

# National Accounts of Well-being

24<sup>th</sup> November 2008

4<sup>th</sup> International Conference on GNH

Thimpu, Bhutan

Nic Marks

Founder of *centre for well-being*

**nef** (the new economics foundation)



# Who are nef?

## The New Economics Foundation

- Founded 1986 when G7 summit in UK
- An independent think (& do) tank
- Inspired by 3 principles
  1. Ecological Sustainability
  2. Social Justice
  3. People's Well-being
- *centre for well-being* formed 2005

# National Accounts of Well-being



- The Context of National Accounts
- International & UK Policy/Political Context
- **nef's** National Accounts of Well-being
  - Personal & Social Well-being
  - Challenges in Creating Indexes
  - Draft Structure and results of Accounts
- How might NAWB be used?

## History of National Accounts

**The Great Depression.** Simon Kuznets, 'improving welfare', Ernst Wagemann, 'decreasing unemployment'

**2<sup>nd</sup> World War** - the militarisation process created an almost exclusive emphasis on production. (Keynes)

**Institutionalisation** – UN System on National Accounting (1953). Currently 1993 standard being used most widely.

# Policy/Political Context

## France:

President Nicholas Sarkozy's Commission on  
"Quality of Life" – Amartya Sen, Joseph Stiglitz and  
Jean-Paul Fitoussi

## North America:

Daniel Kahneman, Ed Diener and John Helliwell:  
"National Differences in Well-being"

## OECD:

"Measuring the Progress of Societies" Programme

## European Council:

"Beyond GDP" conference – November 2007

# UK Policy Timeline

**2000:** Local Government Act - Power of Well-being

**2002:** Prime Minister's Strategy Unit

**2004:** Layard's Happiness book & **nef's** manifesto

**2005:** Sustainable Development Strategy

**2006:** **nef's** Happy Planet Index

**2007:** Office for National Statistics 'Societal Well-being' paper

**2008:** Audit Commission: Place-based Well-being  
Dept of Science Foresight Programme on  
Mental Capital & Well-being

# National Accounts of Well-being



## **2009 – to be launched mid January**

- **nef's National Accounts of Well-being**
  - Personal & Social Well-being
  - Challenges in Creating Indexes
  - Draft Structure and results of Accounts

# European Social Survey



- ESS is a cross-national time-series survey, conducted every 2 years
- Round 3 2006/2007 – 23 countries



Winner of the 2005 Descartes Prize  
Europe's top award for science

# Well-being Module



50 questions on Personal and Social Well-being

## Questionnaire Design Team:

**Felicia Huppert, Cambridge University, UK**

Andrew Clark, Delta, Paris, France

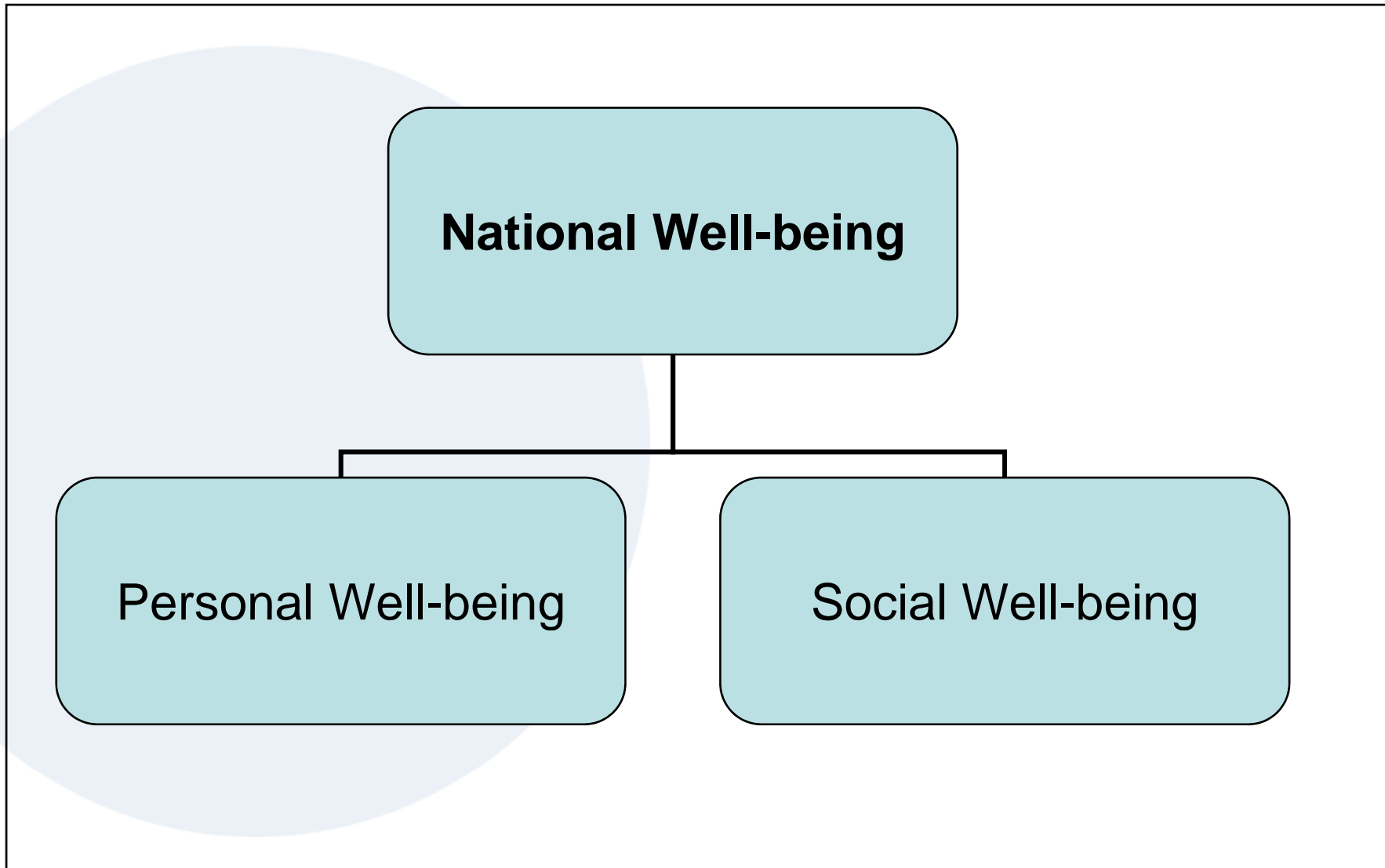
Nic Marks, **nef**, London, UK

Johannes Siegrist, Dusseldorf Uni, Germany

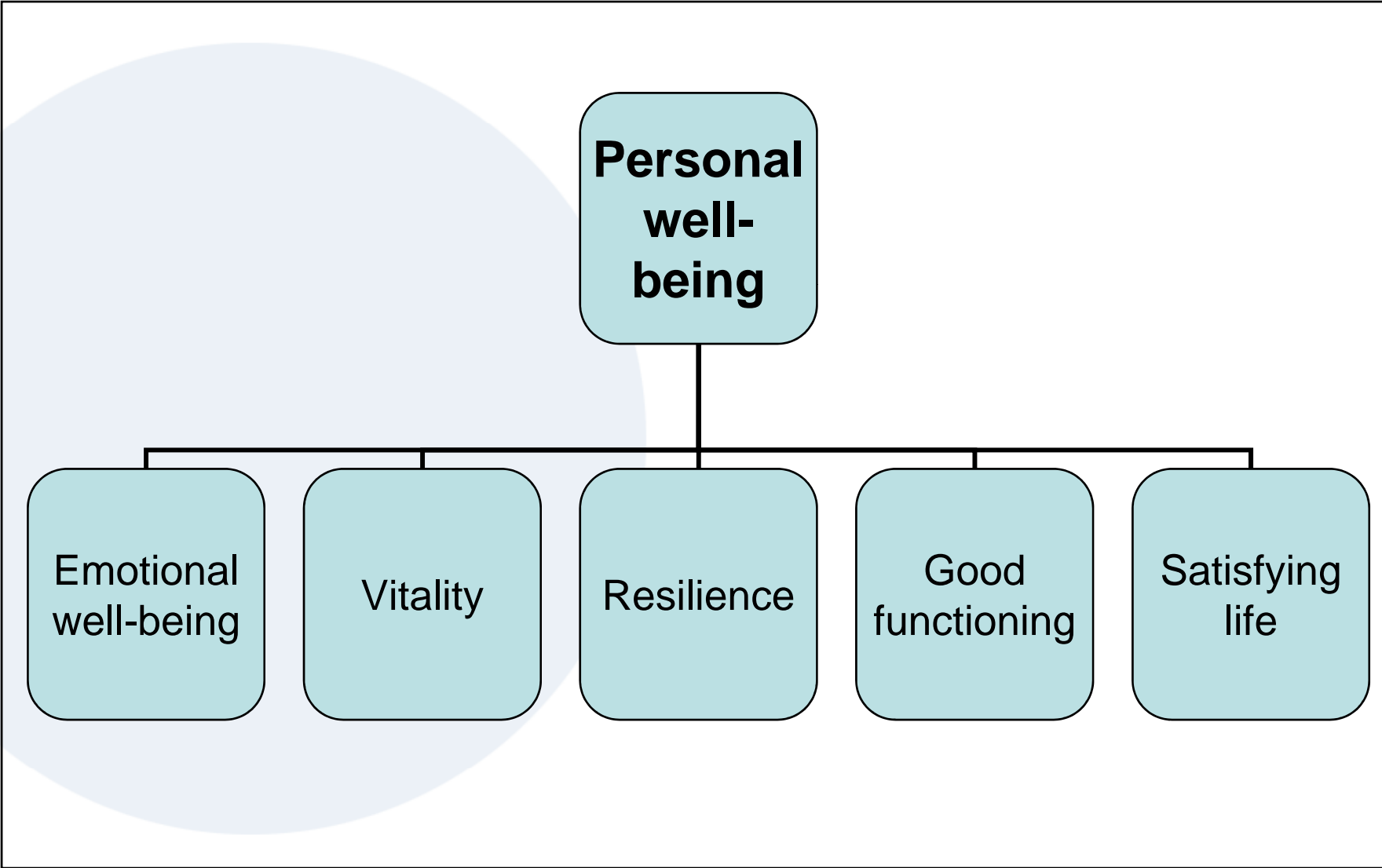
Alois Stutzer, Zurich University, Switzerland

Joar Vittersø, Tromsø University, Norway

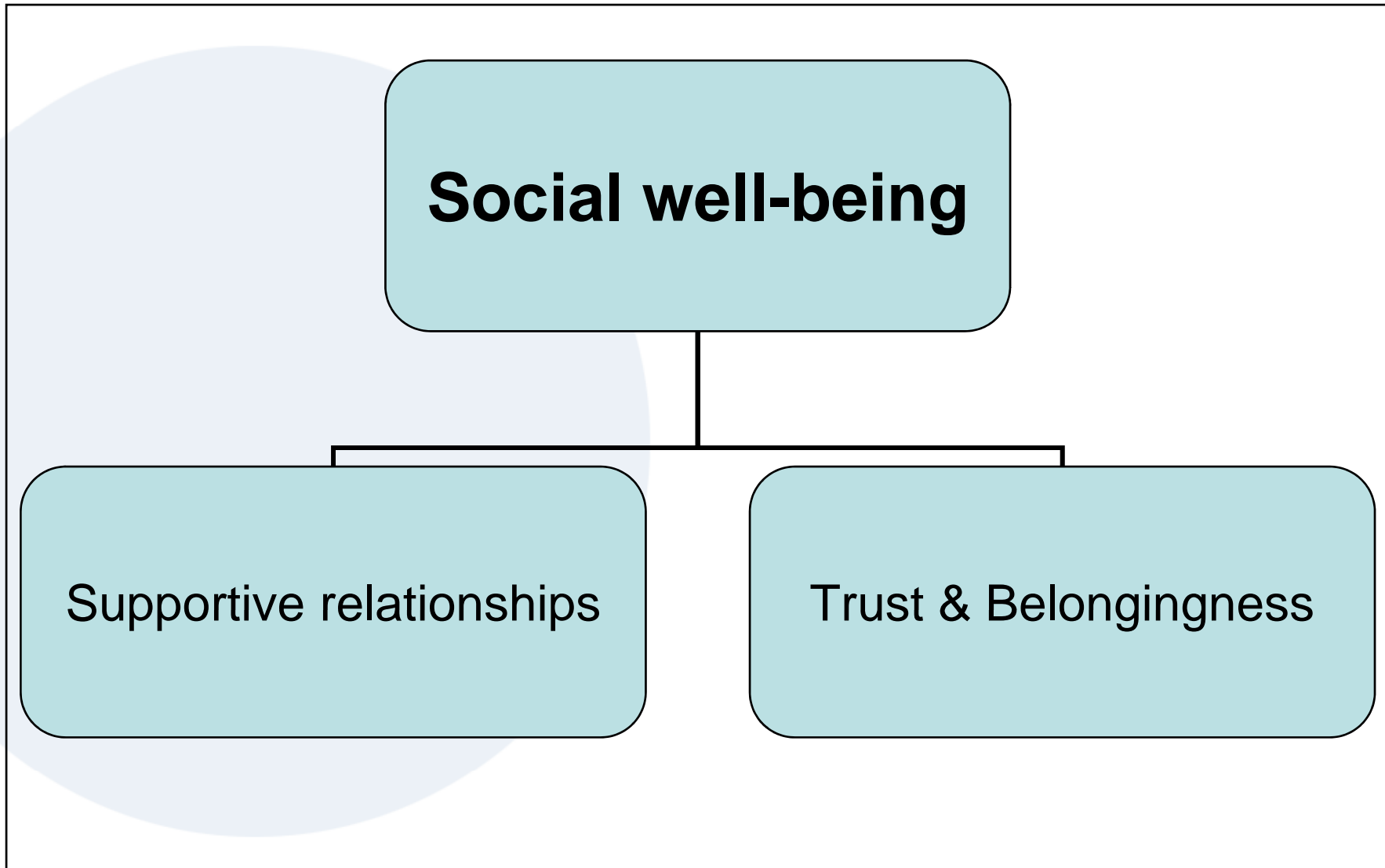
# Draft Structure of Accounts



# Draft Structure of Accounts



# Draft Structure of Accounts



# Challenges in Creating Indexes

- Questions with different response codes
- Skewed distributions in responses
- Creating recognisably meaningful numbers

# Different Response Codes



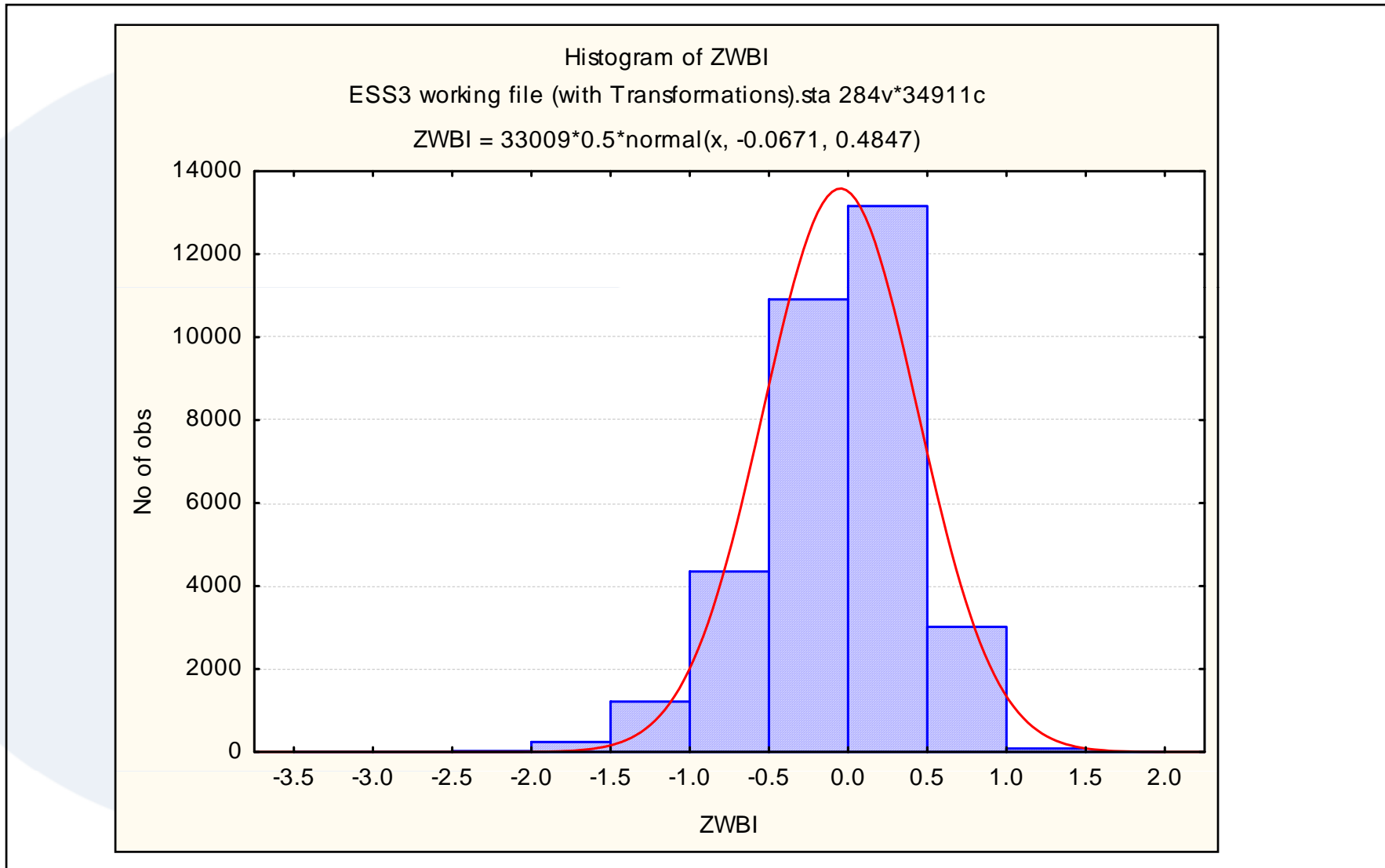
All things considered, how satisfied are you with your life as a whole nowadays?

<b>Extremely Dissatisfied</b>	0	1	2	3	4	5	6	7	8	9	10	<b>Extremely Satisfied</b>
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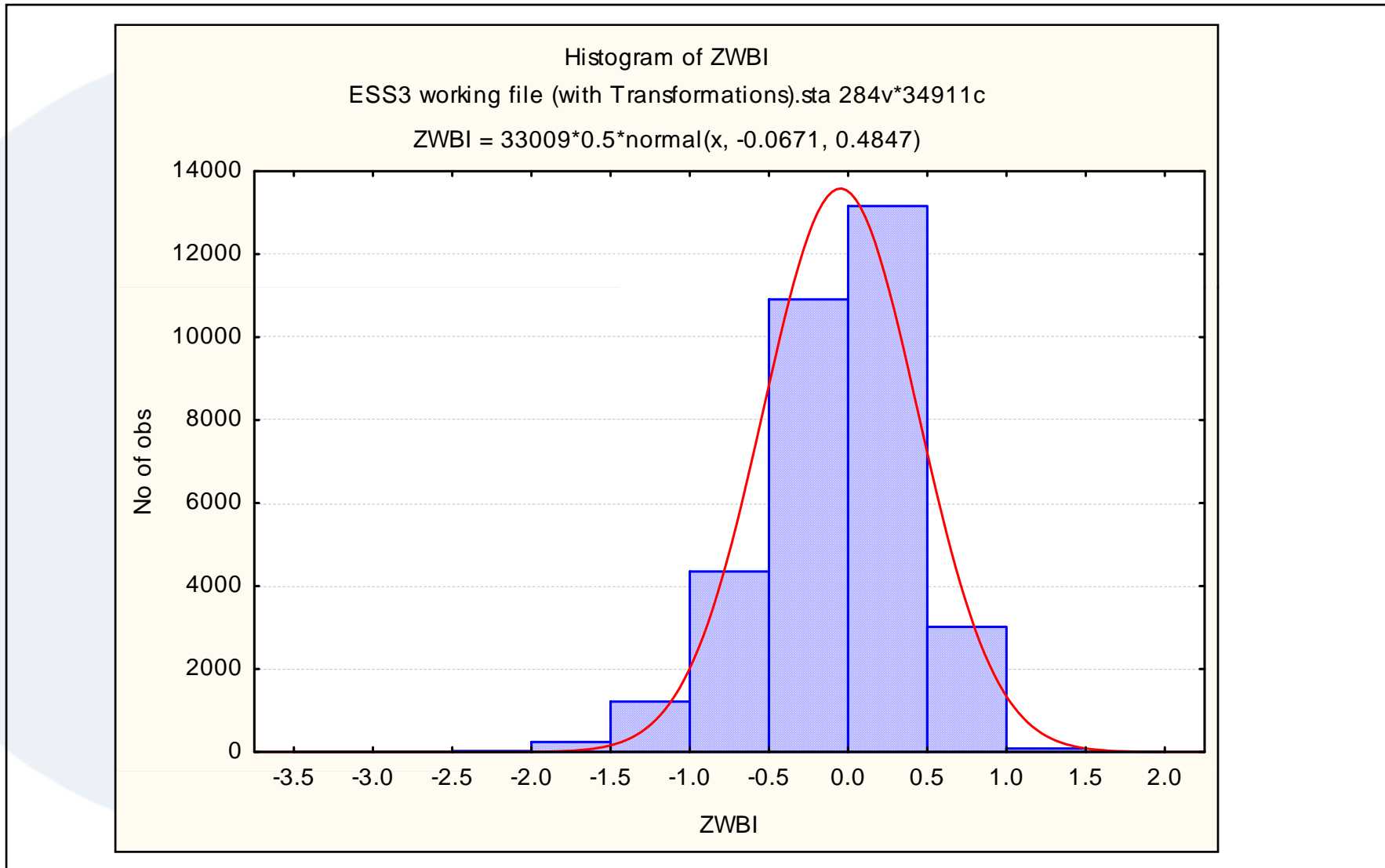
How often in the last week was your sleep restless?

<b>None or almost none of the time</b>	<b>Some of the time</b>	<b>Most of the time</b>	<b>All or almost all of the time</b>
1	2	3	4

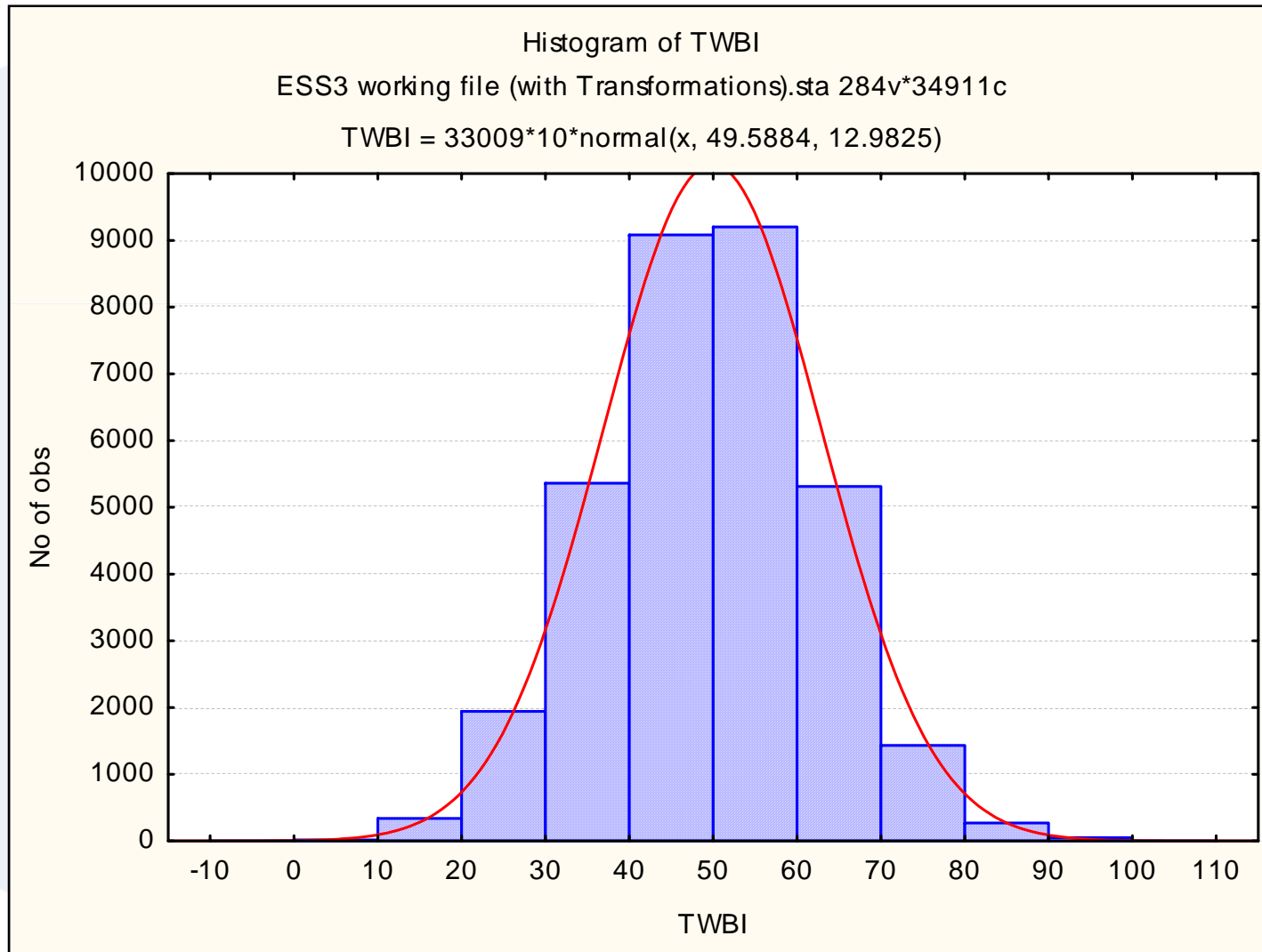
# Standardisation



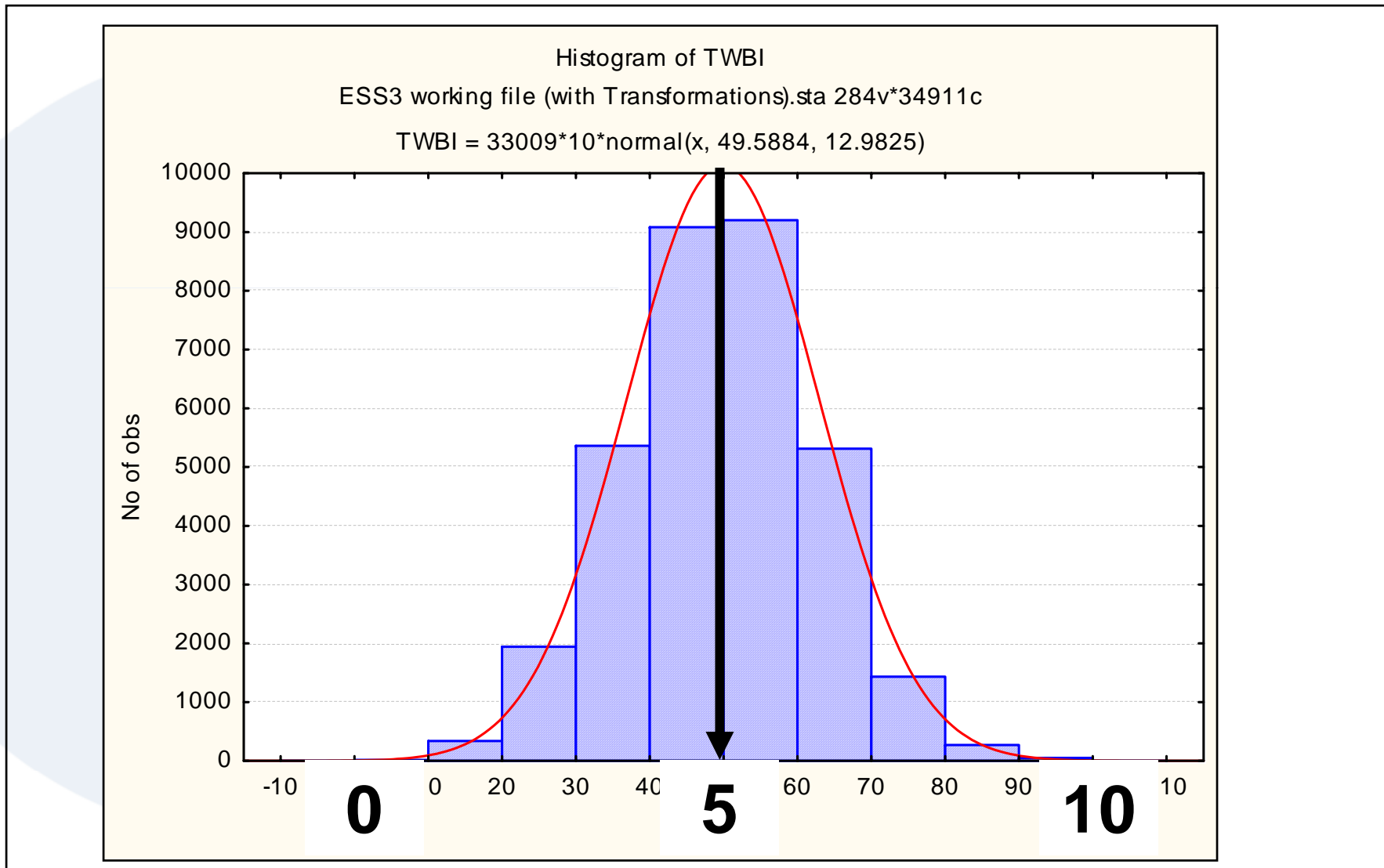
# Skewed distributions



# Normalisation



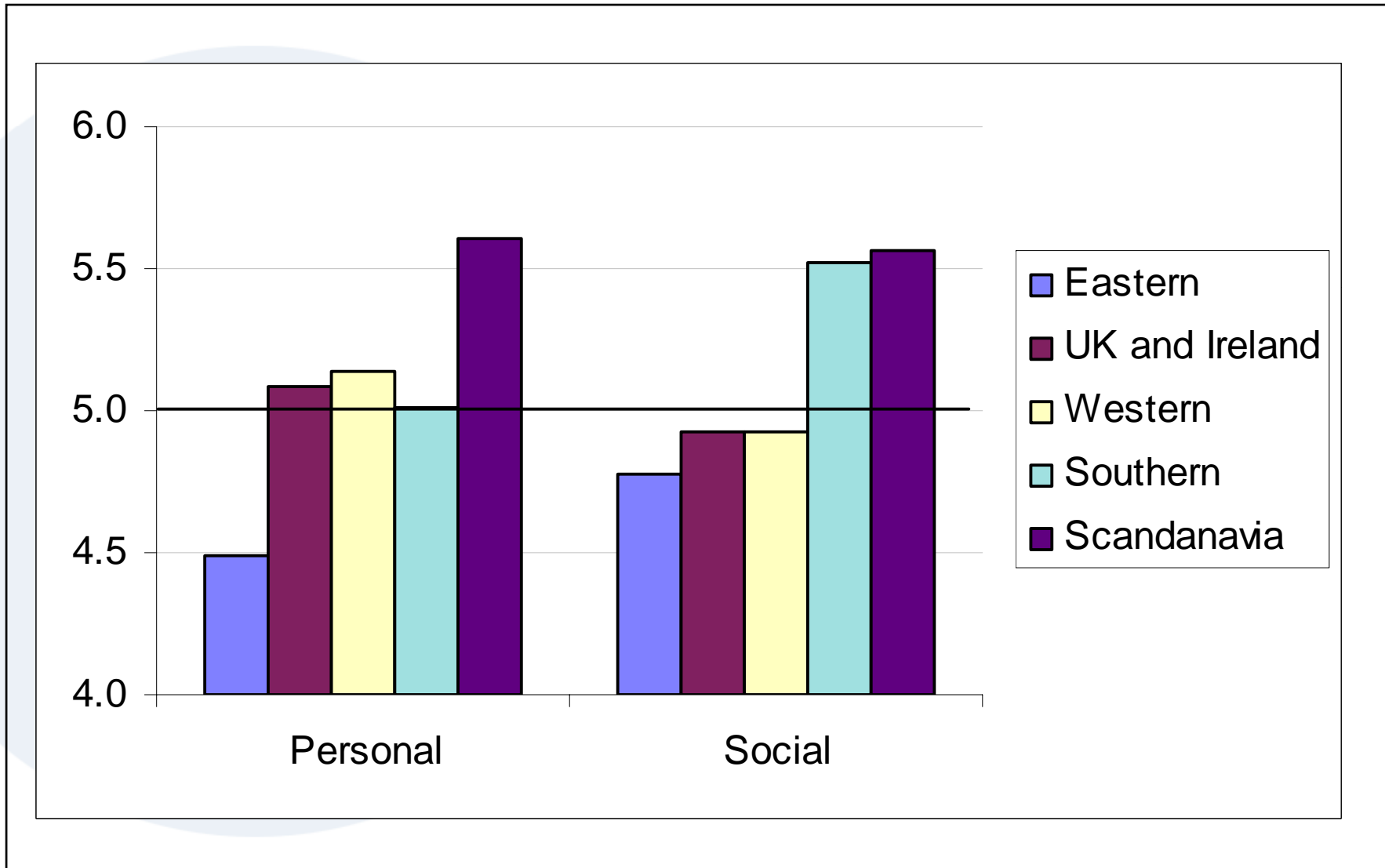
# Meaningful Scales



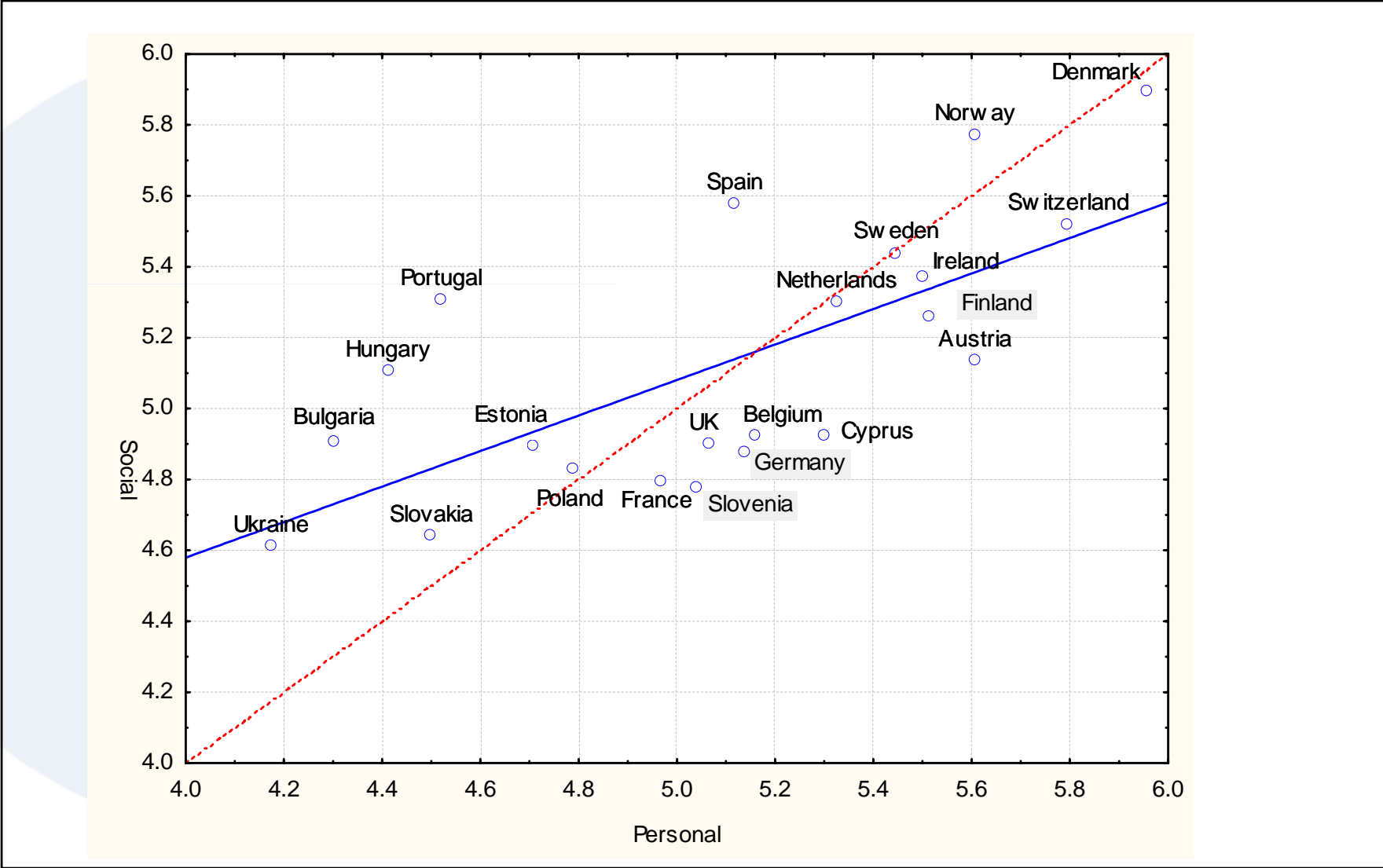
## Challenges in Creating Indexes

- Questions with different response codes - **STANDARDISE**
- Skewed distributions - **NORMALISE**
- Creating recognisably meaningful numbers – **TRANSFORM**

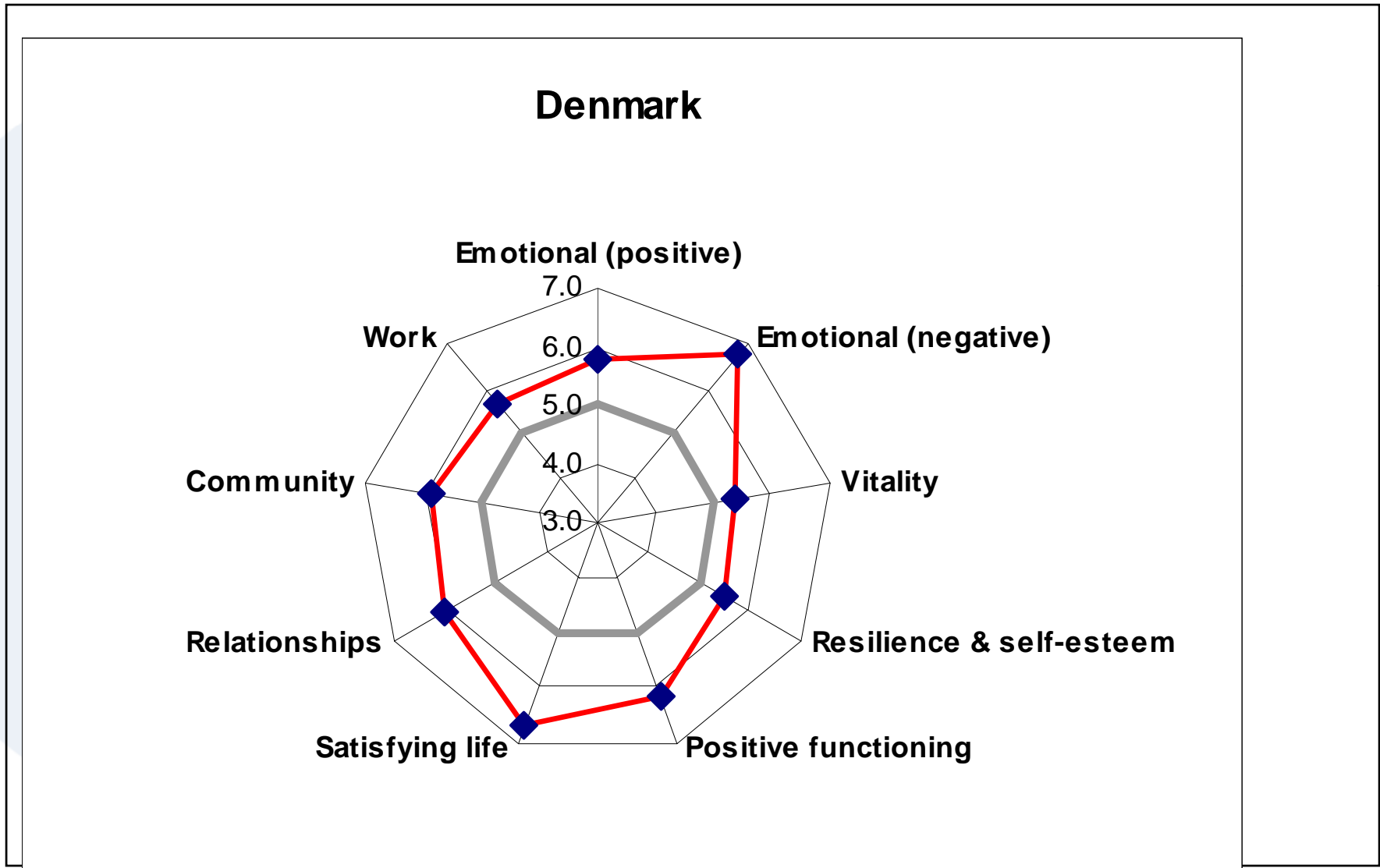
# Preliminary Results



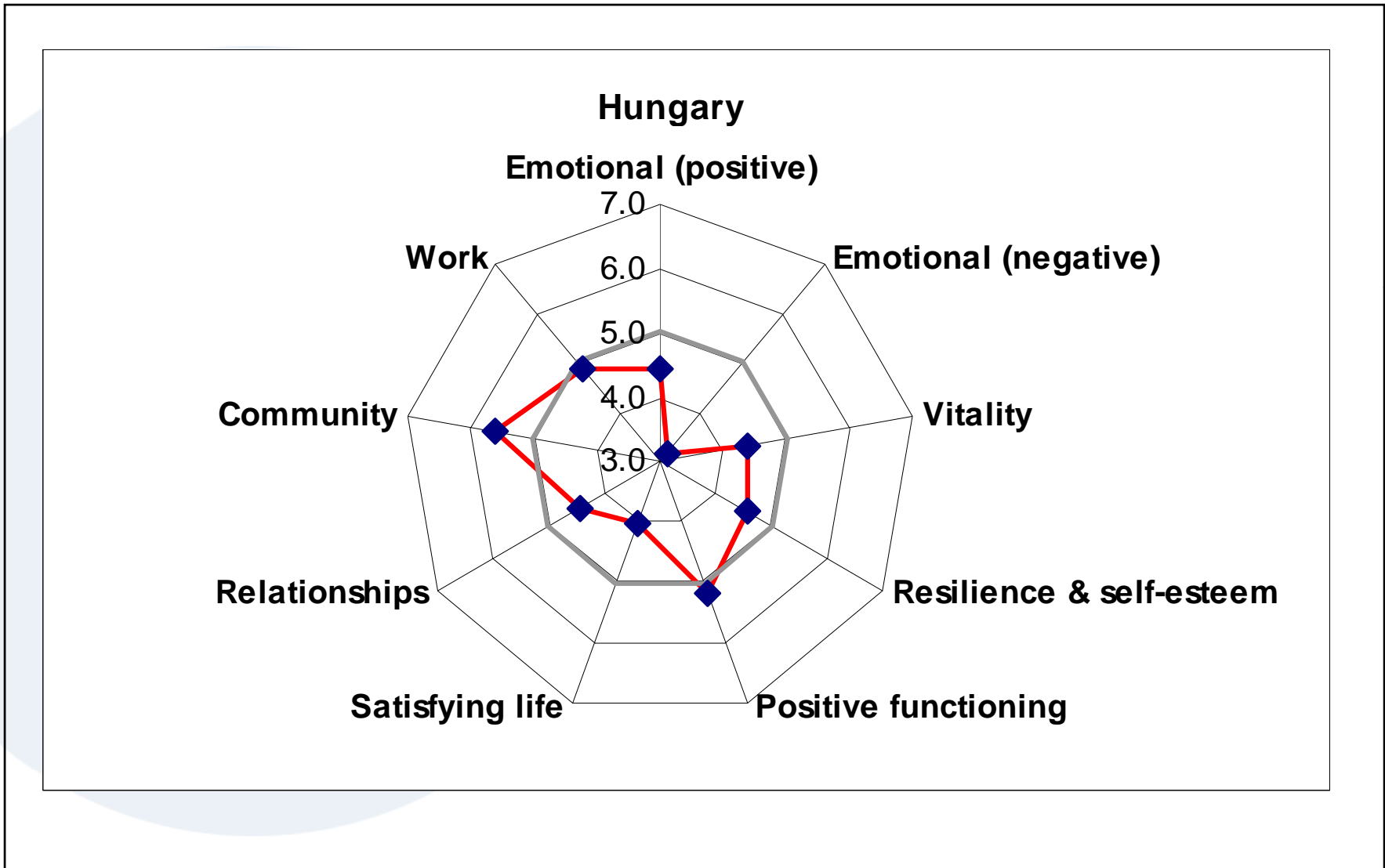
# Preliminary Results



# A High Scoring Nation



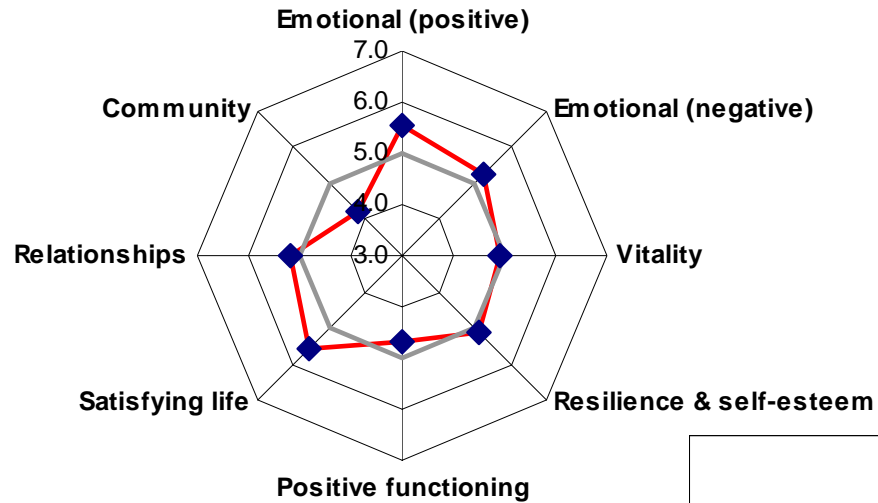
# A Low Scoring Nation



# Within a Nation



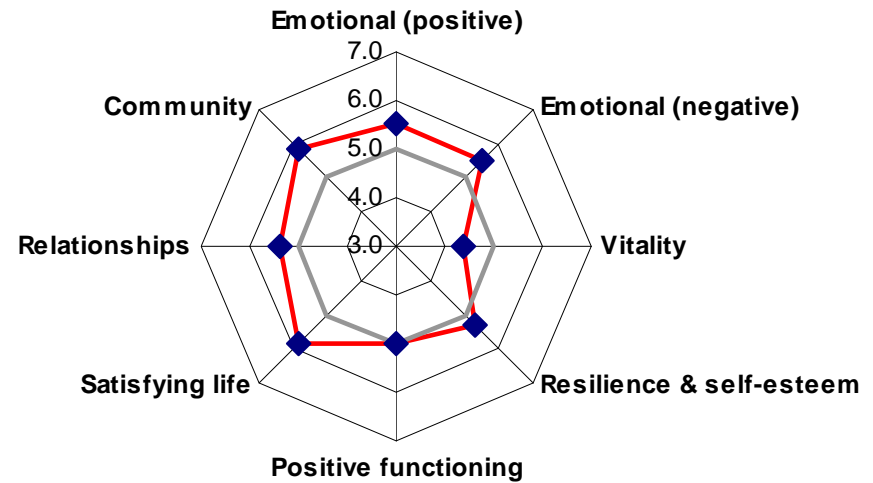
Age 15 to 24 (UK)



Older People - UK

Young People - UK

Age 75 plus (UK)



# How might NAWB be used?

## Looking backwards:

- Assess changes over time
- Review and evaluate policy decisions
- Draw comparisons (internationally)
- Assess differences (between sub-populations)

## Looking forwards:

- Identify areas of need or opportunity
- Evaluate the potential impacts of policy proposals
- Shape policy formation (content & delivery)
- Inform targeting of new policy (sub-populations)

## Potential benefits of NAWB

1. New way of directly assessing societal progress
2. Cross cutting approach to radically redesign the policy formation process
3. Better communication & engagement between national governments and the general public

# National Accounts of Well-being

To be launched January 2009

Reports downloadable from

[www.neweconomics.org](http://www.neweconomics.org)

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**economics**

real wealth  
means well-being



**environment**

lifestyles must  
become sustainable



**society**

communities need  
power and influence