemployment among younger workers are more than double those of prime-age workers. The steep increase in long-term unemployment that has occurred between 2009 and 2014 in several countries (e.g. Portugal, the Slovak Republic, Italy, Spain and Greece) has also disproportionately affected 15-24 year olds, relative to prime-age workers.

The younger generation of working-age adults in OECD countries are much more likely than the older generation to have completed an upper secondary education. In almost every OECD country younger people are also more likely than older age groups to feel that they have friends or relatives that they can count on in a time of need. On average, 93% of people aged 15-29 in OECD countries report having someone they can count on, while only 87% of people over 50 say the same. Age-related disparities in perceived social support are particularly large in Turkey, Korea, Chile, Greece and Portugal, but very small in Canada, Australia, New Zealand, the United Kingdom, Denmark, Iceland and Ireland. People aged 50 and over are also less likely than other adults to feel safe when walking alone at night in the area where they live: while around 75% of people aged 15-29 and 30-49 say that they feel safe, only 68% of those aged over 50 do.

In terms of subjective well-being outcomes, age-related differences vary substantially between countries. For several Southern and Eastern European countries, both life satisfaction and daily emotions and feelings[2] tend to be lower among older age groups. By contrast, in many Northern European and English-speaking countries, subjective well-being outcomes are lowest in middle age (30-49), with the over-50s enjoying levels of subjective well-being similar to those of 15-29 year olds. Some OECD countries exhibit very few differences in subjective well-being at different ages, however, and this is especially true for life satisfaction in many Nordic countries.

Other well-being disparities explored in Chapter 2 include differences between men and women in relation to long-term unemployment, work-life balance and personal security. Across countries, gender differences vary both in relation to the size of the gender gaps, but also sometimes the direction of the difference (i.e. whether men or women do better on a given outcome). For the OECD as a whole, men and women are now equally likely to be long-term unemployed; men are more likely than women to work 50 hours or more per week on a routine basis; but women typically spend less time than men do on leisure and personal care (implying a much higher burden on women of total work, i.e. both paid and unpaid). Men's full-time, full-year earnings are higher than women's in every OECD country, with women on average earning around 85 cents for every dollar earned by men.[3] In every OECD country, women are also less likely than men to feel safe walking alone at night in the area where they live, while men experience higher rates of death due to assault.

The benefits of education are often framed in terms of jobs and earnings, but people with a higher level of education also enjoy better health, are more likely to be civically engaged (see Chapter 5), they report higher levels of social support from friends and relatives, and they are more likely to be satisfied with their lives overall. As with other forms of inequalities in well-being, the size of education-related gaps varies from country to country. For example, in the 15 OECD countries where data are available, a 30 year old man with a tertiary education can expect to live 8 years longer, on average, than a man without an upper secondary education – but the size of this gap ranges from 18 years to just 4 years, depending on the country.

Finally, income inequalities, as measured through the Gini index and the inter-decile income share ratio (S90/S10),[4] also suggest wide differences between OECD countries. For example, the ratio of the income share earned by the top 10% (relative to the bottom 10%) in the United States, Chile and Mexico is over three times higher than the one observed in Denmark, the Czech Republic, Slovenia, Finland and Iceland, suggesting a much higher concentration of income in the former set of countries relative to the latter. New OECD

data on the distribution of household net wealth (including non-financial assets) suggest that wealth is much more unevenly distributed than income: among the 18 countries for which net wealth data are available, the top decile of the distribution accounts for 25% of all household income, but around 50% of all household wealth.

How's life changed in the past few years?

Material well-being has been getting better for some, but worse for others

For the average OECD resident, material well-being has recovered only slowly since the early years of the financial crisis. While average household net financial wealth has increased throughout OECD countries since the depths of the crisis, average household adjusted disposable incomes in 2013 were only 1.9% higher in real terms than in 2009. Similarly, in 2013, average annual gross earnings in the OECD were only 2.3% higher than in 2009, while the average employment rate in 2014 was around 1 percentage point higher than in 2009. For more than two thirds of OECD countries, the long-term unemployment rate in 2014 remained higher than in 2009. The probability of becoming unemployed in 2013 was 1.8 percentage points lower than in 2009.

In practice, however, the OECD average masks strongly divergent trends in material well-being across countries. Incomes, employment and earnings have fallen relative to their 2009 levels in Italy, Spain, Portugal and Greece in particular, and these countries have also experienced sharp increases in the long-term unemployment rate, housing expenditure as a proportion of overall income, and the probability that workers will become unemployed (with the exception of Spain, where the probability of becoming unemployed was already over twice the OECD average level in 2009). Ireland, the Netherlands, Denmark and Slovenia have also faced worsening material conditions since 2009 across several indicators, such as long-term unemployment, the employment rate and earnings, and (with the exception of Denmark) household income. In more than one quarter of OECD countries both the long-term unemployment rate *and* the probability of becoming unemployed remained higher in 2014 than in 2009. Net household adjusted disposable income fell in one third of countries in real terms between 2009 and 2013, as did average annual gross earnings. In the meantime, housing became less affordable in half of all OECD countries. Between 2011 and the latest available year (usually 2012), the inter-decile income share ratio increased in the United States, the United Kingdom, Italy, Luxembourg, Mexico and Israel – indicating that a larger proportion of the total income is going to the top 10% than previously. Over the same time period, the Gini index of income inequality also increased in the United States, New Zealand and Luxembourg, but decreased in the Slovak Republic and Israel.

Korea and Germany have experienced improvements in almost all aspects of material well-being since 2009, with an increase in household income, financial wealth, employment and earnings, coupled with a reduction in long-term unemployment, in the probability of becoming unemployed and in the number of households lacking basic sanitation. Mexico experienced strong growth in household income per capita and higher employment, and falls in long-term unemployment, housing expenditure as a proportion of income and households lacking basic sanitation; however, average earnings also decreased slightly. Estonia, Japan, Canada and Sweden experienced growth in household income, an increase in employment, earnings and financial wealth, and a decrease in the probability of becoming unemployed, but (like the majority of OECD countries) Sweden and Canada experienced an increase in long-term unemployment between 2009 and 2014. Norway, Switzerland and

Australia experienced over 3% (cumulative) growth in household incomes and earnings from 2009 to 2013. Hungary and Turkey experienced strong growth in employment and reductions in both long-term unemployment and the probability of becoming unemployed, but Hungary saw little improvement in average household income and a small drop in average earnings (data for Turkey are not available on these indicators).

Changes in quality of life since 2009 have been mixed

Data availability is more limited for assessing change over time in quality of life terms, and the data that are available paint a mixed picture. In terms of health, average life expectancy in the OECD increased by 9 months between 2009 and 2013, while perceived health remained reasonably stable in most countries. The proportion of adults (aged 25-64) having attained at least an upper secondary education has increased by more than three percentage points across the OECD area as a whole. However, voter turnout has dropped by more than five percentage points, on average, since 2007, and the proportion of people routinely working more than 50 hours per week has gone up by more than half a percentage point since 2009.

Looking beyond the OECD average reveals that:

- Although life expectancy was generally stable or improving between 2009 and 2013, some countries experienced much stronger improvements than others over this period. Gains in life expectancy since 2009 ranged from just a few months in Iceland, Japan, and Germany (countries where life expectancy was already high in 2009) to over two years in Turkey and Estonia (where life expectancy was among the lowest in the OECD).
- Between 2009 and 2013, increases in the proportion of adults with at least an upper secondary education were largest (more than 5 percentage points) in Portugal, Greece, Iceland, Ireland and the United Kingdom – countries either around or below the OECD average on this outcome. Gains in attainment were smallest (less than 1 percentage point) in the United States, the Slovak Republic, Germany and Switzerland, all of which began with levels well above the OECD average in 2009.
- The share of people routinely working 50 hours or more per week rose in several countries but fell in others between 2009 and 2013. Increases of around 1 percentage point occurred in the United Kingdom, Ireland and the Slovak Republic, and increases of more than 4 percentage points were recorded in Portugal and Chile. By contrast, the incidence of working very long hours declined by more than 2 percentage points in Brazil, the Czech Republic, Israel and Turkey.
- Voter turnout has declined between 2007 and 2014 in around two-thirds of OECD countries, with some of the most significant reductions occurring in the United States, Japan, Greece, Slovenia, Italy, Portugal and Spain. Voter numbers have proved more stable in Korea, Poland, the United Kingdom, Israel and Turkey.
- The number of deaths due to assault increased in Mexico between 2009 and 2012, but fell in several other countries over the same period, including the Russian Federation, Estonia and Chile.

No country has seen strong "across-the-board" improvements in well-being since 2009 – though different well-being outcomes are likely to evolve at different speeds. Korea saw a strong improvement in material conditions in the last five years, but experienced reductions in self-reported health and perceived social support, as well as an increase in negative emotions and feelings relative to positive ones. Mexico experienced improvements

in several aspects of material well-being, but recorded a small decrease in average earnings and perceived social support, while the rate of deaths by assault has climbed significantly. Germany experienced strong improvements in many aspects of material conditions, but recorded relatively small changes in most quality of life outcomes that could be assessed, and saw a decrease in voter turnout since the 2005 parliamentary election.

The countries most affected by the crisis (Greece, Portugal, Italy and Spain) have experienced the most severe declines across multiple well-being outcomes since 2009. More so than any other country, Greece experienced very strong declines in all material well-being outcomes, but also in terms of subjective well-being (life satisfaction and positive affect balance) and voter turnout. Greece has experienced a rise in adult upper secondary educational attainment, and a decrease in the proportion of homes lacking basic sanitation. Portugal shares a similar profile of well-being changes with Greece, though with less severe declines on most indicators. However, the proportion of people working 50 or more hours per week nearly doubled in Portugal between 2009 and 2013 (up by 4.4 percentage points), but increased less dramatically in Greece (up by around 1 percentage point).

Resources for well-being in the future

For the first time, this edition of *How's Life?* presents a small set of indicators focused on some of the factors likely to affect people's future well-being prospects (Chapter 3). The indicators shown refer to resources that can be measured today but that will shape the well-being opportunities available to people over time. The selected indicators relate to four different types of capital: stocks of natural, human, social and economic resources that can act as stores of well-being "wealth". Investments in – or depletions of – these resources, and some of the risk factors that can influence the stability and value of these stocks are also considered. This set of provisional indicators implements elements of the measurement framework for sustainable development recommended by the Conference of European Statisticians (UNECE, 2014) and discussed in *How's Life? 2013* (Chapter 6, OECD, 2013a).

The limited set of indicators shown in Chapter 3 cannot tell a complete story about the maintenance of well-being over time, particularly not at the level of individual countries. Data gaps are also considerable in many cases – especially for the assessment of changes in capital stocks over time, and across a wide range of countries. Nonetheless, some broad patterns do emerge from the data currently available:

- For ***natural capital***, the risk of climate change continues to present a major threat to future well-being. Concentrations of greenhouse gases in the atmosphere have been growing rapidly in the last four decades, and the reductions in per capita greenhouse gas emissions achieved in several OECD countries in the past decade have not been sufficient to offset the climbing global concentrations. Although considered under current well-being (in Chapter 2) chronic exposure fine particulate matter ($PM_{2.5}$) air pollution also poses threats to future health. An estimated 40% of OECD residents live in areas where annual exposure to fine particulate matter ($PM_{2.5}$) air pollution is well within recommended levels, but around 42 million people in the OECD area are estimated to be exposed at annual levels of $PM_{2.5}$ between 25 and 35 micrograms per cubic metre, significantly higher than both WHO and EU air quality guidelines. Forests provide many different services that benefit human well-being, and countries in the OECD area account for around 25% of the world's forest area. There has been a 7% decline in the average forest area per 1 000 inhabitants across the OECD as a whole since 2000, due to a small decrease in forest cover as a percentage of total land area, and increasing population

levels. Net world losses in forest area were estimated to be around 5.2 million hectares per year (an area roughly the size of Costa Rica) between 2000 and 2010 (FAO, 2010). Biodiversity loss is also a concern for most of the OECD, with significant proportions of mammals, birds and vascular plants considered to be threatened species.

- Several elements in the stock of ***human capital*** have been increasing in recent years, with growing proportions of working-age people attaining at least an upper secondary education in the majority of OECD countries, and rising life expectancy throughout the OECD. Nonetheless, the rise in the educational attainment of people aged 25-34 has begun to level off, or even decline, in some countries, making it more difficult for them to replace the skills of the current labour force in future. Long-term unemployment can also deplete human capital. Following the crisis, long-term unemployment increased sharply in several countries, and in 2014 it remained higher than in 2009 in two thirds of all OECD countries. Although life expectancy continues to increase throughout the OECD, some risk factors could affect the quality of health that people experience later. While the prevalence of smoking has declined in most OECD countries since 2000, growing rates of obesity in almost all OECD countries may present a new set of future challenges for health.
- ***Social capital*** is the most difficult area to illustrate with high-quality data sets. Some of the most interesting recent data on social trust is limited to European countries only. This suggests that in Europe, people's trust in the legal system is higher than trust in police, which in turn is higher than trust in the political system. Both trust in other people and trust in institutions are higher among higher-income groups, and among people with higher educational attainment, while unemployed people have notably lower levels of trust than people who are employed, retired, or in education or training (Eurostat, 2015a). Civic engagement, a measure of current well-being, can also be viewed as a form of investment in social capital. When considering voter turnout, people have been investing less since 2007: voter turnout rates declined in 21 out of 34 OECD countries, with an average decline of 5 percentage points. Volunteering also plays an important role in building the social capital stock. Around 1 in 3 adults in OECD countries volunteer through an organisation at least once a year, and evidence suggests that this has significant economic as well as social impacts (see Chapter 5 for further details).
- Levels of ***economic capital*** vary widely across OECD countries. At the household level, net financial wealth (excluding non-financial assets) in most OECD countries was higher in 2013 than in 2009. When household debts are considered separately (as a proportion of net disposable income), the OECD average household debt level in 2013 was slightly lower than in 2007, but this masks divergent trends across countries. At the economy-wide level, the stock of net fixed assets per capita increased between 2005 and 2010 in the 15 OECD countries for which comparable data are available. However, OECD-wide rates of investment in fixed capital went sharply negative in 2008 and 2009. They returned to positive growth in 2010, but have remained weak in the years since. The economy-wide per capita financial position has also shown divergent trends across the OECD in the last decade, as have the leverage of the banking sector and the financial net worth of the general government sector.

Which aspects of well-being matter the most, and to whom?

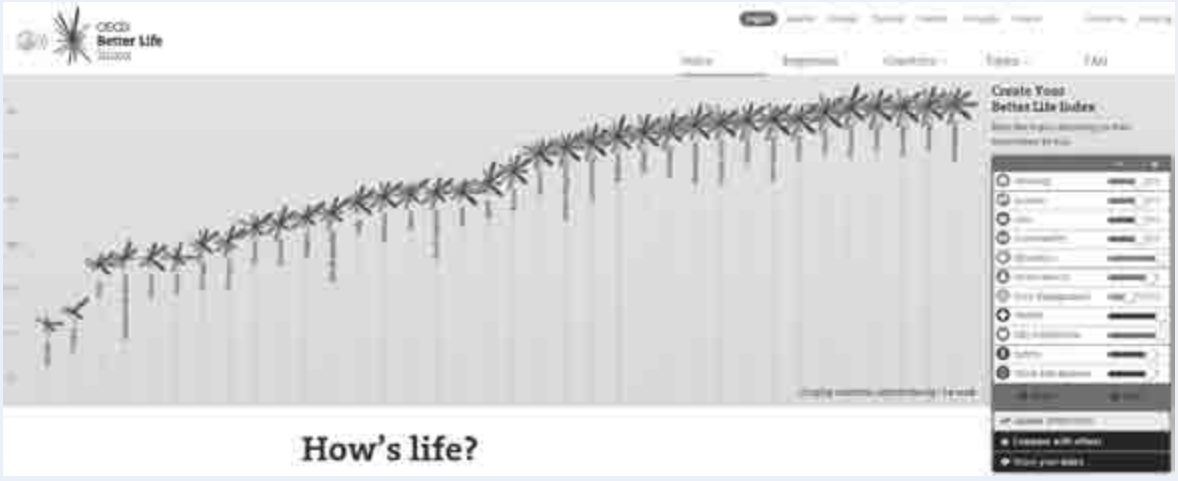
The OECD's Better Life Index website enables users to explore some of the well-being statistics described in Chapter 2 through a set of interactive data visualisations (Box 1.3). Now available in seven languages (English, French, German, Italian, Portuguese, Russian

and Spanish), the website has been visited over 7 million times since it was first launched in May 2011. A key feature of the site is that users are invited to build their own customised index of overall well-being, by rating the different domains of well-being according to their perceived importance. Users can then see how countries rank in terms of overall performance based on their own customised index.

Box 1.3. **The Better Life Index: How it works**

What does a better life mean to you? Which dimensions of well-being matter most? The Better Life Index (BLI) is an interactive website for exploring well-being statistics in the OECD, the Russian Federation and Brazil. The tool draws on a set of 24 headline well-being indicators, as detailed in Chapter 2, which are aggregated together into 11 composite and normalised measures, reflecting the 11 dimensions in the OECD's framework for measuring well-being. Website users can then build their own summary index, based on these 11 dimensions, using the toolbar shown on the right hand side of Figure 1.5. This enables users to set the weights assigned to the different dimensions, according to how important they feel each dimension is for them.

Figure 1.5. **The Better Life Index**



Source: www.oecdbetterlifeindex.org.

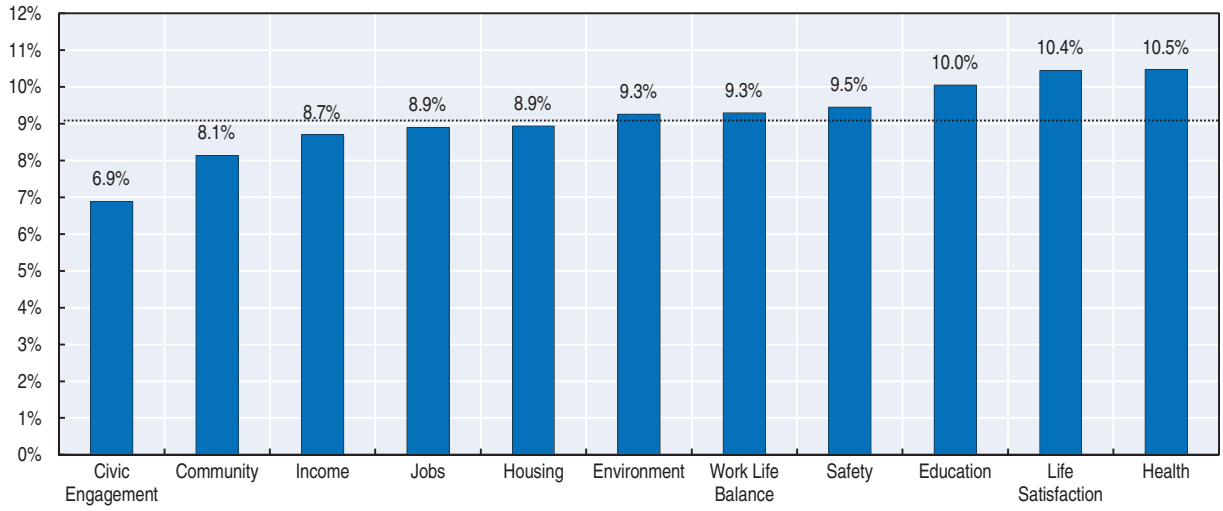
The website also enables users to examine gender differences in well-being and to explore disaggregated well-being statistics by topic and by country. Users can share the information on the importance that they have assigned to the different life dimensions with their social networks and with the OECD.

At the time of writing, around 74 000 BLI visitors living within the OECD area have shared their ratings of the different well-being dimensions through the website. These ratings suggest that all dimensions of well-being are generally considered to be important, but health, life satisfaction and education are ranked particularly highly. Conversely, civic engagement and community tend to attract a lower rating on average (Figure 1.6).[5] As people sharing their BLI ratings tend to differ from the wider population in terms of both gender and age (for example, younger and older women tend to be under-represented in most countries), the data have been adjusted to correct for these biases.[6] Even after these adjustments, however, interpreting the data requires much

caution: the sample of users is self-selected rather than random; the website is likely to attract only people who know about and are interested in the OECD's work; and the user base is restricted to speakers of the languages provided.[7] Despite these limitations, the results shed some light on which dimensions resonate most strongly with users' views about what matters for well-being. Box 1.4 describes other recent research in this area.

Figure 1.6. **Well-being priorities among Better Life Index users in OECD countries**

Percentage of the total ratings



Notes: Responses have been weighted ex post to correct for biases in the age and gender composition of the sample of users, using the information on age and gender that they provided. The website uses a 0-5 rating scale. Ratings are expressed here as a percentage of the total ratings assigned; this implies that if users gave equal weights to all eleven dimensions, each would attract 9.09% of the total (this level is shown as the dotted horizontal line in the Figure). Thus, if a user rates health as "5" and all other outcomes as "4", the sum of all weights will be 45, and the health rating as a percentage of the total will be 11.1%.

Source: OECD calculations, based on 73,761 BLI user ratings shared by OECD residents.

StatLink http://dx.doi.org/10.1787/888933258861

There are some small differences in the ratings assigned to the different dimensions by men and women on average in OECD countries – particularly in the cases of income (rated 8.4% by women, and 9% by men), environmental quality (rated 9.4% by women, and 9.1% by men), and community ties (rated 8.3% by women, and 8.0% by men). There are also some differences in the ratings assigned by people of different ages (see Annex 1.B, Figures 1.B.1 and 1.B.2). For example, while people of all age groups rate education relatively highly, this is especially true for people aged under 25. By contrast, the importance attributed to income is slightly lower among higher age groups. On average, younger and working-aged people place slightly more importance on education, income, jobs and life satisfaction; while older people place slightly more importance on the environment, health and civic engagement. The importance attributed to work-life balance is also highest among people aged 25-34, and lowest among people aged 55 and over, while safety and housing are seen as slightly less important among 25-34 year olds. While these differences between age groups are interesting, they tend to be smaller than the overall differences in the ratings given to different dimensions: this suggests more agreement than disagreement among people of different ages on the outcomes that matter most.

Box 1.4. **Measuring what matters to people**

The importance of better measuring what matters to people is reflected in recent research to elicit information on people's preferences about different dimensions of well-being using more detailed questions and more representative samples (e.g. Benjamin, Heffetz, Kimball and Szembrot, 2014; Benjamin, Heffetz, Kimball and Rees-Jones, 2014; Becchetti, Corrado and Fiaschetti, 2013; Kettner, Köberl, Mayrhuber and Karmasin Steiniger, 2012). Many initiatives to measure well-being undertaken by national statistical offices have also involved extensive public consultations, in a bid to understand what well-being means to people, and what people value the most (e.g. in Australia, Austria, Italy, Mexico and the United Kingdom). In 2015, France and Germany launched new public consultations, building on previous commissions in both countries that focused on better reflecting notions of economic, social and environmental progress in the indicator sets used to inform policy-making (France Stratégie and CESE, 2015; Bundesregierung, 2015). In connection with the forthcoming Sustainable Development Goals (SDGs, see Box 1.7 below), the UN has also launched a global online survey ("My World"), inviting people to vote for 6 issues, from a list of 17, that matter most for them: *http://vote.myworld2015.org/*.

A key reason for collecting information about people's views on well-being is to ensure that the measurement effort in this field reflects what people themselves feel is most important for a good life. There is also a policy interest in better understanding people's well-being priorities in different contexts. This might include informing target-setting for policy, or understanding people's views on the trade-offs among different objectives (e.g. between material well-being outcomes and work-life balance) – and how these views might differ among different groups.

Measuring and using well-being data: an update on OECD and partner activities

The OECD has been heavily engaged in international work to advance the statistical agenda on measuring well-being. While the other chapters in this edition outline some of the main measurement challenges and priorities in some specific areas, this section provides an update on some of the key initiatives undertaken by the OECD and partners to fill some of these gaps. Some steps that have already been taken to introduce well-being indicators into the OECD's policy work are also discussed. Finally, this section describes the implications that the UN Sustainable Development Goals, agreed by the UN General Assembly in September 2015, will have for the future statistical agenda in this field.

Ongoing OECD projects to develop and refine measures of current well-being include:

- The further development of OECD databases on the distribution of household economic resources, including the launch of a new database providing comparable information on the distribution of household wealth across 18 OECD countries *(http://stats.oecd.org/Index.aspx?DataSetCode=WEALTH)*. A new online tool has also been developed to enable visitors to compare their perceptions and ideals about income inequalities to the realities prevailing in their home country (*www.oecd.org/statistics/compare-your-income.htm*). In an effort to reconcile micro and macro-types of household data, the OECD is also pursuing work to measure disparities among households within a national accounting framework (e.g. Fesseau and Mattonetti, 2013a; Fesseau, Wolff and Mattonetti, 2013b).

- Work to define, measure and assess job quality (Box 1.5).
- The OECD's Gender Data Portal, which continues to provide updated statistics that illustrate how men and women differ in terms of education, employment and entrepreneurship outcomes (*www.oecd.org/gender/data*).
- A new project on measuring health inequalities, which will aim to gather more comparable measures of disparities in the ages of death by gender, education and cause of death.

Box 1.5. **The OECD Job Quality Framework**

Job quality is a key determinant of workers' well-being. The OECD has developed a framework for measuring job quality, as well as a set of three high-level indicators for assessing it: i) a synthetic index of earnings quality, taking into account both the *level* of earnings and their *distribution* across the workforce; ii) an indicator of labour market (in)security that combines the risk of unemployment, the expected duration of unemployment and the level of unemployment insurance, both in terms of coverage and generosity; and iii) a measure of the quality of the working environment, focusing on the incidence of job strain – which reflects a combination of high job demands (e.g. time pressure; exposure to physical health risks) and low job resources (e.g. work autonomy; good relations at work).

Other outputs from the OECD's work on job quality include an **Inventory of Survey Questions on the Quality of Working Environment**, which maps out existing international data sources for OECD and non-OECD countries. A new OECD database on **Job Quality** will be available by the end of 2015 through www.OECD.stat.org, and this will enable users to download the OECD's job quality indicators. This dataset will also feature disaggregated data, enabling users to compare job quality in relation to workers' characteristics. As a next step, the OECD aims to develop a set of measurement guidelines on the "quality of the working environment" that data producers could use to fill data gaps and enhance the comparability of measures in the future.

Source: OECD (2014b), "How good is your job? Measuring and assessing job quality", in OECD, *OECD Employment Outlook 2014*, OECD Publishing, Paris, *http://dx.doi.org/10.1787/empl_outlook-2014-6-en; Cazes*, Hijzen and Saint-Martin (2015), forthcoming.

Several measurement initiatives are expected to improve the quality and comprehensiveness of the indicators used to reflect the natural, human, social, and economic resources that help to maintain well-being over time. These include:

- New methodological work to create better and more policy-relevant indicators of trust, both in other people and in public institutions, as part of the OECD's Trust Strategy. This activity will contribute to the work of the recently established UN City Group of Governance Statistics (the Praia Group; UNECE, 2015). Other developments in governance statistics include the forthcoming *Regulatory Policy Outlook* (OECD, 2015b), which will feature a new composite indicator on government stakeholder engagement, based on the 2014 OECD Regulatory Indicators Survey.
- Ongoing work in the OECD to implement the new System of Environmental-Economic Accounting (SEEA) core framework, which sets out internationally agreed concepts, definitions, classifications and accounting rules for collecting comparable information about interactions between the economy and the environment, adopting a structure that is compatible with the System of National Accounts framework (UNSC, 2012).

- The Green Growth Indicators initiative (OECD, 2014c), which continues to develop improved measures of the natural asset base and its management, as well as aspects of the environmental quality of life. Recent innovations include new estimates of exposure to fine particulate matter ($PM_{2.5}$) air pollution from satellite-based observations (Brezzi and Sanchez-Serra, 2014; OECD 2014d). In the future, geospatial and geo-referenced data may provide a valuable source of national and sub-national information about both the natural asset base (e.g. land use and land cover) as well aspects of the environmental quality of life (e.g. access to green space).

In 2013, a High Level Expert Group on the Measurement of Economic Performance and Social Progress (HLEG), hosted by the OECD, was established to follow up on the recommendations of the Commission on the Measurement of Economic Performance and Social Progress (Stiglitz, Sen and Fitoussi, 2009). The HLEG is focusing its work in four measurement areas: income and wealth inequality; multidimensional and global inequalities; subjective well-being; and sustainability (see *www.oecd.org/statistics/measuring-economic-social-progress for further details*).

Since 2013, the *How's Life?* series has also been expanding. *How's Life in Your Region?* (OECD, 2014d) examines well-being outcomes at the sub-national level across 362 different OECD regions. This work is complemented by an online data visualisation tool *(www.oecdregionalwellbeing.org/)*, which includes eight of the *How's Life?* well-being dimensions. Key findings on regional differences in well-being, and the statistical work underpinning the regional well-being initiative are discussed in Chapter 6 of this report. A recent partnership between the OECD and the Clio Infra research project also led to the publication in 2014 of *How Was Life? Global Well-Being since 1820*, which provides a historical perspective on well-being and its development around the world (van Zanden et al., 2014).

Well-being indicators are already being introduced in a variety of new and existing OECD policy activities (Box 1.6). Through a variety of events and platforms, the OECD is also continuing to engage with policy-makers, statisticians, civil society and the research community on well-being. These include the 5th OECD World Forum on Statistics, Knowledge and Policy, taking place in Guadalajara, Mexico, in October 2015, themed "Transforming Policy, Changing Lives". These events aim to deepen on-going reflection about how to measure well-being and social progress, and how to integrate these new measures into policy-making. The OECD-hosted website Wikiprogress.org provides a global platform for sharing information about well-being and progress and is building an online community for researchers, policy-makers and civil society groups interested in this. As a follow-up to the release of its *Guidelines on Measuring Subjective Well-Being* (OECD, 2013c), the OECD has also been running a series of regional workshops on the measurement and policy use of subjective well-being data, engaging both data producers and data users drawn from the world of policy, statistics, civil society and academia. The outcomes of these discussions will be reflected in a forthcoming stocktake of the OECD *Guidelines*.

Box 1.6. **Bringing well-being statistics into OECD policy advice**

Well-being indicators are being introduced in a variety of new and existing activities at the OECD, for example:

- ***Economic country surveys***, which provide an in-depth review of OECD economies every 18 months, focusing on policies that have the potential to improve countries' long-run economic performance. These surveys typically cover a wide range of policy areas – from labour markets and human capital through to taxation and public spending. Recent reviews for Austria (OECD, 2013d), the United States (OECD, 2014e), Italy (OECD, 2015c) and Mexico (OECD, 2015d) have each included a special focus on aspects of well-being and its distribution.
- ***Multi-dimensional country reviews*** (MDCRs), which offer a new approach to advice on development policy, tailoring OECD frameworks to a non-member country context. The MDCRs, conducted by the OECD Development Centre, consider multiple development objectives and are grounded in a well-being framework that is adapted from the one used for OECD countries (Boarini, Kolev and McGregor, 2014). It benchmarks a country's progress across the different domains of well-being against the progress that could be expected given its level of economic development. The MDCRs aim to help countries to identify constraints that limit progress towards a more equitable and sustainable development. Initial assessment reviews have so far been published for Myanmar (OECD, 2013e) and Uruguay (OECD/ECLAC, 2014), with further reviews underway for the Philippines, Ivory Coast, Peru and Kazakhstan.
- The OECD's ***Inclusive Growth*** project is a central component of the New Approaches to Economic Challenges (NAEC) initiative*, and aims to shed light on the policy options and trade-offs that need to be balanced in order to deliver growth that is inclusive. Statistical work includes the development of a measurement framework to examine whether economic growth has translated into higher living standards for various groups of the population. This tool makes it possible to evaluate the impact of policies on a subset of well-being dimensions (income, employment and health) across the whole population.
- ***Skills for Social Progress*** is examining the role of social and emotional skills (e.g. perseverance, sociability and self-esteem) in shaping a wide range of both material and non-material well-being outcomes, including income, employment, health and subjective well-being. In 2015, a report synthesising analytical work conducted on datasets from 9 OECD countries was published (OECD, 2015e); this will be followed by an OECD-led longitudinal study in major cities around the world from 2019 onwards.

* The NAEC initiative has been promoting a more multidimensional approach to policies, developing tools for more integrated policy analysis, and bringing in expertise from the experimental and behavioural sciences. The 2015 *NAEC Synthesis Report* "calls for a greater focus on well-being and its distribution to ensure that growth delivers progress for all", and states that "Policy choices should be informed by an assessment of their impact on different dimensions of well-being as well as their distributional consequences" (OECD, 2015f).

Within Europe, Eurostat is continuing to develop a set of Quality of Life (QoL) indicators for the European Union (Eurostat, 2015b). An online publication *(http://ec.europa.eu/eurostat/statistics-explained/index.php/Quality_of_life_indicators)* details the available statistics and features information about trends over time and differences between countries and between demographic groups. Recent developments include the fielding of an ad hoc module on well-being as part of the EU Statistics on Income and Living Conditions data collection in 2013, which has provided high-quality estimates of several aspects of subjective well-being (Eurostat, 2015c), and statistics on social trust (Eurostat, 2015a), described in Chapters 2 and 3 of this report respectively. A variety of initiatives related to measuring well-being

and its maintenance over time are also underway in individual countries, including work by the National Statistical Offices of Australia (ABS, 2014), Austria (Statistik Austria, 2014), France (INSEE, 2015), Germany (DESTATIS, 2014), Italy (ISTAT, 2015), Mexico (INEGI, 2014), the Netherlands (Statistics Netherlands, 2015), Spain (INE, 2015), Switzerland (FSO, 2014), Portugal (Statistics Portugal, 2014; 2015) and the United Kingdom (ONS, 2015).

The UN Sustainable Development Goals (SDGs, Box 1.7) will provide a major focus for worldwide statistical capacity-building over the next 15 years. The SDGs are concerned with the *implementation* of sustainable development practices; they represent a politically-negotiated set of aspirational goals and targets, highlighting global sustainable development priorities. While the SDG process is a policy-driven exercise, it will have major implications for the statistical agenda on "measuring performance beyond GDP", as many of the goals, targets and indicators featured in the SDGs bear some relation to the well-being outcomes described in this report. Indeed, the Conference of European Statisticians' recommendations on measuring sustainable development (UNECE, 2014) frame the issue in terms of meeting the well-being needs of people "here and now", "later" and in other countries (i.e. "elsewhere"). In some cases, the emphasis will be on building the statistical infrastructure to meet the demands of SDG monitoring. In other cases, measurement initiatives on specific topics, such as on governance (e.g. the Praia Group on Governance Statistics) or on new methodologies (such as the use of Big Data, and geospatial and geo-referenced data) will also contribute to advancing the well-being measurement agenda.

Box 1.7. **Sustainable Development Goals and the post-2015 development agenda**

The UN Sustainable Development Goals (SDGs) will play a critical role in shaping the measurement agenda on well-being and sustainable development over the next 15 years to 2030. Intended as universal, global objectives for people-centred, sustainable development in all countries, the SDGs are an ambitious successor framework to the Millennium Development Goals.

Proposals for the SDGs have been developed through an unprecedented and wide-ranging multi-stakeholder consultation process. In July 2014, an intergovernmental Open Working Group, under the mandate of the UN General Assembly, set out a proposal for 17 SDGs and 169 targets (OWG, 2014). Following the expected adoption of the SDGs by the UN General Assembly in the autumn of 2015, work will continue to develop the indicator set for monitoring progress against the goals, led by the UN Statistical Commission. At the time of writing, it is expected that an indicator framework will be endorsed by the UN Statistical Commission at its March 2016 meeting.

Source: The UN Sustainable Development Knowledge Platform, https://sustainabledevelopment.un.org/topics/sustainabledevelopmentgoals

Notes

1. Reported at 2010 prices; see Chapter 2, Box 2.1, for a full definition.
2. Daily emotions are measured as the share of people with a positive affect balance, i.e. when a person's positive feelings and emotions outnumber the negative feelings and emotions that they report (Chapter 2, Box 2.11).
3. The OECD average gender wage gap, calculated as the difference between the median wage of men and women, divided by the median wage of men, is 15.5%.
4. The share of income received by the top 10%, divided by the share of income received by the bottom 10% (S90/S10).

5. Readers interested in seeing country differences in how BLI users ranked the various domains can find further information on *www.oecdbetterlifeindex.org*. Average user ratings at the country level can also be downloaded directly from the site, although these data are not adjusted for sample biases.
6. The data have been corrected *ex post* to be representative of countries' population in terms of age and gender, by using the information on age and gender provided by users. The design weights are computed as the inverse of the inclusion probabilities and then rescaled so that they sum up to the sample size. However, no data are available on other key characteristics, such as respondents' education levels.
7. It is also not possible to know whether visitors to the website are expressing deeply-held views; nor is it possible to be sure that all users have a common understanding of what each of the dimensions is intended to represent, though the website does explain this in detail for those who want to learn more.

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ANNEX 1.A

Well-being strengths and weaknesses at the country level

The well-being outcomes summarised in this chapter, and described in detail in Chapter 2, have very different units of measurement – ranging from employee earnings in US dollars to life expectancy per person expressed in years. In order to show these diverse measures on a similar scale, Figure 1.A.1 uses standardised scores (also known as "z scores") where, for each indicator, the OECD average is set to zero and values reflect standard deviations above and below the OECD average.*

When a country has a score above the OECD average on a given indicator, the standard score takes on a positive value, while scores below the OECD average take on a negative value. For most indicators, roughly two-thirds of countries have outcomes that range between +1 and -1 standard deviations from the mean. A value greater than +1 on an indicator means that the country has a score that is much higher than the average: typically only around 5 out of 34 countries will have a value like this. Meanwhile, a value of -1 means that the country has a score that is much lower than the OECD average, and typically only around 5 countries will have a score like this. The limits of the scale are set at -2 to +2 for ease of presentation; standardised values for some countries exceed these boundaries in extreme cases.

These standardised scores provide a snapshot of countries' relative strengths and weaknesses across the headline well-being indicators. In Figure 1.A.1, countries are grouped into broad geographic clusters.

* The simple mean average value for all OECD countries is used here for benchmarking purposes; this sometimes differs slightly from the OECD averages shown in Chapter 2, which are usually weighted by population size to provide an estimate that is representative of the average OECD *resident* (rather than focusing on the average OECD *country*).

Figure 1.A.1. **Relative well-being strengths and weaknesses, by country**

Standardised scores, latest available year

Panel A: Northern European countries

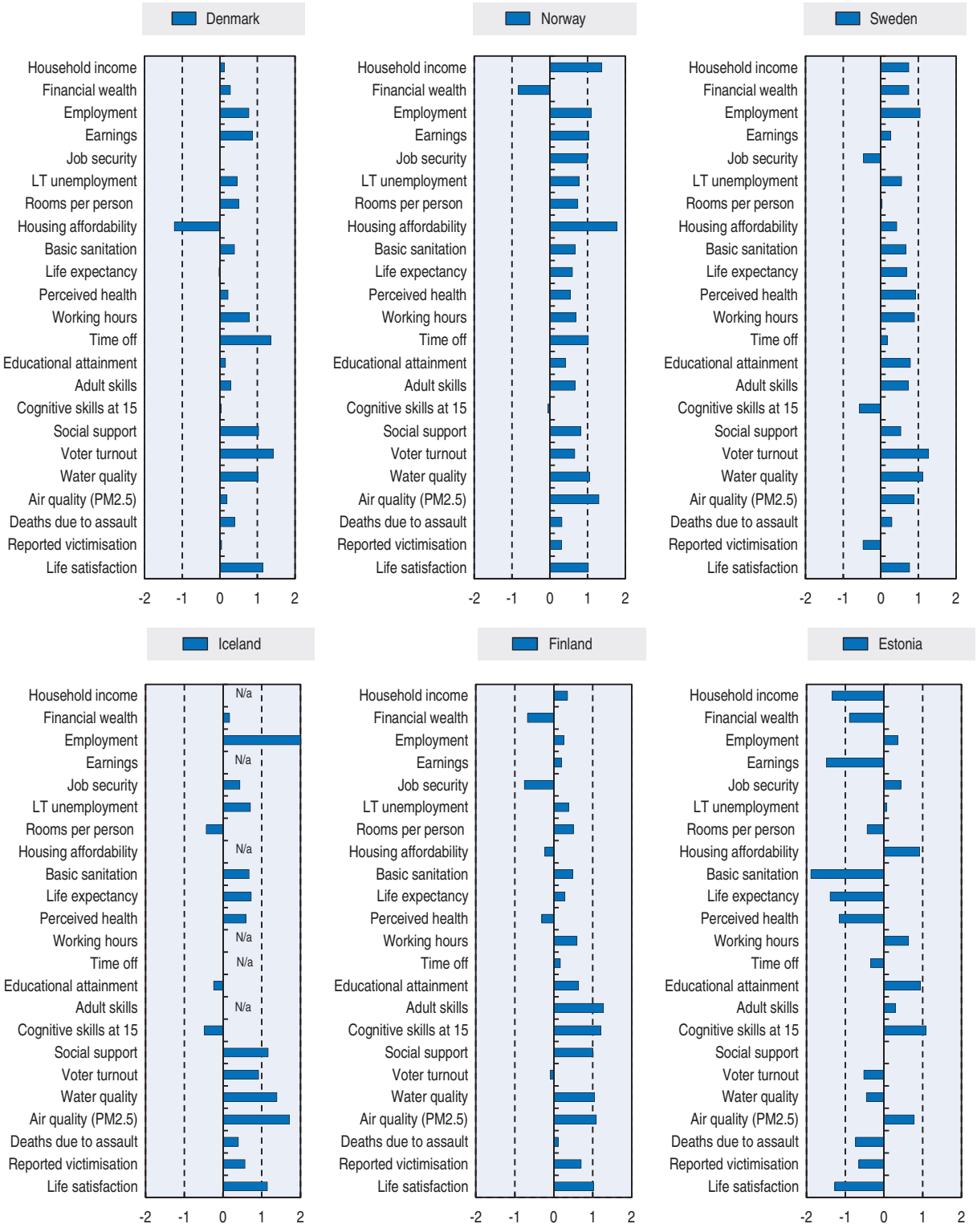


Figure 1.A.1. **Relative well-being strengths and weaknesses, by country** *(cont.)*

Panel B: Continental European countries, the United Kingdom and Ireland

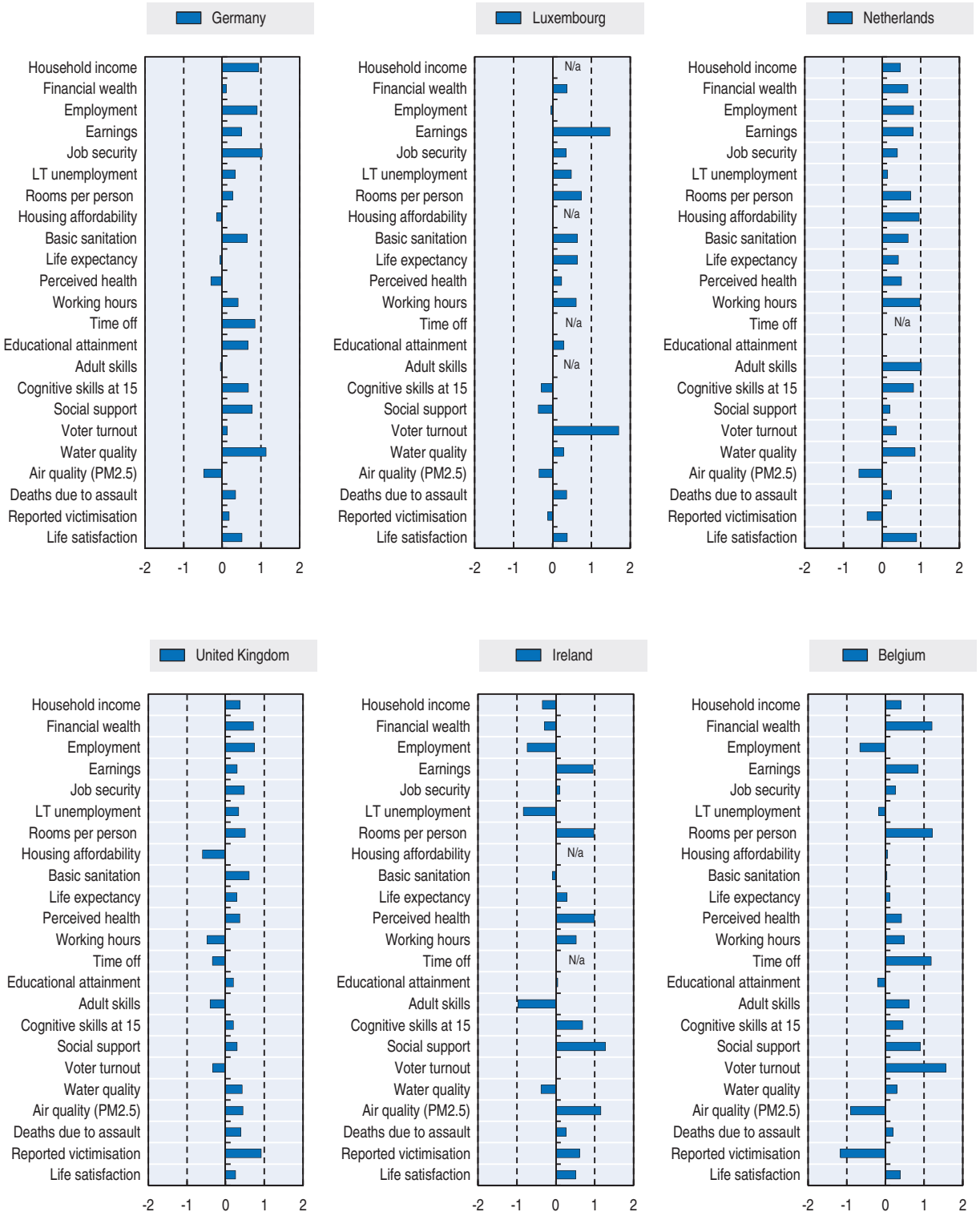
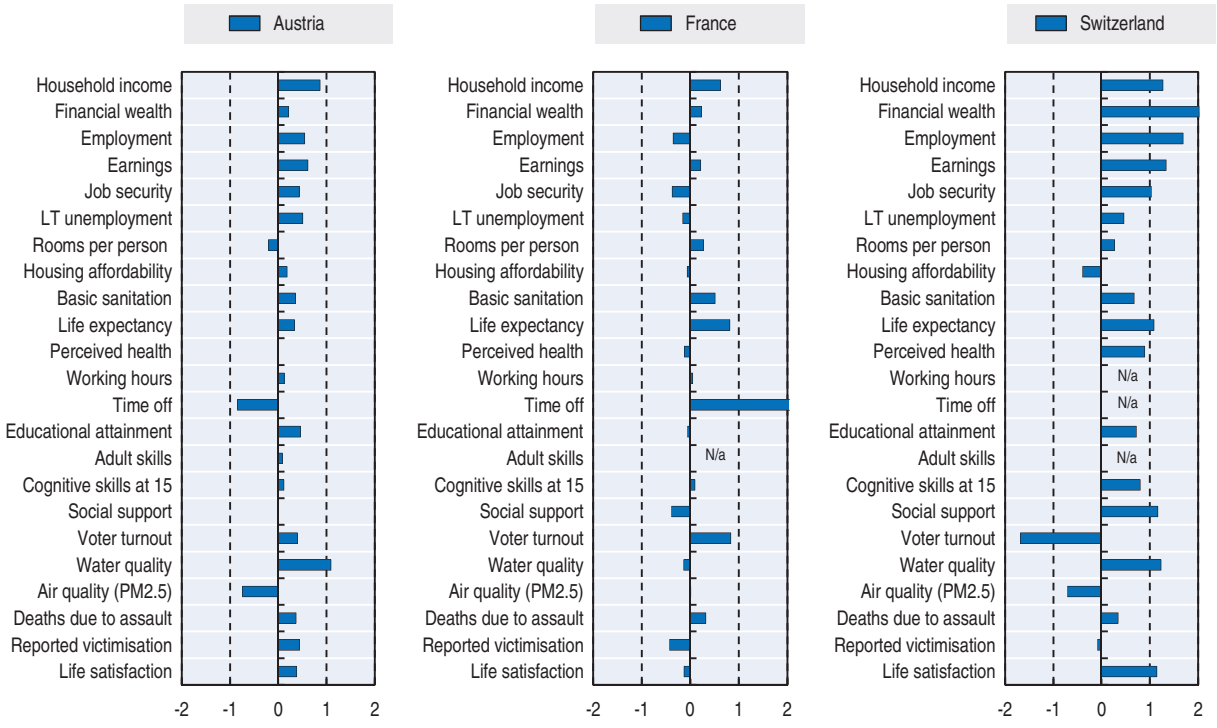


Figure 1.A.1. **Relative well-being strengths and weaknesses, by country** *(cont.)*



Panel C: Southern and Eastern European countries

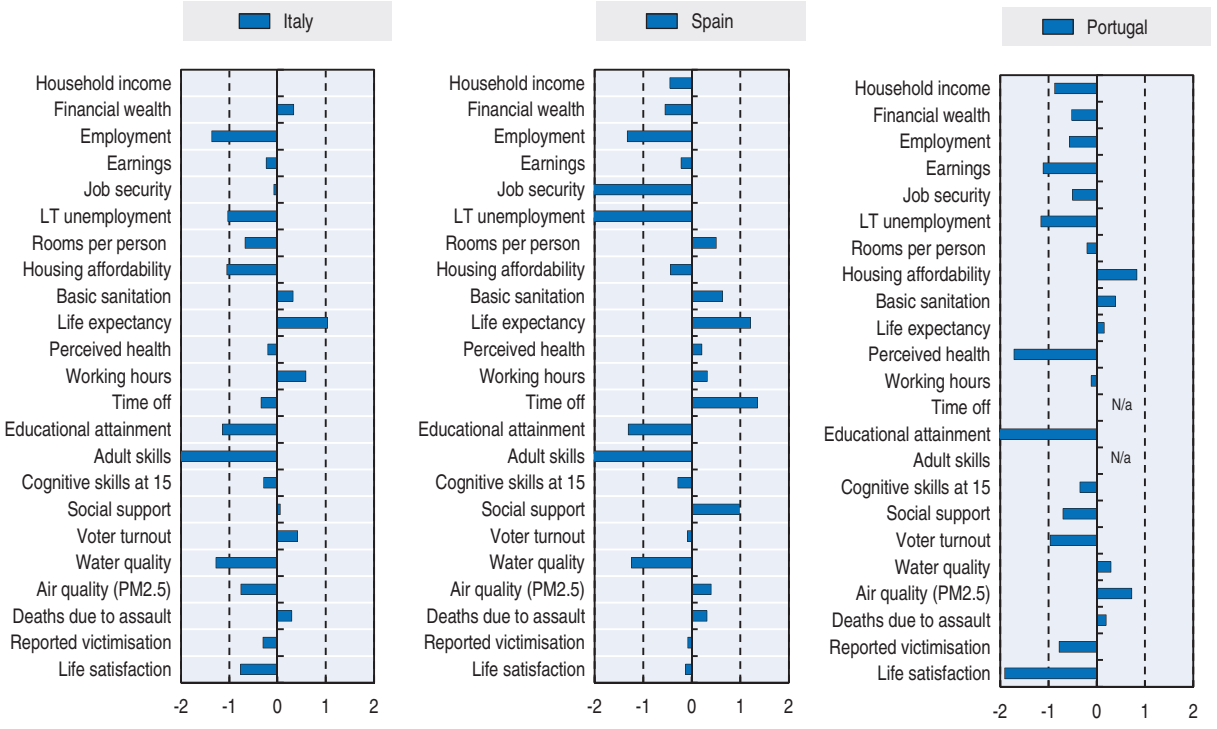


Figure 1.A.1. **Relative well-being strengths and weaknesses, by country** *(cont.)*

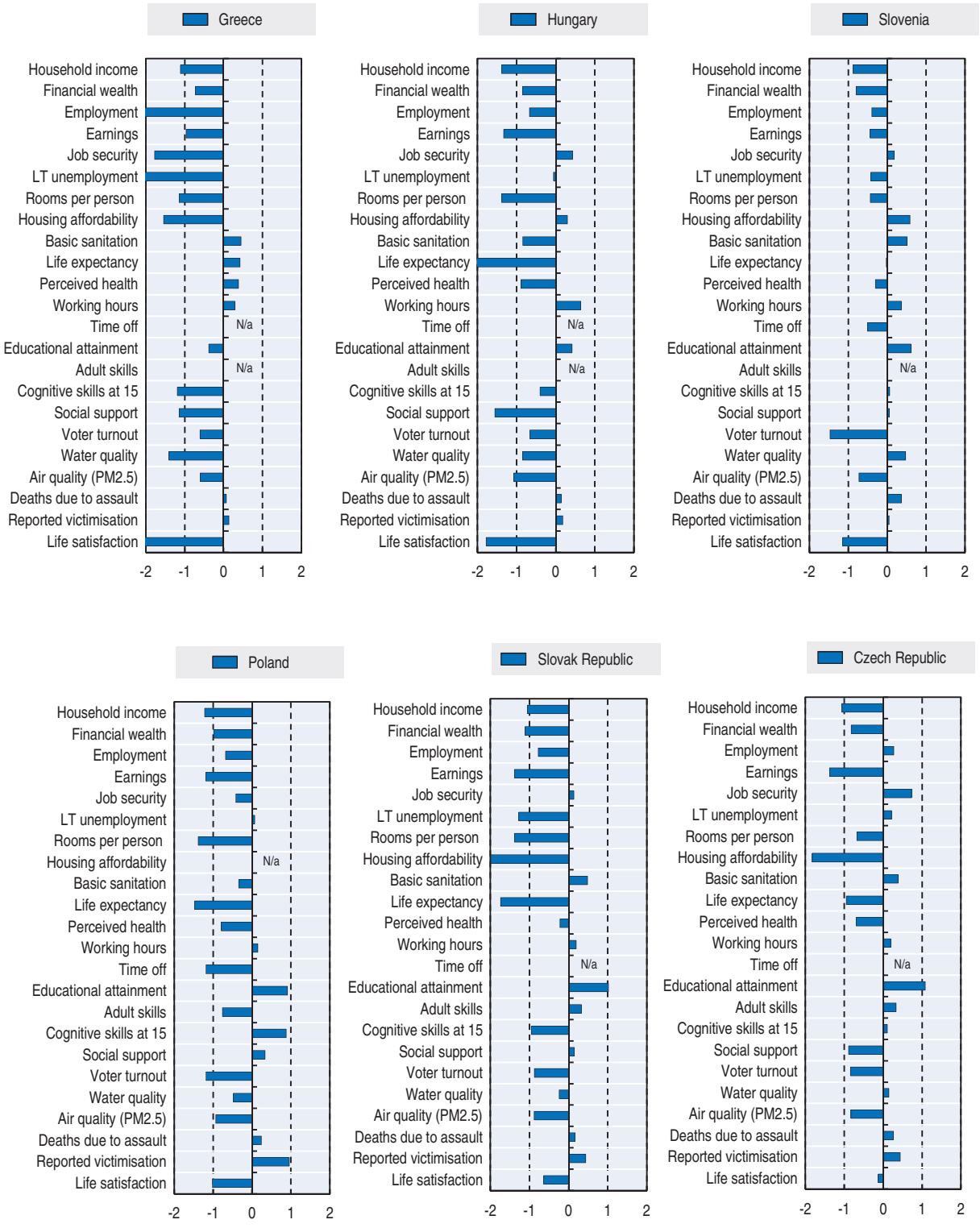


Figure 1.A.1. **Relative well-being strengths and weaknesses, by country** *(cont.)*

Panel D: The United States, Canada and Asia-Pacific countries

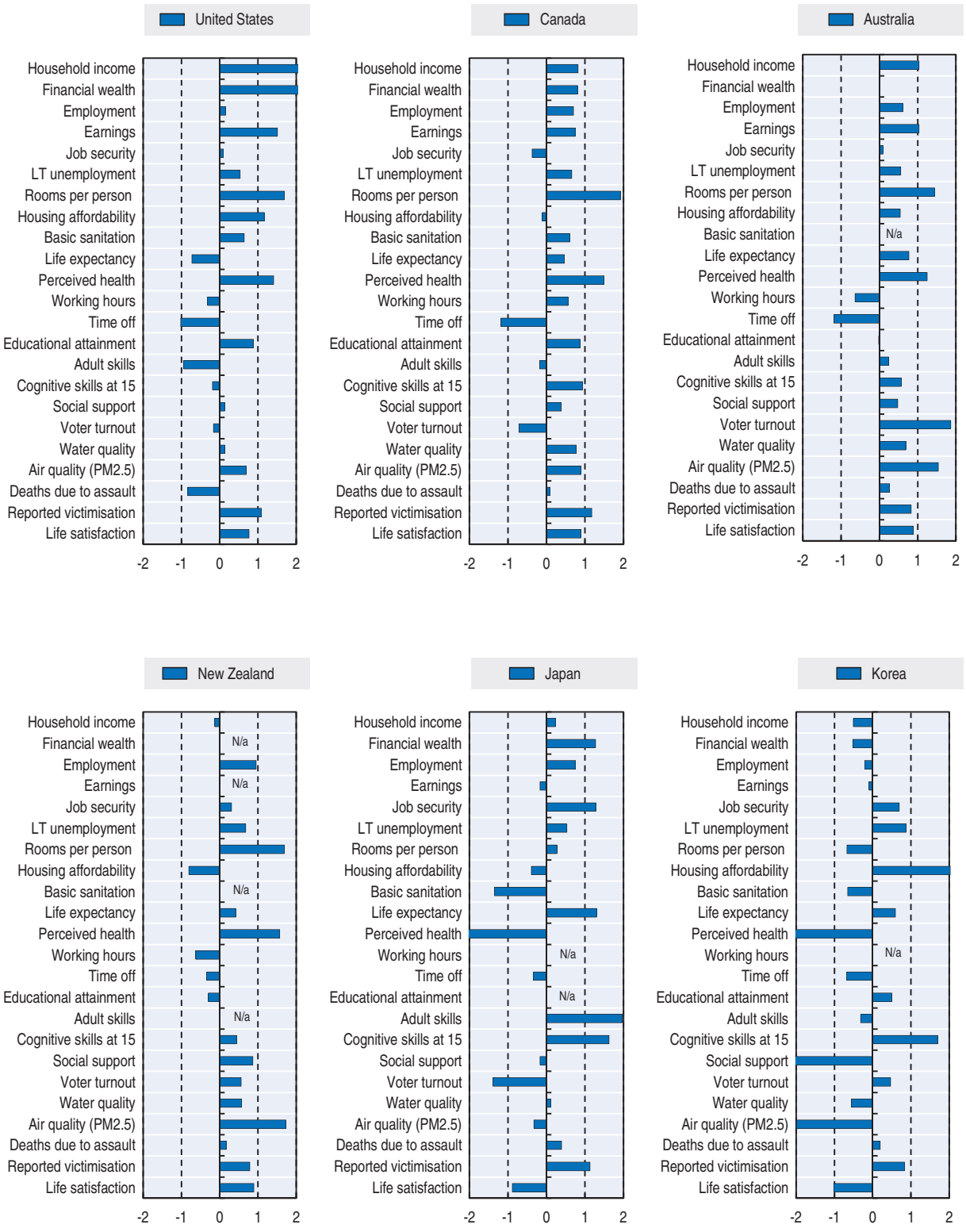
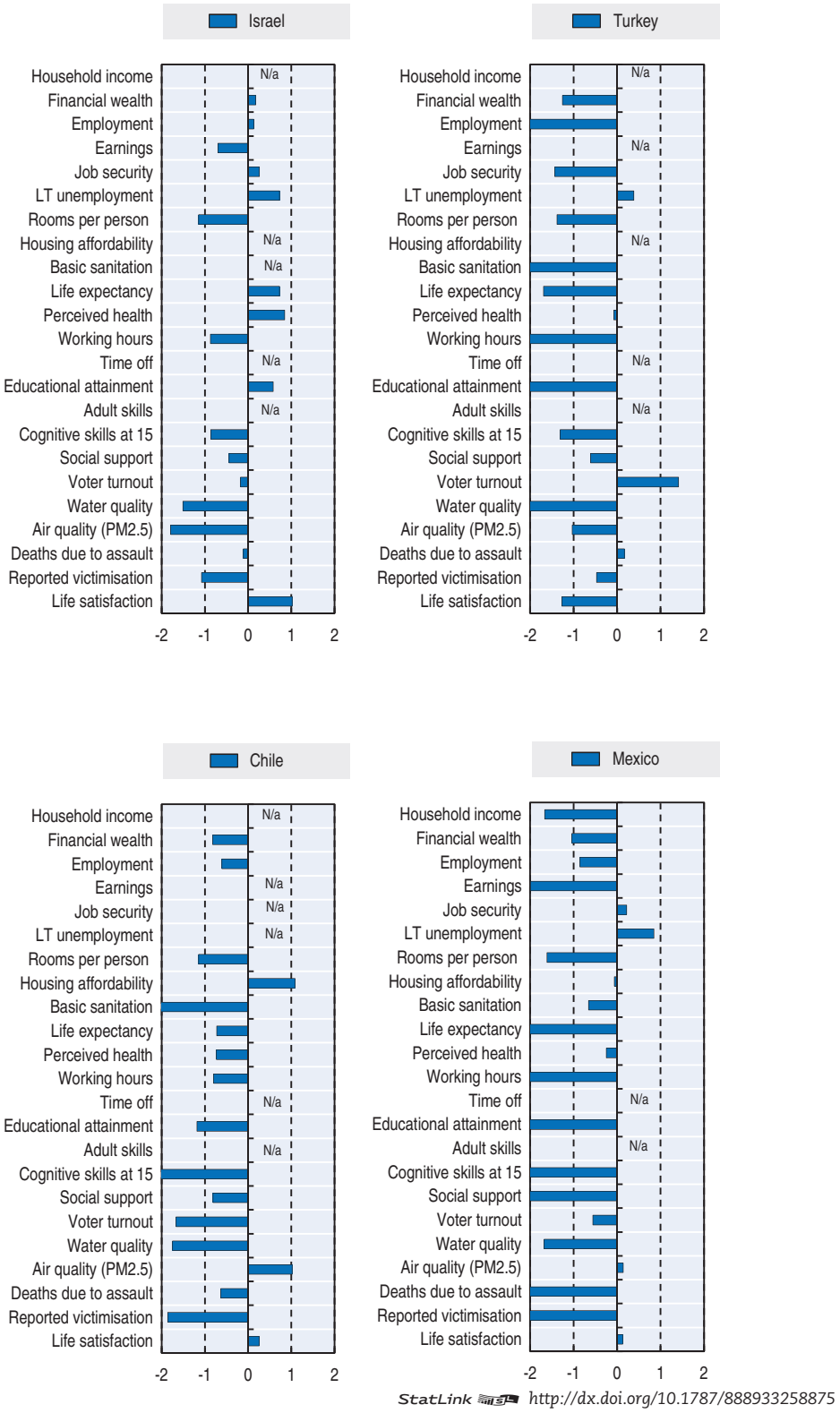


Figure 1.A.1. **Relative well-being strengths and weaknesses, by country** *(cont.)*

Panel E: Other countries



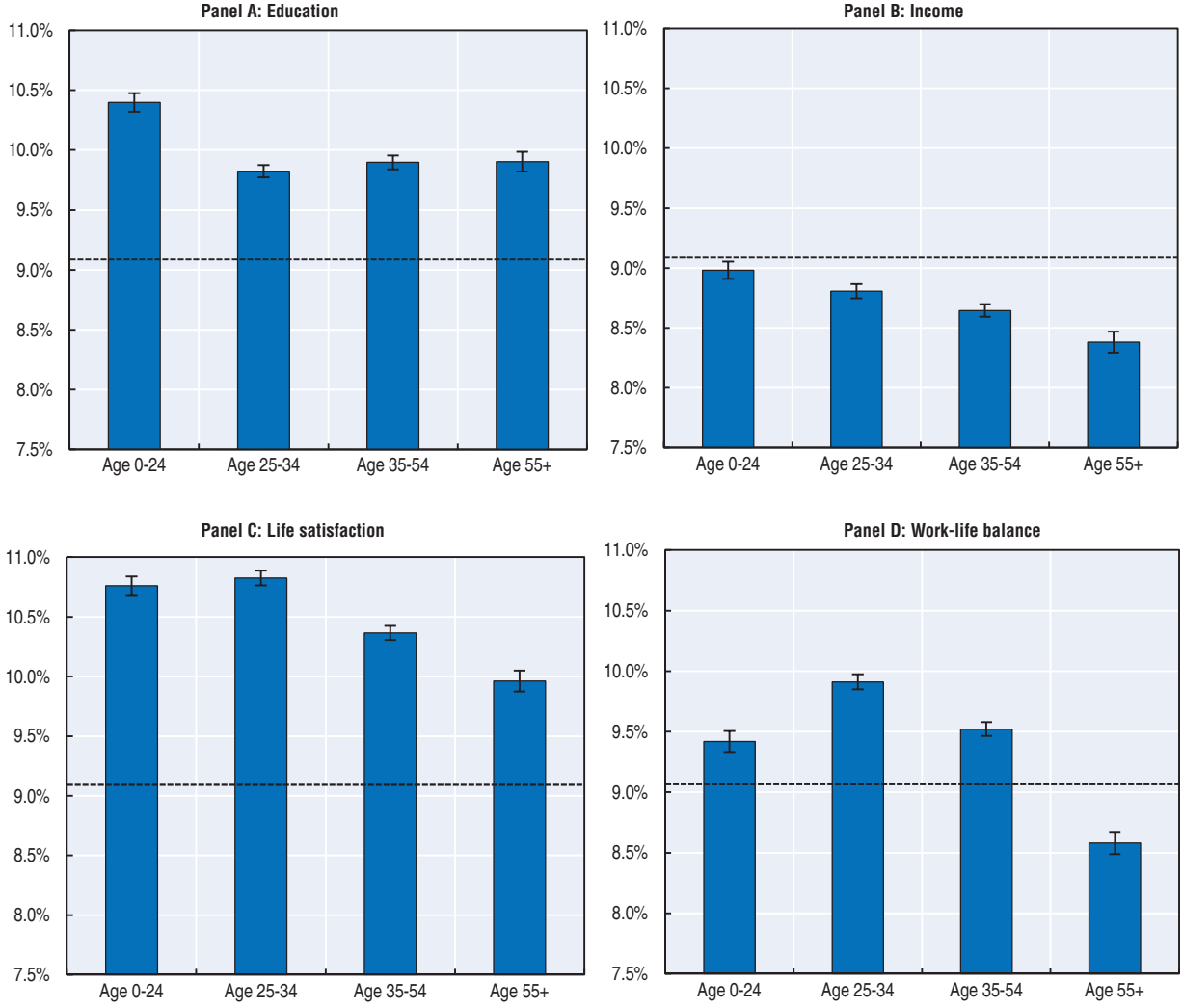
StatLink http://dx.doi.org/10.1787/888933258875

ANNEX 1.B

Better Life Index user ratings, by age

Figure 1.B.1. **Better Life Index user ratings of education, income, life satisfaction and work-life balance, at different ages**

Average ratings, expressed as a percentage; equal weights would be equal to 9.09% (the dotted line)



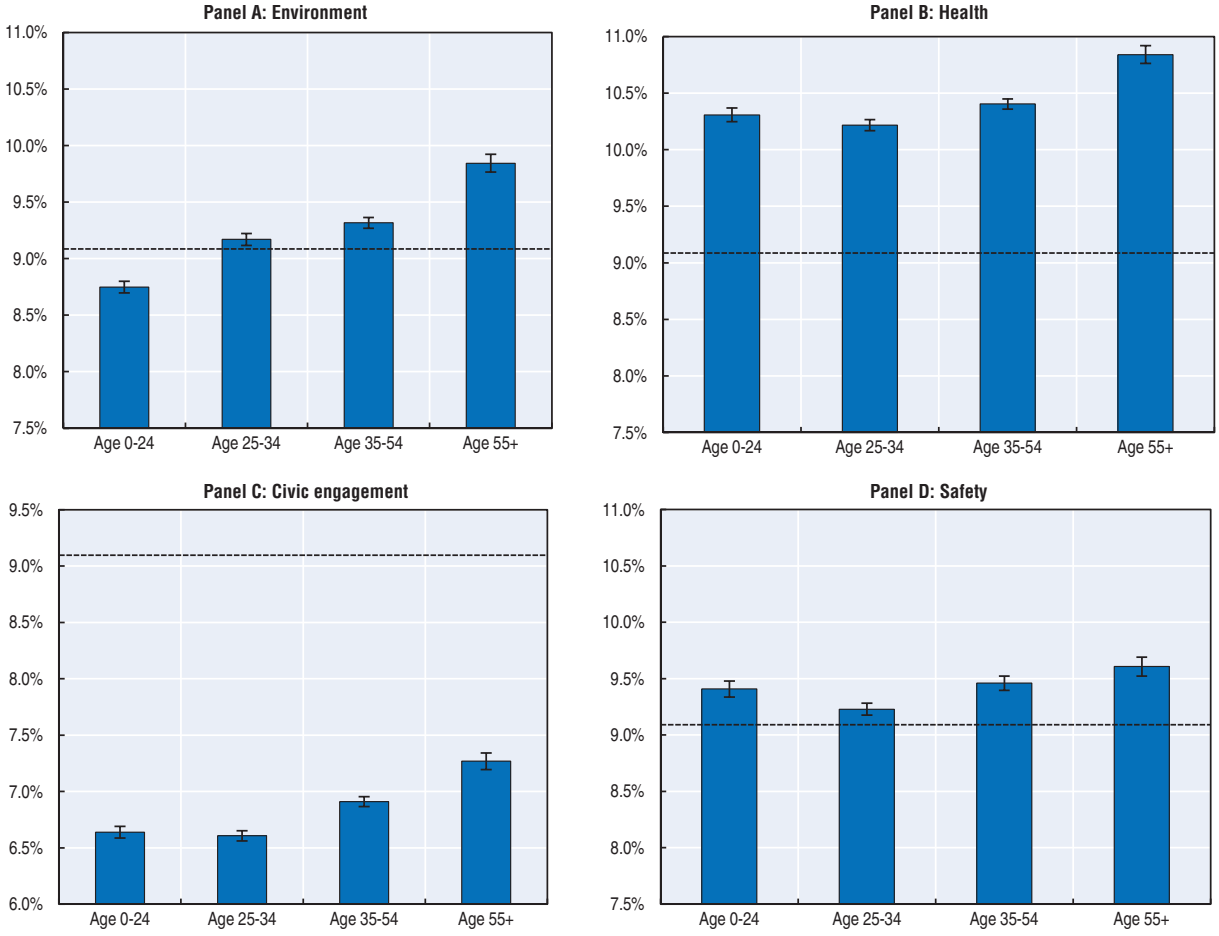
Note: Responses have been weighted *ex post* to correct for biases in the age and gender composition of the sample, using the information on age and gender provided by users. Blue bars show the mean average rating; whiskers represent the 95% confidence intervals around the mean.

Source: OECD calculations, based on BLI user ratings shared by OECD residents. Sample sizes: 20 457 aged 0-24; 22 908 aged 25-34; 23 242 aged 35-54; 7 124 aged 55+.

StatLink http://dx.doi.org/10.1787/888933258882

Figure 1.B.2. **Better Life Index user ratings of environment, health, civic engagement and safety, at different ages**

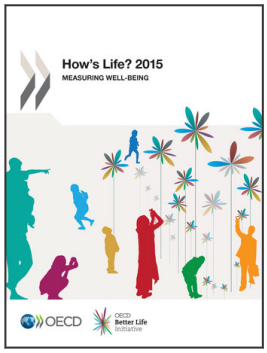
Average ratings, expressed as a percentage; equal weights would be equal to 9.09% (the dotted line)



Note: Responses have been weighted *ex post* to correct for biases in the age and gender composition of the sample, using the information on age and gender provided by users. Blue bars show the mean average rating; whiskers represent the 95% confidence intervals around the mean.

Source: OECD calculations, based on BLI user ratings shared by OECD residents. Sample sizes: 20 457 aged 0-24; 22 908 aged 25-34; 23 242 aged 35-54; 7 124 aged 55+.

StatLink http://dx.doi.org/10.1787/888933258893



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