

MEASURING LIFE SATISFACTION

In recent years, there has been a growing economic debate about the question to what extent purely consumption-based GDP alone can truly measure “progress”. This is why a lot of economic research has focused on developing measures complementing GDP in order to capture societal progress.

The Commission on the Measurement of Economic Performance and Social Progress (also referred to as the Stiglitz Commission), for example, was launched in 2008 by French President Nicolas Sarkozy. The purpose of this commission was to measure progress using a combination of GDP and measures of sustainable development, the environment and quality of life.¹ The OECD project *Society at a Glance* has a similar focus. New sets of economic, social and environmental indicators are introduced to paint a comprehensive picture of how countries are performing. In the context of such projects, in which measures of life satisfaction are considered, it has become increasingly important to find measures of how people actually feel about their lives and their own well-being.

In *Society at a Glance* (2009), societal well-being is measured using several social cohesion indicators.² One of them is life satisfaction. The main indicator described in this OECD study is from the Gallup World Poll 2006.³ This survey is based on nationally representative samples of people aged 15 years and older. The respondents are asked to evaluate their lives on a Cantril Scale. This means they are asked to imagine a “ladder” with scales from 0 to 10, where the bottom (0) represents the worst possible life for the respondent and the top (10) presents the best life for them. The respondents are asked, “On which step of the ladder do you personally stand at the present time?” The Gallup World Poll uses the same questionnaire in all countries, which ensures maximum comparability. One issue is the question to what extent the English language concept of “life satisfac-

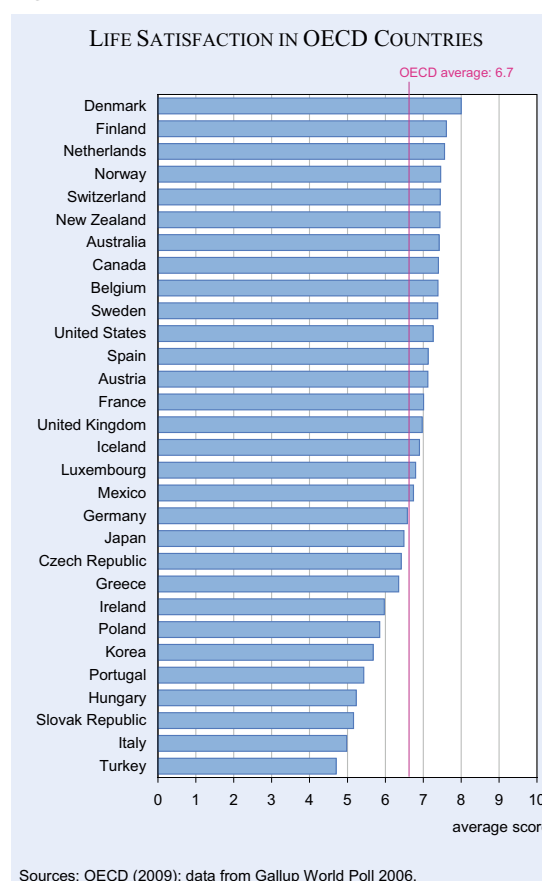
tion” is translatable into different languages used across the OECD. However, the problem is less pronounced for “life satisfaction” than for happiness-style questions, which is why life satisfaction is used in the OECD study.

Figure 1 shows the average country scores of life satisfaction in OECD countries. According to the Gallup World Poll (2006), people in Denmark are most satisfied with their lives and the Turks have the lowest average of life satisfaction. The difference between these highest and the lowest reported averages is considerable.

Figure 1 also shows that there are broad regional and cultural country groupings. Three of the top six countries are Nordic, with Iceland as an outlier. Continental western and eastern European OECD countries are on the lower side of the life satisfaction scale. Notable exceptions are the Swiss and the Dutch and, to a lesser extent, the Belgians and the Spanish. The Anglophone OECD countries are all in the top half of the life satisfaction ranking.⁴

In *Society at a Glance* (2009), the authors use data from the World Happiness Database of the Erasmus

Figure 1



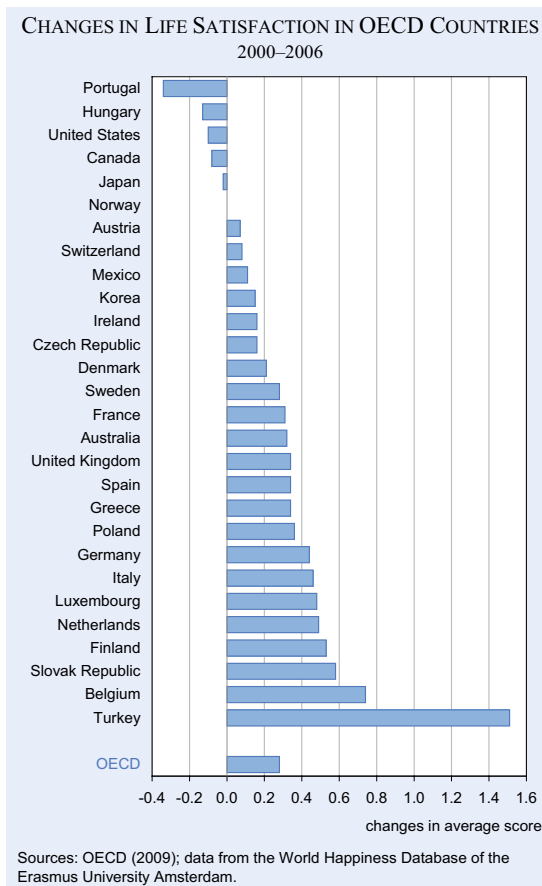
¹The commission comprised some of the world’s great thinkers and researchers. The report is available at http://www.stiglitz-sen-fitoussi.fr/documents/rapport_anglais.pdf (accessed October 2010).

²The social cohesion indicators are indicators of life satisfaction, work satisfaction, crime victimization, suicides, bullying and risky behaviour.

³See <http://www.gallup.com/Home.aspx> for the Gallup organization (accessed October 2010).

⁴For further analysis of the Gallup World Poll see Deaton (2008). He examines the relationships between life satisfaction and income, aging and health.

Figure 2



University Rotterdam to show that life satisfaction in OECD countries is improving over time.⁵ Figure 2 shows that average OECD life satisfaction has improved by an average of 0.8 steps on the 11-step ladder of the Cantril Scale from 2000 to 2006. Life satisfaction increased or remained constant in 23 countries and only declined in Portugal, Hungary, the US, Canada and Japan. Particularly striking is the rise in life satisfaction in Turkey.

Measuring life satisfaction is an important indicator for societal well-being. Surveys such as the Gallup World Poll and the World Happiness Data Base are gaining importance for the development of indicators that capture societal progress.

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References

OECD (2009), *Society at a Glance 2009: OECD Social Indicators*, Brussels.

Deaton, A. (2008), "Income, Health, and Well-Being around the World: Evidence from the Gallup World Poll", *Journal of Economic Perspectives* 22(2), 53–72.

⁵ See <http://worlddatabaseofhappiness.eur.nl/> (accessed October 2010).