OFFICIAL STATISTICS ON PERSONAL WELL-BEING:
SOME REFLECTIONS ON THE DEVELOPMENT AND
USE OF SUBJECTIVE WELL-BEING MEASURES
IN THE UK

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ABSTRACT

This paper draws on experience of the UK Office for National Statistics (ONS) programme to measure national well-being, particularly the high-profile element of the programme in which subjective well-being measures have been collected and published since April 2011. We reflect on drivers of the ONS work and on how these have given rise to interest both in national well-being – the Beyond GDP agenda – and in the use of subjective well-being measures (self-reported, personal well-being) in public policy. Although we touch briefly on measurement and analysis issues, we mainly concentrate on user requirements, the international context, and political, policy, public and business use of well-being data.

Key words: beyond GDP, measuring national well-being, subjective well-being, user requirements, well-being and policy, cost-benefit analysis.

1. Introduction

When British writer John Berger met the Brazilian photographer Sebastião Salgado he found someone who had trained as an economist and one day “asked himself whether pictures might not reveal as much or more than statistics” (Berger, 2013, p169). Salgado photographed people in many different parts of the world, including Rwanda, Mozambique and Kosovo, and concluded that what he saw was “not the proper way” for humans to live, that “we have a responsibility in the time we are living in to provoke a discussion, to provoke a debate, to ask questions. A debate everybody should participate in and have a responsibility for. If we want to survive as a species we must find a proper direction to go, we must choose another way” (Berger, 2013, p.176).

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The challenge to those working in official statistics is to produce statistical ‘pictures’ that are recognisable, trusted and relevant. Moreover these statistical pictures should contribute to – and perhaps even stimulate – debate, discussion and questions about the state of our nations, and about the sustainability of our current well-being into future generations.

In the words of the United Nations Fundamental Principles for Official Statistics, “Official statistics provide an indispensable element in the information system of a democratic society, serving the government, the economy and the public with data about the economic, demographic, social and environmental situation. To this end, official statistics that meet the test of practical utility are to be compiled and made available on an impartial basis by official statistical agencies to honour citizens’ entitlement to public information” (from http://unstats.un.org/unsd/methods/statorg/FP-English.htm, downloaded 7th January 2015, emphasis added).

In many countries there is indeed a plethora of official statistics on which users could draw for measures or indicators of well-being and progress. Collections such as Social Trends in the UK were a legacy of the social indicators movement of the 1960s. One aim then was to develop social statistics, which “had long tended to drag behind economic statistics in priority and quality” (Moser, 2000). The more recent rise of sustainable development indicators was another way in which progress was to be assessed, using official statistics to describe the economy of a country, its demographic profile and many aspects of society and of the natural environment.

However, the issue remains that, in the view of many people, we are mismeasuring our lives by continuing to select from the range of statistics to focus on economic data, and on the headline measure of Gross Domestic Product (GDP) in particular. (For two publications that helped prompt UK developments discussed in this paper, see Commission of the European Communities, 2009, and Stiglitz et al., 2010). There is a need to sum up how our nation is doing, and how the EU or the World as a whole is doing, more broadly than by whether or not GDP is increasing. There are many calls for action to change the way in which we assess well-being and progress. The call is to go ‘Beyond GDP’ and to live our lives taking account not only of economic performance but also in terms of social progress and with reference to the state of the natural environment, both now and for future generations.

There are currently many such wider measurement initiatives around the world. David Hand and the author have counted over 200 national, regional and local measures of well-being and progress (listed at Allin and Hand, 2014, p.258). Only one of these, the UK measurement of national well-being, is discussed in this paper but a disjoint that we observe in the UK - between producing measures
and using measures - appears to be widespread. Perhaps it is still early days, but there are only a few examples of countries in which politicians, policy makers, businesses and the population appear to have moved away from a focus on GDP growth as the way in which they direct their well-being and progress.

In this paper we briefly summarise the UK work before turning to look at why the programme was established, including the emerging need for measures of subjective well-being. We then look at the use to be made of the measures that are now produced, including a section on well-being and policy, before offering a few, tentative conclusions.

2. Measuring national well-being in the UK

In November 2010, the UK Prime Minister and the UK National Statistician launched the Measuring National Well-being Programme of the Office for National Statistics (ONS). Prime Minister David Cameron said “From April next year we will start measuring our progress as a country not just by how our economy is growing, but by how our lives are improving, not just by our standard of living, but by our quality of life” (Cameron, 2010). The ONS work aims to produce a series of measures, reflecting ‘what matters’ to people, although the concept of national well-being is not explicitly defined. Rather, the measures are meant to provide a broader assessment of ‘how the country is doing’ than economic statistics, especially GDP, provide (see the many outputs of the programme, and on-going statistical presentations, at http://www.ons.gov.uk/ons/guide-method/user-guidance/well-being/index.html downloaded on 2 February 2015).

Personal, or subjective, well-being is at the heart of the ONS framework of domains, indicators and dimensions for measuring national well-being. Lucy Tinkler, in a paper in this volume, explores the development of the ONS subjective well-being measures, including data collection methods and considerations of how to present subjective well-being data, along with an overview of findings to date (Tinkler, 2015). She makes the point that this is still work in progress and she notes that user engagement has been key to the development of the ONS subjective well-being statistics.

Although the media sometimes characterise the ONS work as ‘Mr Cameron’s Happiness Index’, the measures of national well-being include much more than subjective well-being (which is itself more than whether or not you were happy yesterday). The framework for measuring national well-being was constructed following a ‘national debate’ – a consultation exercise that far exceeded most consultations of the users of statistics (summarised in Tinkler, 2015). The debate
“showed that the well-being of the individual is central to an understanding of national well-being. There are a number of factors that are thought to particularly influence individual well-being and so should be included in providing a picture of well-being in the UK” (ONS, 2011, Introduction). These factors, which we summarise in the following paragraph, reflect the core tenet of the ONS work, that “individual well-being is best understood by relating it to areas that directly affect overall individual well-being, as well as to more contextual domains that are important but contribute less directly to individual well-being. The overall effect of these different factors varies for different individuals, raising important considerations for analysis and policy beyond looking at individual well-being ... therefore ... equality, fairness and sustainability issues are part of national well-being measures” (ONS, 2011, Introduction).

To measure national well-being, the ONS therefore not only draws on its new measures of subjective well-being but also on many other statistics. These include greater analysis of the national economic accounts, especially to understand household income, expenditure and wealth, and further accounts linked to the national accounts, including the UK Environmental Accounts, valuing household production and 'human capital'. Other domains address what are sometimes called ‘quality of life’ issues - mental and physical health, relationships, personal finance, education and skills, what people do and where they live. In addition to seeing the economy as a context for measuring national well-being, the ONS framework also recognises the natural environment and governance (involvement in democracy and trust in how the country is run) as part of the context. The well-being of children and young people is also seen as part of national well-being. With such a wide range, there is clearly a need for the headline indicators to summarise national well-being and the progress we are making as a society. The ONS has so far resisted calls to produce a single index of national well-being, in addition to the picture painted by the forty or so indicators that feature in its on-line summaries of national well-being. And although personal well-being is at the heart of national well-being, the personal well-being measures are not presented as the overall measure: there is at present no single measure of UK national well-being.

3. Drivers for UK work on measuring national well-being

As we have mentioned, the ONS programme was created to respond to increasing interest in measures of well-being and progress that go beyond GDP. GDP was designed as a headline measure of economic performance but has also been taken as measure of well-being, social progress and even sustainability. The
reasons it does not measure those things, and how they could be measured, have been well documented in a number of places, including by the Commission on the Measurement of Economic Performance and Social Progress (Stiglitz et al., 2010). Note that the Stiglitz Commission’s report includes measuring the state of the environment and sustainable development, in addition to covering the economy and quality of life as suggested by its title.

National statistical offices were among the many audiences that the Commission wished to address. In their case, the Commission was aiming to direct them to “areas where further developments might be particularly valuable” (Stiglitz et al., 2010, p.7). In particular, the Commission concluded that measures of both objective and subjective well-being were needed to understand people’s quality of life, recommending that statistical offices “should incorporate questions to capture people’s life-evaluations, hedonic experiences and priorities” in their surveys (Stiglitz et al., 2010, p.18). This is one of twelve main recommendations for new measures (or for making better use of existing data). The Commission was echoing the Istanbul Declaration of 2007 in which international organisations, including the Organisation for Economic Cooperation and Development and the European Commission (the UK belongs to both of these), committed to “measuring and fostering the progress of societies in all their dimensions and to supporting initiatives at the country level” (http://www.oecd.org/site/worldforum/49130123.pdf accessed 7 February 2015). The declaration urged statistical offices, in cooperation with others, “to work alongside representatives of their communities to produce high-quality, facts-based information that can be used by all of society to form a shared view of societal well-being and its evolution over time”.

There were various ideas in play here. There was the specific view that GDP was not a good metric, exemplified by the difference between aggregate economic growth and how people saw their own condition. Some have claimed that this contributed to a wider loss of trust in government and institutions. There were also views that GDP growth was the means to the goal of well-being, not the overall goal of public policy, and others felt that GDP growth itself was not viable. So, despite the fact that the output of the ONS, like other national statistical offices, was considerably more than just the GDP figures, it was difficult to avoid the conclusion that something needed to be done to change what is counted as the measure of national well-being and progress, with the expectation that this would change what counts. There was also some unravelling to be done, to separate GDP as a valid statistical measure from GDP as a policy goal. If ONS is to meet the full set of requirements envisaged in the UN Fundamental Principles, then it must provide statistics that enable a number of different narratives about well-being and progress, and what to do about them. It
may be a subtle change of wording, but the work came to be seen as ‘GDP and Beyond’, to allow for these different readings.

This all was (and is) quite a challenge. There was clearly a need to draw together existing data, and to develop new measures, that overcome the shortcomings of using GDP as the sole measure of well-being and progress. Using the language of the Stiglitz Commission, this covered ‘classical GDP issues’, such as looking at the distribution of income, consumption and wealth. It also related to aspects of quality of life that matter to people beyond income, and again how this is distributed across population groups. Last but not least, the work needed to address the environment and the sustainability of well-being, for example the extent to which current activity is drawing down the stock of natural resources.

It was also not just about better measurement, but crucially about ensuring that new measures are used. This is not a task only for national statistical offices, but what comes out of the Stiglitz Commission report, like the Istanbul Declaration, is that statistical offices should work in conjunction with others on getting the new measures used.

In a public statement shortly after the Istanbul Declaration, ONS announced that it was starting to analyse “societal well-being” and emphasised the need “to understand more fully the requirements for measures beyond GDP” (Allin, 2007, p.46). At that stage, much of the discussion about ‘beyond GDP’ seemed aspirational, with “little detail of how new measures would be used, and what would be done differently”, including the role of existing sustainable development indicators published by Defra, the government department then responsible for sustainability (Allin and Hand, forthcoming).

In parallel with this, it was also apparent that there was policy interest in personal well-being, not just in health (increasing bracketed with well-being) but in other domains. The then head of the UK civil service suggested that “In applying sophisticated approaches to measuring the impact on people’s quality of life through cost-benefit analysis and impact assessments, the UK leads the world in the systematic application of analysis to developing policy. From health to social care, from education to preventing crime, policy methods are developed using methods which draw in the best evidence and analytical thinking from across government and academia” (O’Donnell, 2010). This added weight to the need for personal well-being measures to be regularly collected in ONS’s national surveys, and in ways in which these could be associated with subjective well-being assessments carried out in specific policy areas.

The election for a new UK government in 2010 gave the opportunity to see what the main political parties were saying about well-being and about quality of life as a purpose for government (see Allin and Hand, 2014, Chapter 7). Not
everyone in the political sphere was signed up to this. The Institute of Economic Affairs, for example, remained unconvinced of the role of ‘happiness’ in economics and public policy (Johns and Ormerod, 2007, p.14). The overall conclusion, though, was that ONS needed to take forward the measurement of national well-being, including subjective well-being. Working within the incoming UK government, ONS secured funding for a programme of work and the Budget Statement of June 2010 recorded that “The Government is committed to developing broader indicators of well-being and sustainability, with work currently underway to review how the Stiglitz, Sen and Fitoussi report should affect the sustainability and well-being indicators collected by Defra, and with the ONS and the Cabinet Office leading work on taking forward the report’s agenda across the UK” (HM Treasury, 2010, p.10).

We have not listed in detail all of the drivers and specific initiatives that led to the ONS programme of work on measuring national well-being, but we can summarise in terms of the UN Fundamental Principles for Official Statistics referred to above. First, the relevance of official statistics: the programme addresses a range of emerging requirements for data about the economic, demographic, social and environmental situation, and how this situation is changing. There are political and policy requirements to be met, as well as wider aspirations for alternative measures and data that support ‘new economics’, as well as the standard formulation of national accounts. In short, we must measure what matters. Next, the UN principles call for international coordination and statistical co-operation between countries, and we have pointed to several such initiatives above (and there are more, such as work co-ordinated by Eurostat, the statistical office of the European Union). We should also note that the principles require official statistics to be delivered cost-effectively, which in this case included recognising that the Stiglitz Commission recommendations were a good fit against existing developments and statistical resources at the ONS. There was no need to come up with another set of recommendations and the ONS could focus on implementing all the Stiglitz Commission recommendations. It could also, as Tinkler (2015) reports, draw on academic work on measuring subjective well-being in developing subjective well-being questions suitable for its surveys and for the requirements it had identified.

4. Uses of UK measures of subjective well-being

In this section we mainly discuss subjective well-being. This is not to ignore the other dimensions of national well-being but rather to recognise that subjective well-being measurement was a new departure for ONS. Also, subjective well-
being is at the heart of the ONS framework for measuring national well-being. It has also been suggested (though not by ONS) as the alternative measure of well-being to GDP. Layard (2005, p.234) for example, concluded he could “think of no nobler goal than to pursue the greatest happiness of all – each person counting”, although Boarini et al. (2006, p.6) found that “there are several distinct domains – such as joblessness, family and community ties – that contribute to overall life-satisfaction and their influence cannot be reduced to a single dimension of economic resources”. Other claims made for subjective well-being measures are that they reflect each respondent’s individual weighting of the influence of different domains and events, with their own priorities, and that they give a voice to ‘the silent majority’, not otherwise heard through official statistics.

The policy use of subjective well-being arises as an alternative to the long-standing assumption that individuals tend to act to maximise their utility (i.e. well-being within these terms), which is a concept related to their consumption and their income. Under this approach, identification of new policy, selecting between policy options and evaluating the effectiveness of policy interventions rests solely on economic costs and benefits (in shorthand, the impact on GDP). However, “this misses out so much of what makes life worth living” (O’Donnell et al., 2014, p.13) and one answer is to attempt to maximise subjective well-being instead, because this allows for individuals to make a much fuller assessment of their well-being. Subjective well-being measures are therefore needed, not only to include it in cost-benefit analysis but also to see overall how individuals make choices (which can lead, but beyond the scope of this paper, to a role for public policy to tackle behavioural ‘failures’, when individuals make choices that might not be in their, or society’s, long-term interest, see O’Donnell et al., 2014, p.13).

Following the availability of robust data on subjective well-being, a number of ways are being developed to incorporate these data into cost-benefit analysis. One of these is to monetarise the observed subjective well-being effects. Under this approach, the value attributed to a person’s change in well-being arising from a specified policy intervention is given by the change in their income that would produce the same change in subjective well-being (e.g. Fujiwara et al., 2014, p.7). This approach is not without criticism. O’Brien (2010, p.7) commented on this emerging methodology and observed that “The relationship between income and wellbeing is still not fully understood. The method needs more research before its findings will rival or replace existing forms of economic valuation”. However, the All-Party Parliamentary Group on Wellbeing Economics (APPGWE) has now recommended that “New policy should be routinely assessed for its impacts on well-being”, using well-being analysis in making the case for spending, setting priorities and evaluating impacts (APPGWE, 2014, p.3 and p.7). The APPGWE also indicated the breadth of possible applications of well-being in public policy.
Their report addresses well-being and the labour market, planning (including of housing, jobs and the local environments), health, education, arts and culture.

A final point to make is that we have been considering how well-being should be taken into account in politics and in policy. However, recalling that subjective well-being is framed in terms of national well-being should remind us that businesses, civic society, households and individuals are also involved (if they so wish) in taking account of well-being. The many calls to change how we measure our lives referred to earlier all see the issue as more than just making better measurements: they expect that we will make use of the measures, including by changing behaviours and patterns of consumption. As Dolan (2014, p.189) has put it, you might want “to listen more to your real feelings of happiness than to your reflections on how happy you think you are or ought to be”.

5. Concluding comments

We appear to have reached the stage where the publication of robust measures of well-being, including subjective well-being, by national statistical offices and international organisations is becoming accepted as part of their regular outputs. This is not the case everywhere and, where there are new measures, there are inevitably technical developments still under way (for example on the measurement of various capital and resource stocks, which are increasingly seen as a way of understanding current well-being and future sustainability). Well-being – or equivalent words in other languages – is not always used to describe the issue: notably, the Organisation for Economic Cooperation and Development refers instead to Better Lives, because it believes that helping people live better lives will in turn contribute to economic and social well-being. But the point is that well-being can be measured, and increasingly is being measured.

The key question is then, how are new measures of well-being and progress, including subjective well-being, to be used? The UN Fundamental Principles referred to earlier anticipate that official statistics are designed to be used: the principles and supporting material offer guidance on how national statistical offices should gather user requirements. Such procedures work well when requirements for national statistics can be clearly stated, for example for a measure of inflation that reflects consumers’ experience of changes in the price of goods and services. However, the requirement for measures of well-being and progress is less tangible. In essence, the call is for measures that help shape the picture of society, both now and in the future, and which direct policy makers and others to where action is needed, or where different routes can be taken for how we live our lives.
The ‘bottom line’ is that well-being can give a very different picture from one constructed only with economic considerations in mind. Looking at that picture should aim public policy towards improving the well-being of people, not just focussing on national income and economic growth. This is not just for politicians and government policy-makers. We can all support and take part in the process, whether we are in business, civic society or acting as individuals, by engaging with the new ways of measurement and by using these new measures to build better lives for all of us, and for the generations who will follow us.

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