

# Incorporate this: progress only matters if we feel it

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# Measuring progress: an ongoing (and somehow disordered) process

- We tend to believe progress is something everybody wish for.
- But progress of *what*?
- Or, what is *progress* in the first place?

# Measuring progress: an ongoing (and somehow disordered) process

- Since the industrial revolution, and through material gains, we have been able to raise our population and enlarge our lifespan.
- That is, probably, a very simple and objective account of success/progress.

# Measuring wellbeing: an ongoing (and somehow disordered) process

- But is it now time to refocus?
- Population growth is slowing down (although life expectancy is growing, on average, worldwide) and we must think about **sustainability** and prioritize **quality** over quantity.

# Measuring progress: an ongoing (and somehow disordered) process

- **Quality** meaning immaterial realities and perceptions should be, more and more, taken into account.
- **Sustainability** meaning that we cannot ignore our medium and long run capacity to combine present with future production of welfare and wellbeing (given world resources renewability and technological possibilities).

# Measuring progress: an ongoing (and somehow disordered) process

- Sustainability and quality also implies looking at **distributional** issues.
- But how are these dimensions being captured by the different progress indicators?

# Measuring progress: an ongoing (and somehow disordered) process

- The abundance of studies on these topics (see SIR, QoLR, Think Tanks, Governmental Agencies et al.) gives us a comprehensive perspective on the complexities involved and, at the same time, shows us that simplification and convergence might be quite difficult to reach.

# Measuring progress: an ordering attempt

- We can separate the progress indicators into **four main categories**:
  - **Wealth/income** (and other material things) believed as being the crux of wellbeing (1)
  - Grounded on the **capabilities** approach (2)
  - **SWB** as the primordial goal and data (3)
  - A **mixture** of all or some of the above (4)

# Measuring progress: an ordering attempt

- In each of them, we can discuss whether feelings (both positive and negative) are accounted for.
- We can also observe if they are incorporated directly or indirectly, explicitly or implicitly.
- Finally, we should discuss if feelings can be disregarded.

# (1) Wealth goes a long way

- These type of indexes rely on the assumption that **wealth, income and production of goods and services** are the roots of every substantial development mankind has ever experienced.
- It is through our capacity to transform the world towards what's more convenient to us that wellbeing flourishes.

# (1) Wealth goes a long way

- **Advantages:**

- Data on **wealth, income or production** has a long track record, is comparable between nations and is more objective.
- **Huge amounts of literature** on the determinants of growth.
- **Income and wealth** tend to correlate well with other variables one might think important for wellbeing (like healthcare, education, employment, innovation).
- Long lasting policy goal.

# (1) Wealth goes a long way

- **Disadvantages:**

- Objectivity is doomed by the subjectivity of GDP's design criteria.
- Don't capture the non-constant transformation ratio of wealth into wellbeing.
- Tends to disregard distributional and sustainability issues.
- Tends to ignore immaterial and non-marketed dimensions of life.

# (1) Wealth goes a long way

- Ex: GDP, adjusted GDPs, GNP, Net National Income, Inflation and Unemployment.

## (2) Sen is right

- A. Sen has been able to create a theoretical approach, within development studies, grounded on philosophical foundations, that has consolidated as a valid alternative to mainstream welfare economic analysis.
- Concepts such as deprivation (absolute and relative), freedom, possibilities, human flourishing or virtue are crucial to this framework which tends to fit well when dealing with development problems.

## (2) Sen is right

- **Advantages**

- All indexes based on the capabilities approach benefits from having an **established theoretical framework** and a vast literature to support its procedures and conclusions.
- Prioritize **freedom, fighting poverty** and the **actual equality of opportunities** and **rights** (which tend to positively correlate with happiness).
- Some of these indexes have already gained **reputation** and **political attention** (have a solid track record).

## (2) Sen is right

- **Disadvantages**

- Sen, himself, refuses to define a **capability index**, meaning that capabilities is more of a **theoretical/philosophical subject** than an applied field.
- The **implicit absolute values** that guide the construction of a capabilities index are never uncontroversial.
- Tends to be **paternalist** by disregarding some feelings and desires, deemed as blurred, biased or unfair.

## (2) Sen is right

- Ex: U.N. Human Development Index, Sen-Stiglitz-Fitoussi Report, Basic Capabilities Index.

## (3) SWB is the King

- For this type of indexes, **SWB** is assumed as the ultimate goal of mankind.
- Living long and happy lives is what truly matters.
- Each individual is assumed as the best judge of its own happiness and his/her introspection is counted as reliable information (although some biases might be acknowledged).

# (3) SWB is the King

- **Advantages:**

- Very easy to access and compute.
- Don't patronize because accepts individuals' own perceptions and conceptions of happiness as valid and fundamental.
- Fast growing empirical and theoretical literature (from different disciplines) on the determinants of happiness.
- Could serve as a simple policy target if its reliability is consolidated.

# (3) SWB is the King

- **Disadvantages:**

- Data on SWB tend to vary little.
- The cultural dimensions might interfere on international comparisons.
- Might not be capable of addressing individuals' biases and misperceptions.
- Potential conflict between individual and collective wellbeing (aggregation issues) and with human rights.
- Politicians and public opinion prejudice against subjectivity.

## (3) SWB is the King

- Ex: Veenhoven's Happy Life Years, Flash Eurobarometer on SWB, Kahneman's Experienced Utility and Objective Happiness, *New Economics Foundation* Happy Planet Index.

## (4) Mixing for the win?

- The recent trend on development indexes is based on an **holistic** conception of welfare.
- The affluent literature on these topics is influencing those trying to build progress indicators, in a way that most recognize the **complexities** behind measuring human development.
- Typically it is now assumed that **material conditions** are a **necessary but insufficient** criterion of wellbeing (the same goes for SWB).

## (4) Mixing for the win?

- **Advantages**

- We can adapt the index to the values and the specificities of a country or region (ex: Buddhist values of GNH).
- We can build very complete indexes of wellbeing that cannot be attacked on the grounds of letting behind some important topics.
- Can incorporate sustainability and distributional dimensions.

# (4) Mixing for the win?

- **Disadvantages**

- It is unclear why to incorporate some realities and not others (fragile/inconsistent theoretical foundations).
- The problem of the international comparability and data availability.
- Might be too complex for public opinion and politicians to rely on => difficult policy target.

## (4) Mixing for the win?

- Ex: World Happiness Report, OECD Better Life Indicators, Gross National Happiness, Legatum Prosperity Index, Eurostat Quality of Life Data, European Commission's GDP and Beyond initiative.

# Summarizing...

Index type	Theoretical foundations	Data availability	International Comparability	Incorporation of sustainability	Paternalism	Policy target
(1)	Solid	Large	Very good	Typically disregarded	Hidden	Easy
(2)	Solid	Medium	Good	Possible	High	Depends
(3)	Recent	Medium	Good	Not obvious	Low	Easy with caveats
(4)	Spurious	Medium	Depends	Easy	Depends	Difficult

# The role of feelings

Index type	Implicit/explicit	Positive/negative	Assumed correlation
(1)	Implicit	Both	+ w/ positive - w/ negative
(2)	Mix	Can incorporate both	Independet domains
(3)	Explicit	Positive (net feelings)	Positive
(4)	Mix	Can incorporate both	+ w/ positive - w/ negative

# Summarizing...

Type of indicator	Progress only matters if we feel it?
(1)	No (although material prosperity is believed to make us feel better)
(2)	No - feeling good is one irreducible dimension among others (and typically not very reliable)
(3)	Yes
(4)	Necessary but not sufficient condition

# A die-hard problem...

- In HEIRs 2005 conference “Capabilities and Happiness” I had the opportunity to ask A. Sen If he would support a capability that would never be related to some feeling of wellbeing (let it be present or future): he replied my question was a wrong one because we cannot compare capabilities (all have independent and intrinsic value).
- But my question remains **unanswered** and I believe some confusion within the research of wellbeing indicators is rooted on the difficulty to address this issue => **what’s the point of progress if it never translates into a net gain of psychological wellbeing?**

# Hope for future research

- Understanding the **biology of conscience and happiness** might illuminate more clearly what we need to do to **boost and sustain human happiness**.
- **Integrating different disciplines and consolidating research** might create the **political viability** for happiness indicators to become the **fundamental policy goal**.