

Chapter 1

Overview

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

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: in quest of better lives

Everyone aspires to a good life. But what does a “good” (or better) life mean? In recent years, concerns have emerged that standard macro-economic statistics, such as GDP, which for a long time had been used as proxies to measure well-being, failed to give a true account of people’s current and future living conditions. The ongoing financial and economic crisis has reinforced this perception and it is now widely recognised that data on GDP provide only a partial perspective on the broad range of factors that matter to people’s lives. Even during times of economic hardship, when restoring growth matters for the achievement of many well-being outcomes, such as having a good job or access to affordable housing, at the core of policy action must be the needs, concerns and aspirations of people and the sustainability of our societies.

The OECD has a long tradition of work on social indicators and quality of life.¹ More recently, the OECD has been leading the international reflection on measuring well-being and societal progress. In 2004, it held its first World Forum on “Statistics, Knowledge and Policies” in Palermo. Two more Forums have taken place, the first in Istanbul in 2007 (which led to the launch of the OECD-hosted Global Project on Measuring the Progress of Societies) and the second in Busan in 2009. Thanks to these and other efforts undertaken within the international community (Box 1.1), measuring well-being and progress is now at the forefront of national and international statistical and political agendas.

These initiatives share many important objectives. In particular, they aim to:

- Involve citizens in the discussion of what type of progress societies should strive to achieve.
- Identify a range of indicators that paint a more accurate picture of whether people’s lives are getting better or worse.
- Reflect on how better measures of well-being and progress should inform public policy. Understand what drives well-being, so as to identify the range of policies needed to improve it.

On the occasion of the OECD’s 50th Anniversary, held under the theme “Better Policies for Better Lives”, the Organization launched the *OECD Better Life Initiative* (Box 1.2). *How’s Life?*, which is part of this initiative, provides a concrete response to some of the issues mentioned above. Building on almost ten years of OECD work on progress, *How’s Life?* is a first attempt at the international level to go beyond the conceptual stage and to present a large set of comparable well-being indicators for OECD countries and, to the extent possible, other major economies. This set is still exploratory and will, over the years, be improved by taking into account the outcomes of a number of methodological projects at the OECD and elsewhere as these deliver their results and lead to better measures. Nonetheless, this work is critical, as broad-based, international evidence is provided for the first time on a range of aspects of well-being. The report aims to respond to the needs of citizens for better information on well-being and to give a more accurate picture of societal progress to policy-makers.

This chapter provides an overview of the whole report. The chapter starts by first outlining the main motivations behind the quest for “going beyond GDP”. The chapter then presents the main features of the framework used in this report to measure well-being, and how these translate concretely into indicators and evidence. The chapter then summarises the main findings of the report, starting from average well-being patterns in

the countries analysed and then describing how well-being varies across the population. Finally, the chapter outlines the potential role of better measures of well-being for informing policy and concludes by indentifying the statistical agenda ahead for improving current indicators of well-being.

Box 1.1. Measuring well-being: key national and international initiatives

Today, “measuring well-being” is high on the statistical and political agendas at both the national and international level:

- Measuring well-being has been and will continue to be a key priority for the OECD, in line with its founding tradition to promote policies designed to achieve the highest living standards for all. The OECD *Better Life Initiative*, launched in May 2011, is a concrete expression of this priority.
- In 2008, French President Nicolas Sarkozy established the *Commission on the Measurement of Economic Performance and Social Progress*, chaired and coordinated by Joseph Stiglitz, Amartya Sen and Jean-Paul Fitoussi. In September 2009, the Commission published a report that included around 30 recommendations on how to improve measures of well-being and progress (Stiglitz *et al.*, 2009). Many of these recommendations are followed-up in *How's life?*.
- At the European level, the European Commission issued a communication on “GDP and beyond” in September 2009, identifying key actions to improve current metrics of progress (EC, 2009). Some of the themes of this Communication have found an echo in the five key targets (with supporting indicators) set by the European Commission to guide its policies in the EU 2020 Strategy. To support these processes, the statistical office of the European Community (Eurostat) and the French national statistical office (INSEE) initiated a process (the INSEE/Eurostat Sponsorship Group) to develop recommendations in line with the Stiglitz report, to be implemented within the European Statistical System. The OECD is contributing to this Sponsorship.
- The United Nations Economic Commission for Europe, in co-operation with the OECD and Eurostat, are pursuing work on measuring sustainable development, aiming to develop better metrics for human well-being and sustainability.
- Several countries have launched progress and well-being-related initiatives in the form of public national consultations (Australia, the United Kingdom), Parliamentary Commissions (Germany, Norway), National Roundtables (Italy, Spain, Slovenia), projects for integrating and disseminating statistics on a jurisdiction's economic, social and environmental conditions (the United States), dedicated statistical reports (Australia, Austria and Ireland) and a range of other initiatives (France, Japan, Korea, Luxembourg, Switzerland and China).

Box 1.2. The OECD Better Life Initiative

The OECD Better Life Initiative combines various streams of OECD work on well-being, including *How's Life?*, a Compendium of OECD Well-Being Indicators (OECD, 2011a) released during the OECD's 50th Anniversary celebration in May 2011, and the interactive, web-based tool *Your Better Life Index* (www.oecdbetterlifeindex.org). The Compendium of OECD Well-Being Indicators presented a preliminary, synthetic version of some of the indicators considered in *How's Life?*. All the indicators shown in the Compendium are included in *How's Life?* as headline indicators. *How's Life?* extends the analysis carried out in the Compendium, by enlarging the set of indicators and by looking at inequalities in well-being across the population. The *Your Better Life Index* aims to reach out to citizens, who are the ultimate beneficiaries of research and work on well-being: the voice of the public is critical in the debate on what matters most for the progress of societies.

Since its creation in 1961, the OECD has worked to help governments of member countries deliver good policies and improve the economic and social well-being of nations. The health of economies is of fundamental importance. But what ultimately matters is the well-being of citizens. The 50th Anniversary offers the opportunity to reaffirm the OECD's commitment to contribute to people's well-being through "Better Policies for Better Lives".

Where do we come from: GDP and beyond

Discussions about whether GDP is an accurate proxy of people's well-being predate the System of National Accounts on which GDP is based. Clearly, policy-makers have never focused single-mindedly on GDP growth as the single metric for measuring well-being. They have often tried to enhance the overall well-being of citizens, today and in the future, by taking into account a range of factors that reach beyond the total value of the goods and services produced by a country in a given year, to include distributional concerns and environmental quality. Nevertheless, standard measures of economic performance such as GDP continue to be widely used as general proxies of well-being, despite their well-known limitations in this regard (Box 1.3).

Box 1.3. GDP is not an accurate measure of people's well-being

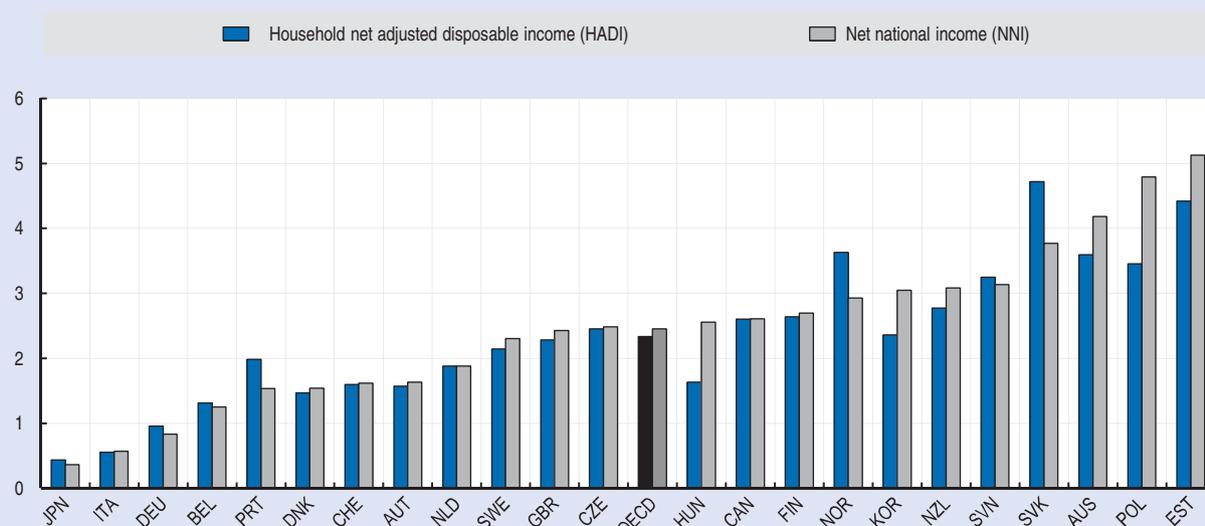
GDP is a measure of the value of final goods and services produced within a country in a given time-period. Although the inventors of GDP never intended to use it as a measure of social welfare, in the absence of better measures of well-being, many (including the OECD) have used GDP as the main metric for gauging whether societies were prospering. However, from the perspective of assessing people's well-being, GDP has some important shortcomings:

- Since GDP includes income paid to non-residents and excludes residents' income from production in other countries, it does not provide a good measure of residents' income.
- Since GDP makes no allowance for the consumption of capital goods in the production process, it overestimates the value of output that might be consumed in a given period with an unchanged stock of capital.
- While GDP can be adjusted for "net income from abroad" and for capital depreciation to arrive respectively at the concept of gross national income (GNI) and net national income (NNI), even per-capita NNI is an imperfect approximation of the economic resources actually enjoyed by individuals and households, as shown by the differences between changes in NNI and changes in Household Net Disposable Adjusted Income over time (Figure 1.1).

- An important additional limitation of GDP and of other economic aggregates based on national accounts is that they do not provide information on how economic resources are shared across individuals.
- Further, GDP does not measure some factors that contribute to households' material well-being, such as own-produced household services – *e.g.* child care and parenting.
- Some of the activities included in GDP actually correspond to a reduction in people's well-being (as in the case of higher transport costs due to increased congestion and longer commuting) or to activities aimed at remedying some of the social and environmental costs associated with production (as in the case of spending on pollution abatement). These “regrettables” contribute to high economic activity but they obviously do not add to people's well-being.
- Importantly, a range of key attributes of individuals and communities are not captured by GDP and the system of economic accounts. These attributes include people's health status, their happiness, their personal security and their social connections, all of which matter to people independently of their effect on people's consumption possibilities. A common attribute of these factors is that they are not mediated and exchanged through markets, hence their evaluation needs to rely on non-monetary measures.
- Finally, GDP cannot show whether well-being can be kept up over time because it only partially integrates information on how the various types of capital that sustain well-being are changing over time.

Figure 1.1. Net national income and household net adjusted disposable income in real terms

Average annual growth in percentage, 1995-2009 or latest available period



Note: The annualized growth rate refers to 1995-08 for Australia and Switzerland; 1995-10 for Finland, Portugal (only for the HADI) and Sweden; and 1996-08 for Japan. The net national income growth rate refers to 1995-06 for the Slovak Republic.
Sources: OECD, National Accounts data; Statistics New Zealand.

StatLink  <http://dx.doi.org/10.1787/888932491846>

Many alternative approaches to measuring well-being have been suggested to overcome some of these limitations (for a review, see Boarini *et al.*, 2006; Stiglitz *et al.*, 2009; Fleurbaey, 2009). All these approaches recommend extending the scope of measurement to include a broader range of well-being components.² Putting together these indicators in a consistent framework is indeed one of the objectives of this report. This framework is presented in the next section.

A framework for measuring well-being

Defining well-being is challenging because it requires looking at many aspects of people's lives, as well as understanding their relative importance. Although there is no single definition of well-being, most experts and ordinary people around the world would agree that it requires meeting various human needs, some of which are essential (*e.g.* being in good health), as well as the ability to pursue one's goals, to thrive and feel satisfied with their life.

Since well-being is a complex phenomenon and many of its determinants are strongly correlated with each other, assessing well-being requires a comprehensive framework that includes a large number of components and that, ideally, allows gauging how their interrelations shape people's lives.

The framework underpinning *How's Life?* identifies three pillars for understanding and measuring people's well-being: i) material living conditions; ii) quality of life; iii) and sustainability (Figure 1.2). This approach draws closely on that proposed by Stiglitz *et al.*, (2009) by previous OECD work³ and by measurement practices around the world.⁴

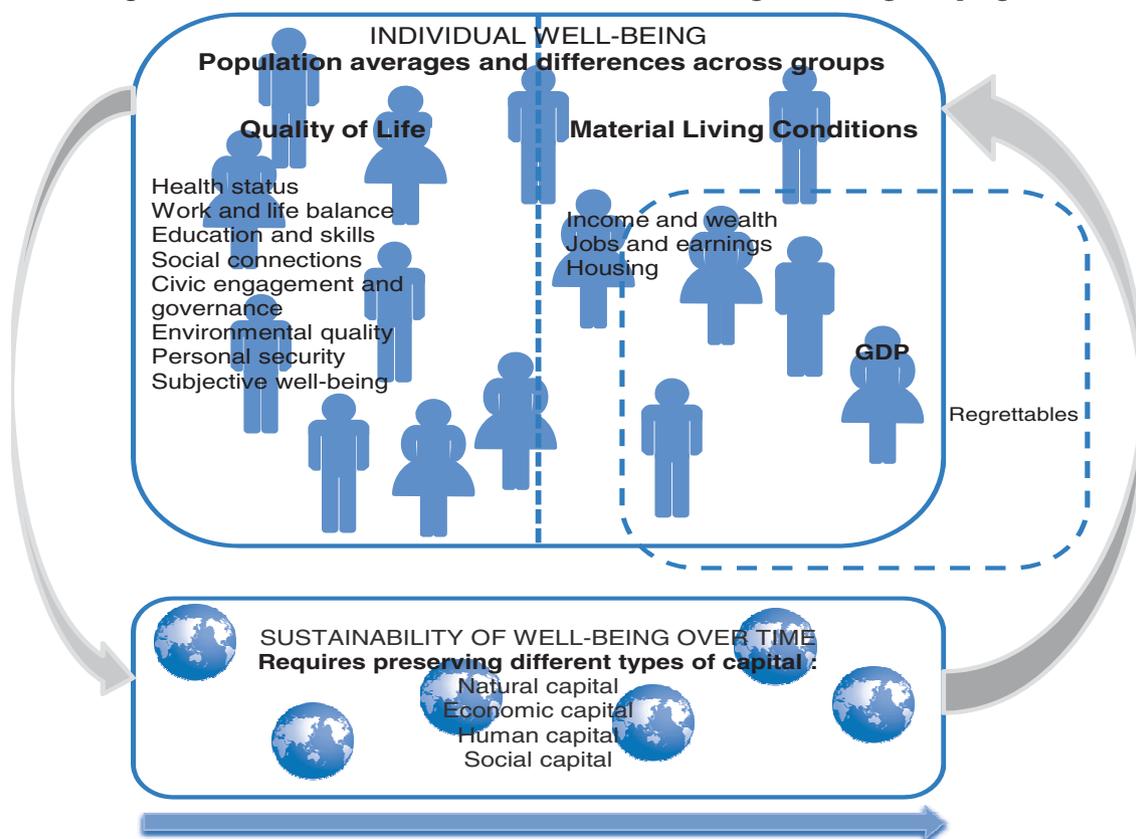
In terms of its *scope*, the approach shown in Figure 1.2 distinguishes between well-being today and well-being tomorrow. It identifies, for the former, a number of dimensions pertaining to either material living conditions or quality of life that are critical to people's lives; and, for the latter, a number of conditions that have to be met to preserve the well-being of future generations.

In terms of its *focus*, the approach:

- Puts the emphasis on *households and individuals*, rather than on aggregate conditions for the economy since, as discussed above, there may be a discrepancy between the economy-wide economic situation and the well-being of households.⁵ Generally speaking, the report assesses the well-being of the whole population, though in some cases the focus is put on groups of the population who are more likely to face specific well-being trade-offs (*e.g.* work and life balance).
- Concentrates on *well-being outcomes*, as opposed to well-being drivers measured by input or output indicators. Outcomes may be imperfectly correlated with inputs (*e.g.* health expenditure may be a poor predictor of health status if the health care system is inefficient) or outputs (*e.g.* the number of surgical interventions performed may say little about people's health conditions).
- Looks at the *distribution of well-being* across individuals. This is especially important when there are disparities in achievements across population groups and when these are correlated across dimensions (*e.g.* when the likelihood of earning a low income is correlated with low educational achievement, poor health status, poor housing, etc.). In particular, *How's Life?* looks at disparities across age groups, gender, income or socio-economic background.

- Considers both *objective and subjective aspects of well-being*. Objective components of well-being are essential to assess people's living conditions and quality of life, but information on people's evaluations and feelings about their own lives is also important for capturing the psychological aspects of people's "beings and doings" (e.g. feelings of insecurity) and understanding the relationship between objective and subjective components of well-being.

Figure 1.2. The "How's Life?" framework for measuring well-being and progress



Source: OECD.

In terms of current well-being, *How's Life?* considers the following dimensions:⁶

- **Under material living conditions:** i) *Income and wealth*; ii) *Jobs and earnings*; and iii) *Housing*. Income and wealth capture people's current and future consumption possibilities. Both the availability of jobs and their quality are relevant for material well-being, not only because they increase command over resources but also because having a job provides the opportunity to fulfil one's own ambitions and build self-esteem. Finally, housing and its quality are essential not only to meet basic needs but also to have a sense of personal security, privacy and personal space.
- **Under quality of life:** i) *Health status*; ii) *Work and life balance*; iii) *Education and skills*; iv) *Civic engagement and governance*; v) *Social connections*; vi) *Environmental quality*; vii) *Personal security*; and viii) *Subjective well-being*.⁷ Being healthy is important in itself but also for performing a range of activities relevant to well-being, including work. Similarly,

everyone aspires to becoming educated, but it is also a great asset for raising the living standards of individuals and society as a whole. Being able to reconcile work and life is important for the well-being of those who value having both a job and a family while, more generally, being able to spend time on non-remunerated activities helps individuals to remain healthy and productive. Civic engagement and quality of governance matter for well-being, as they allow people to have more control of their lives. Social connectedness is a basic human need that also helps fulfil many other important goals (e.g. finding a job). The quality of the environment where people live affects their health and their ability to do a number of essential activities. Likewise, an environment where people can feel secure is important to a good life. Finally, considering how people feel in terms of their own evaluations and emotions is important for seeing whether they are satisfied with their lives as a whole, and whether this is the result of objective living circumstances or other factors.⁸

This thematic structure for current well-being covers many components, reflecting both *individual* capabilities (conditions in which some choices are made, and peoples' abilities to transform resources into given ends, for instance, health; Sen, 1998) and material outcomes (e.g. income or consumption). Important *social* capabilities are not considered in this report or are considered to only a limited extent. Future editions of this report will integrate these aspects to the extent that appropriate indicators become available.

Ideally, comprehensive evidence on the sustainability of today's well-being should have been included in this report. However, data availability as well as well unresolved conceptual issues (Box 1.4) have imposed a narrower focus for the first issue of the report, namely, a focus on environmental sustainability (drawing upon the OECD Green Growth Strategy Indicators, see Chapter 10, Annex A10.1) and selected aspects of human capital sustainability (Chapter 7, Box 7.7). Future editions of *How's Life?* will more systematically integrate indicators of sustainability in the core set of well-being indicators, as suitable indicators become available (Box 1.4).

The conceptual framework used in this report has been discussed with high-level representatives of National Statistical Offices of OECD member countries. There is nevertheless scope for improvement and further development, in particular with the objective of making the framework more relevant from the perspective of all countries covered by the analysis.⁹

Box 1.4. Measuring whether well-being can be sustained over time

One critical issue in a report of this type is whether current well-being can be sustained in the future. This refers to the capacity of societies to achieve well-being outcomes that can last over time. If future achievements could be observed (or accurately predicted) today, the measurement of sustainability would be conceptually similar to the measurement of current well-being. This is, however, not the case for most outcomes of interest. Hence, the measurement of sustainability has to follow a different track.

The approach taken in this report, which is in line with the one pursued by other international initiatives in this field (such as the UNECE-OECD-Eurostat Taskforce on Sustainable Development) is that the measurement of sustainability requires looking at the evolution over time of the different stocks of capital (economic, environmental, human and social) that sustain the various dimensions of well-being, and in particular at how decisions taken today affect these stocks.

Non-sustainable patterns of development may reflect excessive consumption of today's resources and inadequate investments (implying that overall stocks of various types of capital in per capita terms may be declining over time), as well as imbalances in the composition and distribution of the various stocks. A further important distinction between the measurement of current and future well-being is that the former focuses on the conditions of individuals and households, while the latter requires looking at the conditions of systems (economic, social and ecological) of which individuals are part. This makes the measurement of sustainability significantly more challenging than the measurement of current well-being.

Selecting indicators

Measuring well-being requires choosing indicators that suitably capture the dimensions and domains of well-being presented in the previous section. A great effort has been put into choosing *available* indicators that are conceptually sound as well as relevant to measuring well-being across the population from the perspective of informing policy. To that end, *How's Life?* distinguishes between *headline indicators*, i.e. indicators that are deemed to be of sufficiently good quality (see below) and can be used for monitoring well-being over time and across countries, and *secondary indicators* that provide complementary evidence (e.g. indicators covering more specific aspects of the dimension at hand, with more limited country coverage, or based on sources that were deemed to be less robust than in the case of headline indicators).

The selection of indicators presented in *How's Life?* has relied on international standards on measurement, including: i) policy relevance; ii) quality of the underlying data; iii) comparability of the concepts and survey questions used; and iv) frequency of compilation (see Box 1.5). The selection has been made in consultation with OECD experts and National Statistical Offices of OECD member countries. While the chosen set of indicators represents the best available proxies for outcomes in the different dimensions of well-being, these indicators do not meet all the criteria required by an ideal set. In this respect, the indicators presented in this report should be understood as being experimental and evolutionary. This implies that they will change in the future as better measures are developed and as countries reach agreement on indicators that are more apt to summarise the state of the various dimensions of people's lives.

An ideal set of well-being indicators should come from an internationally harmonised data collection based on common definitions and survey practices, and collected as part of the official statistical system of member countries. While current OECD work aims at developing guidelines for the collection of more comparable statistics for some of the dimensions included in Figure 1.2 (e.g. household wealth, subjective well-being), for the time being it is impossible to collect all the relevant information on the basis of available official data. As a pragmatic solution, in the few instances where the existing official data are not fully comparable across countries, this report makes use of data from non-official sources (in particular from the *Gallup World Poll*).¹⁰ While these non-official sources have well-known limits in terms of sample size, sampling frames, mode of data collection, etc., they cover a wide range of countries and rely on a harmonised questionnaire around the world. The indicators based on non-official sources are included in this report as "place holders", until better and more comparable official statistics in these fields are developed.¹¹ Results based on these non-official data have to be interpreted with great caution.

Box 1.5. The choice of How's Life? indicators

The How's Life? framework shown in Figure 1.2 has guided the selection of indicators. Critical criteria for selection have been that indicators: capture well-being achievements at the individual or household level; measure well-being outcomes; allow disaggregation, so as to assess the well-being of different population groups; and gauge the joint distributions of achievements, *e.g.* whether a person with a disadvantage in one dimension also experiences poor outcomes in another. The indicators have also been chosen so as to fulfill standard statistical requirements, such as that they:

- *Have face validity*, *i. e.* the capacity to capture what is intended to be measured. Face validity is defined with respect to the target concept that one seeks to measure, *i.e.* substantive interpretations of the dimensions of well-being that matter to people's lives, according to a large body of evidence and practices.
- *Focus on summary outcomes*, *i.e.* on relatively broad achievements (such as "good health status") that can be easily understood (*e.g.* displaying no ambiguity in interpretation, showing either good/bad performance or progress/regress when looking at changes over time).
- *Are amenable to change and sensitive to policy interventions*, which is important from the perspective of improving the design of policies that bear on well-being and, ultimately, on people's lives.
- *Are commonly used and accepted* as well-being indicators within the statistical and academic communities. This is more often the case for indicators relying on statistical instruments developed within the official statistical system but it can also be the case for indicators based on surveys conducted by other institutions.
- *Ensure comparability across countries*. Comparability is ensured when concepts and definitions follow internationally agreed standards and the surveys/instruments from which data are collected are based on a harmonised questionnaire and similar implementation design. However, comparability can also be achieved by putting together broadly comparable instruments *ex post*; this latter approach is used by the OECD in a number of fields (*e.g.* *Health at a Glance*).
- *Ensure maximum country coverage*: strictly speaking, this is not a data quality criterion but a working constraint given the aim of producing comparable evidence for OECD and some of other major economies.
- *Are collected through a recurrent instrument*, which is important for monitoring changes in well-being over time.

These criteria define the "ideal" set of indicators for monitoring well-being across countries and over time. In practice, finding indicators that meet all these criteria equally well is challenging and will remain so for quite some time. Against this background, the criteria above have been mapped against existing indicators. This mapping has led to the identification of the indicators shown in this report, most of which meet most of these criteria. For instance, all indicators focus on summary outcomes that can be easily understood and interpreted. A majority of indicators have full face-validity, while a few others meet this criterion only partially. Most indicators can be influenced by policies and all of them change over time, although to different degrees. Almost all the indicators rely on definitions that are comparable across countries. Country coverage is very large for all the indicators retained and data are collected on a recurrent basis, though not necessarily in a timely way.

While the current choice of indicators represents a good approximation of the ideal concepts, the selection will be improved in the future as better statistics become available.

Main findings of *How's Life?*

Average patterns of well-being across dimensions

The following main patterns emerge from this report:

- In most OECD countries, average measures of household income and wealth have increased over the past fifteen years. Alternative indicators of the material resources enjoyed and consumed by households point in the same direction, despite some differences between objective and subjective indicators.
- There are large differences in employment rates across OECD countries, with evidence of a general rise in most countries. Long-term unemployment is low in most OECD countries and has generally declined since the mid-1990s. The importance of both temporary work and involuntary part-time work has, however, increased slightly during the past fifteen years.
- Housing conditions are good in the majority of OECD countries, though housing costs constitute a major concern for households in many OECD countries.
- In most OECD countries, people can expect to live a long life, and great progress has been accomplished in emerging countries in reducing infant and adult mortality rates. However, a significant share of the OECD population reports chronic health problems, and the number of those who suffer from serious disabilities is significant.
- The balance of work and non-work activities has changed considerably in recent decades, with overall gains in leisure and reductions in hours worked. These trends, however, mask the increased complexity of people's lives, with both men and women taking on a wider variety of tasks in the workplace and at home.
- Educational attainment has increased substantially over the past decades, with countries converging towards similar levels of education. However, the quality of educational outcomes, as measured by the reading skills of 15 year-old students, varies greatly across countries – though this variance has fallen over the past ten years.
- Social connections are relatively strong in all OECD countries, with the majority of people seeing friends and/or relatives on a regular basis, and reporting that they have someone to count on in times of need. There are wider cross-country variations in levels of interpersonal trust.
- In all OECD countries people enjoy a high level of political rights but they do not necessarily exert them effectively. Low trust in public institutions and declining levels of civic engagement point to a growing gap between how citizens and elites perceive the functioning of democratic systems.
- In most OECD countries the concentration of particulate matter in the air has dropped in the last twenty years, while remaining well above target levels. People living in emerging countries are exposed to much higher concentrations of pollutants and often live without basic services such as access to safe drinking water and sanitation.
- The number of homicides is low in most OECD countries, although with striking variations across countries. Assaults have decreased in most OECD countries, while they are still common in some emerging countries. The large majority of OECD residents feel safe when walking alone in their neighbourhood at night, even though there are significant differences across countries.

- For most countries average levels of subjective well-being are high. However, there are significant differences across OECD countries, with some reporting lower average levels of subjective well-being than many middle-income and developing countries, regardless of the measure used. While there is only limited information available on how subjective well-being has changed over time, it appears to have risen in some countries and stagnated in others.

Well-being at a glance: summarising average patterns

The above findings provide a first answer to the question “how’s life?” in the various dimensions analysed in this report. However, well-being results from the complex interaction of multiple factors and depends on the relative importance that each person or society attaches to them. It is therefore useful to get a summary picture, as well as an understanding of how achievements in the various dimensions are correlated with each other.

Table 1.1 provides a birds-eye view of average well-being outcomes across countries by showing OECD countries according to whether they are top performers, bottom performers or average performer for all the headline indicators included in *How’s Life?*. The table shows that no country ranks consistently at the top or bottom of the distribution, although life is generally quite good in countries like Australia, Canada, Sweden, New Zealand, Norway and Denmark, while it is much less so in Turkey, Mexico, Chile, Estonia, Portugal and Hungary. However, in some of the latter group of countries, life has become considerably better in the past decade or so, for example in Chile and Estonia. Most of the emerging countries tend to score relatively poorly in most dimensions, but the information available for these countries is currently very limited. One advantage of the “traffic-lights” used in Table 1.1 is that they help to identify easily the domains and dimensions where countries could improve their performance. While traffic lights are useful to signal areas where policies should concentrate in the future, they are not informative of the policy impact on observed outcomes. Indeed, drawing policy lessons from such an exercise would require identifying causal relationships between policies and outcomes, as well as understanding how the various dimensions of well-being are intertwined.

Table 1.1. An overview of headline well-being indicators in OECD countries

“Circles” denotes OECD countries in the top two deciles, “diamonds” those in the bottom two deciles, “triangles” those in the six intermediate deciles

		Quality of Life																										
		Material Living Conditions			Health Status			Work and Life			Education and Skills			Social Connections			Civic Engagement and Governance			Environmental Quality			Personal Security			Subjective Well-being		
		IW I	IW II	JET	JET	JE II	JE III	HG I	HG II	HS I	HS II	WL I	WL II	WL III	ES I	ES II	SCI	CG I	CG II	EQ I	EQ II	PS I	PS II	SW I	SW II			
Australia	Household net adjusted disposable income per person	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2000	2008	2009	2009	2010	2007	2008	2008	2008	2010	2010	2010	2010	2010		
Australia	Household financial net wealth per person	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2000	2008	2009	2009	2010	2007	2008	2008	2008	2010	2010	2010	2010	2010		
Australia	Employment rate	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2009	2000	2008	2009	2009	2010	2007	2008	2008	2008	2010	2010	2010	2010	2010		
Australia	Long-term unemployment rate	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2009	2000	2008	2009	2009	2010	2007	2008	2008	2008	2010	2010	2010	2010	2010		
Australia	Average annual earnings per employee	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2000	2008	2009	2009	2010	2007	2008	2008	2008	2010	2010	2010	2010	2010		
Australia	Number of rooms per person	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2000	2008	2009	2009	2010	2007	2008	2008	2008	2010	2010	2010	2010	2010		
Australia	Dwelling without basic facilities	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2000	2008	2009	2009	2010	2007	2008	2008	2008	2010	2010	2010	2010	2010		
Australia	Life expectancy at birth	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2000	2008	2009	2009	2010	2007	2008	2008	2008	2010	2010	2010	2010	2010		
Australia	Self-reported health status	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2000	2008	2009	2009	2010	2007	2008	2008	2008	2010	2010	2010	2010	2010		
Australia	Employees working very long hours	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2000	2008	2009	2009	2010	2007	2008	2008	2008	2010	2010	2010	2010	2010		
Australia	Time devoted to leisure and personal care	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000		
Australia	Employment rate of women with children of compulsory school age	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008		
Australia	Educational attainment	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009		
Australia	Students' cognitive skills	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009		
Australia	Social network support	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010		
Australia	Other turn-out	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007		
Australia	Consultation on rule-making	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008		
Australia	Air quality	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008		
Australia	Intentional homicides	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008		
Australia	Self-reported victimisation	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010		
Australia	Life-satisfaction	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010		
Australia	Affect balance	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010		

Note: In this table the indicator “Dwelling with basic facilities” considers only data referring to dwellings without indoor flushing toilet.

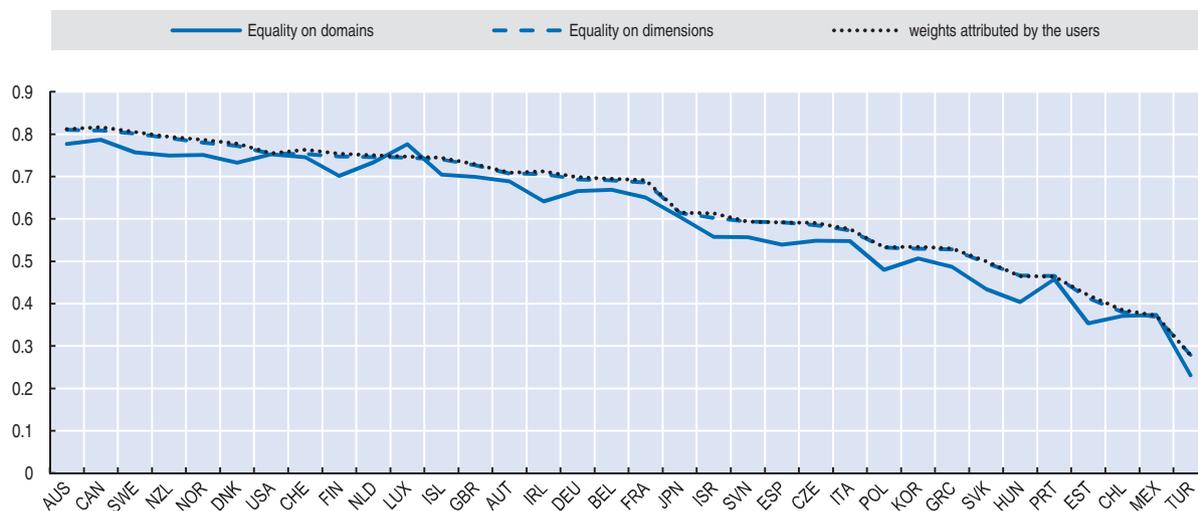
Source: OECD's calculations based on the indicators shown in this publication.

StatLink  <http://dx.doi.org/10.1787/888932493746>

A second way of responding to the demand for a concise picture of overall well-being across countries is to construct a composite indicator (OECD, 2008). Because the weights assigned to the various well-being dimensions vary across countries and people, the OECD has designed *Your Better Life Index* (www.oecdbetterlifeindex.org), an interactive composite index of well-being that combines information on the eleven dimensions of well-being listed in Table 1.1, and which allow users to rate these dimensions according to their own preferences.¹² The tool also shows how changing the weights assigned to the various dimensions affects the overall picture.

For illustrative purposes, Figure 1.3 shows the scores of *Your Better Life Index* that are obtained when the weights are set equally across the eleven dimensions of well-being, when they are set equally across the two broad domains of well-being (i.e. material living conditions and quality of life), and when they are set according to BLI users' own weights (based on the around 4 000 choices made by users up to now).¹³ The results are broadly in line with those highlighted in Table 1.1, regardless of the set of weights used. While the robustness of the Index to the weights used is partly due to the correlation of many components of well-being, it also suggests that well-designed composite indices are useful for sending a simple message that is not unduly affected by the weights assigned to the various components of the index.¹⁴ However, composite indices have limitations and cannot be used for policy evaluation.

Figure 1.3. “Your Better Life Index”: country scores



Note: The graph shows the country scores of the “Your Better Life Index” with three different sets of weights: “equality on domains” refers to equal weight given to material living conditions and quality of life (i.e. 1/6 to the three dimensions under material living conditions and 1/16 to the eight dimensions under quality of life), “equality on dimensions” refers to equal weight given to each dimension (e.g. 1/11), “weights attributed by the users” refer to the average of weights given by real users of the “Your Better Life Index” so far.

Source: Boarini R., G. Cohen, V. Denis and N. Ruiz (2011), “Designing Your Better Life Index: methodology and results”, Statistics Directorate Working Paper, (forthcoming), OECD Paris.

StatLink  <http://dx.doi.org/10.1787/888932491865>

This broad analysis does not provide definitive conclusions as to the exact mechanisms at play that result in the good performance of some countries as compared to others. This would require examining the joint distribution of well-being outcomes, as well as their possible interaction, at the individual level (as opposed to the country level) so as to shed light on the causality links between well-being components. Despite this limitation, this

analysis highlights two important results (see also Annex 1.A1): first, some well-being indicators and dimensions are well correlated to each other, indicating broad consistency in the aspects measured; second, the lack of perfect correlation indicates that, in order to understand people's well-being, it is important to consider all of the aspects at the same time.

Well-being across different groups of the population

Some of the important findings in this report concern the extent to which well-being outcomes vary across the population within each country. The report shows that the distribution of achievements is very uneven in all the dimensions analysed, though there are some countries where inequalities are consistently smaller (*e.g.* the Nordic countries). Another common pattern is that certain population groups, in particular people with lower incomes and less education, experience the largest disadvantages. Patterns by age and gender are in general more complex and differentiated across domains.

Some of the detailed patterns of inequality in well-being include the following:

- Compared to the OECD average, income inequality remains high in a few OECD countries and in emerging countries, and there is evidence that income is increasingly concentrated at the very top of the distribution. The number of income-poor people has increased in many OECD countries.
- There are large health disparities across income groups, part of which can be attributed to life-style and environmental factors. Furthermore, women tend to live longer than men, but they also report a lower health status as well as higher disability.
- The distribution of family chores is still strongly influenced by gender: men are more likely to work longer hours in paid work than women, while women spend longer hours in unpaid domestic work than men. Better-educated individuals are more likely to work longer hours than less-educated individuals, and better-educated women to be in employment in comparison with less-educated women. Time crunches are particularly sharp for parents.
- The elderly, the poor and the less-educated tend to have weaker networks of social support, in comparison with other population groups. Trust in others generally rises with people's education, age and income, though it tapers off at the high end of the age and income distributions.
- The poor, the less-educated and young people tend to participate less in political life. Trust in the judicial system and in the functioning of national government also tends to rise with people's education and income.
- Men are more likely to be the victim of crime, though women have the strongest feelings of insecurity. People living in large urban areas or their suburbs are more likely to be the victim of an assault and to fear crime. Social ties increase the feeling of security.
- Young people, the elderly and people from poor socio-economic backgrounds are the most vulnerable to pollution. In OECD countries, populations living in large cities or their suburbs are significantly less satisfied with their local environment than people living in rural areas or small towns.
- Women report slightly higher average life satisfaction than men, so do higher-income people and better educated individuals. Life satisfaction is also higher among those

who have friends to count on and those who volunteer. Life satisfaction is lower for the unemployed and those with health problems.

The existence of large inequalities across all the dimensions of people's life implies that an overall assessment of countries' performance (such as the one provide in Table 1.1 and Figure 1.3) would differ significantly if it were to account of both average achievements and inequalities across countries. More work will be needed to integrate these inequalities into an overall assessment of people's life.¹⁵

Better policies for better lives: how better measures of well-being may inform policy-making

Developing better measures of well-being brings to the fore the question of how to design policies and processes that best support these goals. While the OECD has developed, over the years, a rich set of recommendations on how various policies can best support countries' economic growth, the extent of knowledge about the policies that "work best" in enhancing other dimensions of people's well-being is more scant.

Developing such an understanding is challenging, as broad measures of well-being outcomes will reflect several factors. For example, in the case of health outcomes, some of the relevant drivers may pertain to the characteristics of individuals (*i.e.* patients), others to the programmes for service delivery and implementation (*e.g.* the health care system), and still others to the environment where people live (*e.g.* environmental and working conditions, immigration, income and other inequalities). Some of these factors may not necessarily be directly amenable to policy interventions, while other measures of societal progress (*e.g.* measures of social connections or subjective well-being) may be just too general to identify a causal link to government interventions in specific fields. While indicators such as those in this report are better suited to monitor well-being than to evaluate the impact of specific policy measures, it is nevertheless important to take into account how the outcomes that these indicators measure respond to policy intervention.¹⁶ As mentioned above, policy relevance is one of the criteria involved in the choice of the *How's Life?* indicators. However, further analysis of the links between well-being and policy will be necessary to fine-tune the choice of the indicators from the policy perspective.

This report does not explicitly look at the link between well-being and policy, although various chapters discuss some of the policy drivers in areas where there is adequate understanding of how policy impacts on specific well-being outcomes (*e.g.* education, employment). This limited evidence will have to be complemented with in-depth studies of the policy determinants of well-being in each country and, in particular, of the coherence of the various policy instruments and their competing or reinforcing effects on overall well-being.

A final important question that is relevant for policy is how well-being indicators should be interpreted and used in connection with standard measures of economic performance. Well-being indicators are meant to complement measures of economic performance rather than to supplant them. Measures of economic performance are important not only to assess the health of economies and contributing factors, but also to inform about the policy and institutional settings that shape people's well-being. This is true, in particular, for factors that affect the sustainability of well-being over time. For instance, high productivity growth may benefit citizens directly, by increasing earnings, and indirectly, *e.g.* by increasing profits and investment. Similarly, high trade competitiveness may influence people's well-being through job creation and favourable terms of trade that increase residents' purchasing

power. Another example is public finances, whose sustainability is essential for ensuring services to citizens and for implementing other policies that have a direct bearing on people's lives. These economic considerations are critical when assessing people's current and future well-being.

The statistical agenda ahead

One important objective of this report is to take stock of the quality and comprehensiveness of existing well-being statistics. Such an assessment is critical in order to move the statistical agenda forward and to ensure that statistics evolve in line with the needs of policy-makers and the general public.

To that end, each chapter of this report discusses the validity of existing measures in the various well-being dimensions and provides a roadmap of the statistical developments needed in each field. The general message from this exercise is that a great deal of effort still needs to be made to improve existing measures for most of the well-being dimensions analysed in this report. In particular, there are still several gaps between the target and the actual concepts that existing indicators measure. Another problem, which is particularly serious for the quality of life domain, is that some of the relevant official statistics are not directly comparable across countries. As a second-best solution, this report has relied on statistics produced by non-official sources, despite their lower quality.

Some of the priorities for future work in this field are:

- The development of an integrated framework for measuring household income, consumption expenditures and wealth at the micro-level.
- The introduction of disparities between households with different characteristics into the national accounts framework.
- Better measures of the quality of employment, in particular measures of work safety and ethics, of workplace relationship and work motivation, as well as better measures of earnings inequality.
- Better measures of the quality of housing services beyond the availability of basic amenities, of housing costs and affordability.
- Better measures of morbidity, as well as of mental health and disability in particular, along with better measures of risk factors and drivers of different health outcomes.
- Better measures of non-cognitive skills, such as social and personality skills, as well as measures of the cognitive development of young children and of the adult population.
- More harmonised and recurrent measures of time use, as well as of time crunches and time stress.
- Better measures of social connections, social network support, interpersonal trust and other dimensions of social capital.
- Better methodologies and concepts for civic engagement indicators, in particular regarding how people perceive the quality of democratic institutions of the country where they live, so as to complement expert's assessments of specific practices within the public sector.

- Broader and more consistent measures of environmental quality, *e.g.* by moving from data on the concentration of various pollutants to information on the number of people exposed to them.
- More harmonised and complete measures of personal security and of various types of crimes, as well as of violence against women and children.
- A robust set of comparable measures of subjective well-being in its different aspects, as well as greater coverage by these measures across countries and over time.

Together with Eurostat and other international experts, the OECD has started to work on some of these issues, notably on the framework for the joint measurement of income, consumption and wealth; on the introduction of disparities within the household account of the SNA; and on the definition of guidelines for measuring subjective well-being (see Chapters 2 and 11 for further details). The Eurostat/INSEE Sponsorship Group is also developing recommendations to fill in some of the statistical gaps identified above for EU countries. The OECD stands ready to help countries producing official statistics on well-being and progress and envisages setting up new expert groups for defining guidelines for measuring well-being.

It is important for the international statistical community to ensure that the specific actions outlined above will be conducted in a consistent and coherent manner in order to avoid duplication of efforts and ensure cross-country comparability. Priorities will have to be set, also in line with national policy strategies that may focus on specific well-being areas and make use of a broader set of indicators, reflecting country-specific characteristics and the national political and social context. From this perspective, the statistical agenda described above should be seen as a working framework that could serve countries' priorities and particular needs. As implementing this measurement agenda will involve costs for national and international statistical systems, efforts should be made to adapt and streamline existing instruments, such as general social surveys, which do not always have a coherent framework of analysis.¹⁷ Another advantage of using this type of surveys is that the individual-level information that these collect in many facets of people's lives would allow the simultaneous measurement of many dimensions of well-being, which is fundamental to understand and enhance the well-being of the most disadvantaged.

Conclusion

While this report presents a range of well-being indicators, which can be used to paint a broad picture of people's lives, the measurement of well-being remains challenging. Future OECD work will aim to consolidate this effort, in particular by selecting better indicators. It will also be important to extend the scope of this report by better integrating sustainability considerations into the analysis, and by focusing on some groups of the population who have been largely ignored in this first edition (*e.g.* immigrants, people with disabilities). While national statistical offices have a critical role to play in developing better indicators in many fields, this report also aims to encourage greater discussion by policy makers and the general public about the best way to measure and contribute to better lives.

Notes

1. OECD and United Nations guidelines on social indicators developed in the 1970s were critical to the development of internationally harmonised social statistics.
2. The approaches include: i) extending national account aggregates to a range of other dimensions that have value for individuals and communities, and which could be valued under different assumptions in monetary terms; ii) using a broad range of indicators (both monetary and non-monetary) so as to combine the many different facets of well-being into a summary scoreboard; iii) aggregating indicators into a composite index of well-being, following the normalisation and (arbitrary) weighting of individual components; iv) looking at some summary measures, such as life satisfaction or happiness, which are supposed to reflect the importance of different determinants of well-being.
3. See, in particular Hall *et al.* (2010), which suggests a framework for measuring progress in societies. While the domains covered by Hall *et al.* are broadly consistent with those used in *How's Life?*, the main difference is that the former develops a conceptual framework irrespective of the actual availability of indicators that are needed to assess well-being. *How's Life?* goes beyond the conceptual stage, and its underlying framework reflects the availability of existing indicators for the countries covered in this report, among other considerations.
4. See, for example, reports by Australia (*Measures of Australia's Progress*), Finland (*Indicator – Set of Indicators for Social Progress*), Germany (*Sustainable Development Report*) and New Zealand (*Measuring New Zealand's Progress Using a Sustainable Development Approach*).
5. While the indicators of *How's Life?* capture the well-being of households and individuals, some of the underlying sources are not based on individual-level data. This is notably the case of the indicators of income and wealth, earnings, governance and quality of air, which rely on either national accounts or other types of aggregate-level data.
6. These dimensions closely match those proposed in the Stiglitz-Sen-Fitoussi Commission's report (with some change in the terminology); their selection has been carried out in consultation with OECD countries' National Statistical Offices.
7. The Stiglitz-Sen-Fitoussi Commission's report contains one dimension of quality of life that is not listed in Figure 1.2: this pertains to "economic insecurity", which captures a broad range of risks (e.g. of losing one's job, of becoming sick or developing a permanent invalidity) over the course of one's life. This dimension has been excluded here because of a lack of suitable indicators, although the chapter on Jobs and Earnings consider some of the risks associated with economic insecurity, namely job insecurity. A broader analysis of economic insecurity as well as of other dimensions of quality of life, might be included in future issues of *How's Life?* as better measures and indicators become available.
8. Welfare theories take two positions with respect to subjective well-being. Welfarist theories, and in particular the "new utilitarian" approach proposed by Layard (2005), identify subjective well-being as a measure of overall well-being, for which the various dimensions of material living conditions and quality of life are simple drivers. Conversely, non-welfarist theories (so-called "resourcist theories", Fleurbaey, 1996) argue that subjective well-being represents one independent aspect of well-being alongside other dimensions, such as material living conditions, health status, human contact, etc. This report follows the latter approach.
9. For instance, some national statistical offices suggested that families should have a more prominent role in this framework, and be considered as a stand-alone dimension, while others favoured using a life-course perspective.
10. The Gallup World Poll is conducted in approximately 140 countries around the world based on a common questionnaire, translated into the predominant languages of each country. With few exceptions, all samples are nationally representative of the resident population aged 15 and over in the entire country, including rural areas. While this assures a good degree of comparability across countries, results may be affected by sampling and non-sampling errors. Sample sizes are limited to around 1000 persons in each country, with larger samples for some of the major countries. Micro-data based on the Gallup World Poll have been made available courtesy of the

Gallup Organisation. Robert Manchin and Femke De Keulenaer are kindly acknowledged for their help and advice in processing the data.

11. To ensure minimum quality standards, quality checks were conducted to establish whether Gallup World Poll indicators are reliable and relevant. This analysis suggests that these indicators correlate well with similar indicators from other international surveys and datasets. These indicators are also strongly correlated with other objective indicators of well-being at both the country and the individual level (although correlations are much weaker for the latter).
12. *Your Better Life Index* gathers indicators expressed in different units (dollars, years, etc). To compare and aggregate values expressed in different units, values are normalised. Normalisation is done according to a standard formula that converts the value of the original indicator into a number ranging between 0 (for the worst possible outcome) and 1 (for the best possible outcome). To choose weights, users have to rate each dimension from 0 (i.e. “this dimension does not matter to me”) to 5 (i.e. “this dimension is very important to me”). The scores given to each dimension are converted into weights by dividing the score given to each dimension by the sum of the scores given to all dimensions. *Your Better Life Index* was designed to meet specific statistical properties, such as robustness with respect to the structure, to the imputation of missing data, to the weights assigned and to the method of aggregation (Boarini et al., 2011).
13. By the end of July 2011, the *Your Better Life Index* website attracted over half a million visitors and over a million web page visits from 214 countries; each visitor stayed on the website for a little less than five minutes on average.
14. One reason behind the low sensitivity of the composite indices to the weights used is the fact that many indicators of well-being are well correlated with each other. Table 1.A1.1., in the annex to this chapter, shows that countries that tend to perform well in one indicator or dimension are more likely to perform well in others. This may be due to positive spill-over across well-being dimensions, but also to complex causal pathways between components of well-being. Some of these interactions are well-known: for instance, countries with better education are more likely to have a lower unemployment rate, thanks to better skills matching; similarly, individuals with higher levels of education are more likely to live longer and be in better health. This may also result from successful policy strategies that pursue a number of concurrent objectives (e.g. “flexicurity” in Scandinavian countries).
15. Evidence on the impact of deprivation on the *Your Better Life Index* is provided in Boarini et al., 2011.
16. See Barca and McCann (2011) for a discussion of how outcome indicators could be used in the context of monitoring and evaluating regional policies.
17. Together with European countries, Eurostat is already exploring the potential for harmonising existing social surveys across EU countries with the technical, human and material resources currently available.

References

- Barca F and P. McCann (2011), “Outcome Indicators and Targets - Towards a Performance-Oriented EU Cohesion Policy”, http://ec.europa.eu/regional_policy/sources/docgener/evaluation/performance_en.htm
- Boarini R., A. Johansson and M. Mira d’Ercole (2006), “Alternative Measures of Well-being”, *OECD Social, Employment and Migration Working Papers No. 33*, OECD, Paris.
- Boarini R., G. Cohen, V. Denis and N. Ruiz (2011) “Designing the “*Your Better Life Index*”: Methodology and results”, *OECD Statistics Directorate Working Paper (forthcoming)*, OECD, Paris.
- European Commission (2009), “GDP and beyond: Measuring progress in a changing world”, *Communication from the Commission to the Council and the European Parliament*, Brussels.
- Fleurbaey M. (1996), *Theories Economiques de la Justice*, Economica, Paris.
- Fleurbaey M. (2009), “Beyond GDP: The Quest for a Measure of Social Welfare”, *Journal of Economic Literature*, Vol. 47, Issue 4, pp. 1029-47.

- Hall J., E. Giovannini, A. Morrone and G. Ranuzzi (2010), "A Framework to Measure the Progress of Societies", *OECD Statistics Directorate Working Paper No. 34*, OECD, Paris.
- Layard R. (2005), *Happiness: Lessons from a New Science*, Penguin Press, London.
- OECD (2008), *Handbook on Constructing Composite Indicators – Methodology and User Guide*, Report jointly prepared by the OECD and the Joint Research Centre of the European Commission, OECD Publishing, Paris.
- OECD (2010), *National Accounts at a Glance 2010*, OECD Publishing, Paris.
- OECD (2011a), *Compendium of OECD well-being indicators*, OECD Publishing, Paris.
- OECD (2011b), *Towards Green Growth: Monitoring Progress: OECD Indicators*, OECD Green Growth Studies, OECD Publishing, Paris.
- Sen A. (1998), *Development as Freedom*, Oxford University Press 1999
- Stiglitz, J.E., A. Sen and J.-P. Fitoussi (2009), *Report by the Commission on the Measurement of Economic Performance and Social Progress*, http://www.stiglitz-sen-fitoussi.fr/documents/rapport_anglais.pdf.

ANNEX 1.A

Cross-country correlations between different well-being indicators

Well-being is multidimensional, as a good life depends on many factors. An interesting question is whether and to what extent these factors tend to be correlated, that is, if high achievement in one dimension of well-being is associated with high achievement in another dimension. Table 1.A.1 provides a general answer to this question, as it looks at the correlations existing between the various dimensions and indicators of well-being analysed in this report. Correlations are calculated at country level; therefore they have to be interpreted as evidence of a statistically significant association between countries' performance in the various dimensions of good living.

Table 1.A.1 shows that most well-being indicators are correlated with each other (at the 1% level of significance). Employment rate, household net adjusted disposable income and social network support are the indicators that are mostly correlated with the other indicators (in the sense that they are correlated with many other indicators, and the strength of this relationship is relatively high). The two housing indicators and life-satisfaction also display a quite strong correlation with many of the headline indicators of *How's Life?*. While none of the indicators is perfectly correlated with any other, most indicators paint a consistent image of well-being in OECD countries, suggesting that interrelationships among dimensions of well-being are high.

Table 1.A.1. Correlations between the headline indicators included in "How's Life?"

INDICATOR	INCOME AND WEALTH		JOBS AND EARNINGS		HOUSING		HEALTH STATUS		WORK AND LIFE BALANCE			EDUCATION AND SKILLS		SOCIAL CONNECTIONS		CIVIC ENGAGEMENT AND GOVERNANCE		ENVIRONMENTAL QUALITY	PERSONAL SECURITY		SUBJECTIVE WELL-BEING	
	Household net adj. disposable income	Household net financial wealth per capita	Employment rate	Long-term unemployment rate	Average annual earnings per employee	Number of rooms per person	Dwelling without basic facilities	Life-expectancy at birth	Self-reported health status	Employees working long hours	Time devoted to leisure and personal care	Employment rate of women with children of compulsory school age	Educational attainment	Students' cognitive skills	Social network support	Voter turnout	Consultation on rule-making	Air quality	Intentional homicides	Self-reported victimisation	Life-satisfaction	Affect balance
Household net adj. disposable income	1.00	0.69	0.54	-0.33	0.88	0.69	-0.70	0.63	0.68	-0.21	0.29	0.10	0.21	0.31	0.63	0.50	0.14	-0.48	-0.46	-0.41	0.63	0.38
Household net financial wealth per capita	1.00	1.00	0.39	-0.34	0.68	0.48	-0.34	0.53	0.45	0.09	-0.08	0.22	0.13	0.16	0.33	0.27	-0.13	-0.05	-0.11	-0.17	0.46	0.24
Employment rate			1.00	-0.55	0.62	0.57	-0.57	0.62	0.39	-0.47	0.17	0.85	0.38	0.45	0.65	0.11	0.30	-0.39	-0.36	-0.29	0.64	0.48
Long-term unemployment rate				1.00	-0.49	-0.33	0.10	-0.33	-0.38	-0.17	-0.10	-0.40	-0.14	-0.19	-0.25	-0.20	-0.33	-0.09	-0.02	0.12	-0.60	-0.56
Average annual earnings per employee					1.00	0.81	-0.50	0.61	0.73	0.03	0.28	0.33	0.09	0.17	0.59	0.51	0.07	-0.23	0.15	-0.01	0.81	0.63
Number of rooms per person						1.00	-0.55	0.60	0.61	-0.24	0.30	0.34	0.00	0.47	0.64	0.40	0.27	-0.41	-0.26	-0.12	0.70	0.49
Dwelling without basic facilities							1.00	-0.61	-0.52	0.54	-0.56	-0.45	-0.25	-0.20	-0.74	-0.17	-0.24	0.47	0.54	0.32	-0.81	-0.19
Life-expectancy at birth								1.00	0.40	-0.35	0.20	0.35	0.08	0.40	0.50	0.26	0.07	-0.18	-0.50	-0.30	0.57	0.22
Self-reported health status									1.00	0.10	0.30	0.20	0.03	0.12	0.62	0.37	0.23	-0.29	-0.14	-0.20	0.68	0.25
Employees working very long hours										1.00	-0.39	-0.62	-0.50	-0.45	-0.43	0.04	-0.08	0.34	0.33	0.12	-0.14	0.10
Time devoted to leisure and personal care											1.00	-0.05	-0.06	-0.13	0.33	0.51	-0.28	-0.32	-0.25	0.46	0.45	0.15
Employment rate of women with children of compulsory school age												1.00	0.57	0.64	0.61	-0.08	0.24	-0.47	-0.08	-0.25	0.47	0.25
Educational attainment													1.00	0.43	0.41	-0.16	0.15	-0.32	-0.25	-0.53	0.30	-0.02
Students' cognitive skills														1.00	0.25	0.00	0.37	-0.45	-0.52	-0.65	0.18	0.21
Social network support															1.00	0.23	0.25	-0.52	-0.39	-0.36	0.73	0.36
Voter turnout																1.00	-0.29	-0.01	-0.07	0.14	0.34	0.21
Consultation on rule-making																	1.00	-0.27	-0.18	-0.40	0.20	0.30
Air quality																		1.00	0.40	0.44	-0.23	0.00
Intentional homicides																			1.00	0.64	-0.10	-0.09
Self-reported victimisation																				1.00	-0.17	-0.14
Life-satisfaction																					1.00	0.47
Affect balance																						1.00

Note: Correlation coefficients shaded in blue are not statistically significant at 5% level. Correlation coefficients are calculated at country level.
Source: OECD calculations.