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The Better Life Index of the Organisation for Economic Co-operation and Development

SUMMARY: Among economists the following questions arise: Will new measures of well-being1 be any more meaningful than traditional indicators? Is the new focus on quality of life a welcome recognition that governments can and should promote happiness? In my study I introduce the OECD's so-called Better Life Index, which was launched on 24 May 2011 and aims to measure well-being and progress. The index allows citizens to compare well-being1 across 34 countries in 11 topics – housing, income, jobs, community, education, environment, governance, health, life satisfaction, safety and work-life balance – giving their own weight to each of the topics. In this document I tend to focus on and show charts relating to the data and ranks concerning Hungary. Over the past 50 years, the OECD has developed a rich set of recommendations on policies that can best support economic growth. The task for economists is to develop an equally rich menu of recommendations on policies to support societal progress: better policies for better lives. The success of the OECD's recent publication depends on its application and on its ability to give coherent shape to incoherent reality and asymmetric public policy objectives. Surely the quality of life, as people experience it, has got to be a key measure of progress and a central objective for any government.

KEYWORDS: well-being, indicators, OECD
JEL CODES: H11, I10, I20, I38

In this analysis I would like to introduce the recurrent or apparently exceptional events in economic phenomena related to well-being. I summarise the new interactive index entitled Better Life of the online publication of the Organisation for Economic Co-operation and Development, which aims to measure the well-being and satisfaction of various countries. The index compares 34 countries based on 11 factors.

According to the concept of the "pursuit of happiness" found in the text of the American Declaration of Independence, today, inter alia, the democratic world is preoccupied with "the Right ... [to] ... the pursuit of happiness". In addition to housing conditions and health, the index refers to other things affecting quality of life such as income, the labour market, community cohesion, education, the state of the environment, the quality of governance, safety, work-life balance and life satisfaction.

Via numerous projects, studies (OECD, 2001; OECD, 2008) and initiatives the OECD is at the forefront of the international review of this set of issues, and of the inception of new indicators. In 2004 it held the first World Forum entitled *Statistics, Knowledge and Policy* in Palermo. In 2007 and 2009 in Istanbul and Busan, respectively, the OECD organised two more forums, which led to the launch of the *Global Project on Measuring the Progress of Societies.* Thanks to these and other efforts,

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well-being and progress measurement are now at the forefront of the agenda of national and international statistical and political programmes. Well-being is important not only for developing countries, but for every government in the world. The purpose of this work is not simple measurement, but much rather to provide a foundation and collect evidence for various policies. The more precise measurement of well-being may facilitate a better understanding of societal progress. Better mapping of the comparative performance of countries measured across various areas may enable the development of better strategies for overcoming differences. In addition to the OECD, Nobel Prize winning economists and the United Nations have released similar publications involving indices (Stiglitz – Sen, 2008; UN, 2009; UN, 2010).

Obstacles to self-actualisation and happiness can be divided into two groups: those stemming from the individual and those arising from the individual's surroundings. Put simply, *Abraham Maslow's* fundamental theorem states that self-actualisation may be achieved if the lower order needs are already satisfied. According to *László Garai* (Garai 1998: 113), Maslow's theory is often quoted uncritically, even though it has received much criticism since its introduction. The five different levels of needs have not been successfully identified by empirical studies, nor has the hypothesis concerning their existence been theoretically proven. A maximum of two levels could be distinguished: the level of biological and sociological needs. However, no relationship could be found to support the idea that the satisfaction of lower level needs presupposes the satisfaction of higher level ones.

In contrast to the famous, so-called Maslow pyramid, (Maslow, 1970), the OECD Better Life Index juxtaposes factors affecting well-being against one another, rather then arranging them hierarchically. This means that all 11 factors are similarly weighted in the composite index. Uniquely, each reader has the option of individually weighting, instantaneously changing, or even excluding certain factors from the index.

However, economic indicators to date have not, or not accurately, specified the happiness of a country's population. It has long been a matter of serious debate among economists (Jones and Klenow, 2010; Economist, 2011) whether it is at all reasonable or necessary to introduce such an index.

A NEW ECONOMIC INDEX: A VISUAL APPROACH TO REPRESENTING WELL-BEING

Everyone knows what happiness is. We can answer the question of whether we are happy or not. According to *Mária Kopp* happiness is: "being in harmony with myself and with others, having a vision for the future, having long-term goals and feeling that I have a place in the world, in the country, and in the family. We examined who among people with a low level of education, poor people, and old people are healthier, happier, and live longer lives. The survey covers the entire Hungarian population; hour-long interviews were conducted by health visitors and social workers at the addresses provided, mainly in the countryside. The results were surprising: those people were healthier, lived longer and were happier who were able to give to others, who considered themselves reliable, and who were not plagued by a sense of guilt." (Kopp, 2007)

Katalin Martinás (Martinás, 2011) seeks to understand why the number of unhappy people increases parallel to the increase in the standard of living, and why the level of unhappiness does not decrease substantially along with the increase in the standard of living. Since the 1990s, a number of studies have dealt with the relationship between happiness and well-being.

They measure the subjective feeling of happiness is by means of questionnaire surveys. They generally arrive at the same old banal conclusion: human relationships are more important than material goods. The most common questions:

- All things considered, how happy do you feel?
- All things considered, how satisfied do you feel?

Respondents are asked to select the value best reflecting their feeling on a discrete scale, e.g. on a scale of 0 to 10 or 1 to 7. The studies show that the responses correlate well, among other factors, with the ratio of pleasant and unpleasant memories evoked by the individual, the frequency of smiling, and the characterisation of the respondent by those living in his surroundings, and even with the activity of the brain's "happiness centre". So there is a subjective feeling, subjective well-being, of which there exists an impression that can be captured objectively also in physiological terms.

According to *Aristotle* (1971), happiness in this sense of the word does not represent a condition (which people may possess) or experience, but activity. The fundamental purpose of human existence is the fullest possible exercise of human functions.

According to the father of utilitarianism *Jeremy Bentham* (1781), the primary purpose of government is to bring about a higher level of happiness for an ever increasing number of people. Happiness was deemed to be measurable on the basis of pleasure and joy. Accordingly, a thing's utility was presumed to be equivalent to the happiness it caused, i.e. the joy resulting from its acquisition (utilisation). It was from this that later preferences evolved. Bentham used this interpretation of utility not only for consumer goods, but for every area of human life, including the evaluation of political decisions. According to Bentham, for example, what impact an act or policy had on a person's individual well-being can be defined by the quantity of joy that the policy induced in the individual. The impact that a policy has on collective well-being can be calculated by subtracting from the total quantity of joy of the people affected by the policy their total quantity of pain. It was with this thought that Jeremy Bentham introduced utility. But it has since been found that joy is not measurable. Happiness has many components; consequently, is not possible to create a real situation in which only the quantity of goods and nothing else changes that could affect the sense of joy. The train of thought is at best conducive to confirming the relationship between joy and value by self-observation.

How should well-being be measured? Money is not everything. A person's life is shaped by many more factors. For example, how comfortable is one's housing situation? How clean and safe is one's environment? Is he/she able to take part in political and social events? Do public institutions perform their duties and fulfil their functions? To what extent is the individual able to avail of quality health and education services? What is the value of services that households produce for themselves, services such as caring for children and elderly family members?

In Hungarian society today it is expressly internal values that people consider important; for example they deem good social relations much more important than being in a good financial situation. The current crisis shock reached Hungarian society in a condition in which solidarity and the sense of responsibility in people toward one another had dropped to an extremely low level. This fact is a very serious health deteriorating factor as well as a threat to the economy (Kopp, 2008).

According to the OECD Better Life Index the achievement of well-being is best measured against result indicators, as opposed to factors responsible for enhancing well-being, which

can be measured against input and output factors. People's well-being has both objective and subjective aspects, which are important in understanding people's well-being, while recognition by others must also be taken into account.

In the examined area the OECD publication distinguishes between current material living conditions and standard of living, and their sustainability over time.

- Material living conditions (or "economic welfare") determine people's opportunities for consumption and the availability of resources. This is determined prominently by GDP, but GDP also includes activities that do not contribute to individual well-being (e.g. activities aimed at averting the negative consequences of economic development). However, it does not examine those off-market activities which broaden people's possibilities for consumption.

Back in March of 1968, as part of a speech he gave at the University of Kansas, *Robert Kennedy* put it like this: *"Too much and for too long, we seemed to have surrendered personal excellence and community values in the mere accumulation of material things." Our Gross National Product [...] counts air pollution and cigarette advertising, and ambulances to clear our highways of carnage. It counts special locks for our doors and the jails for the people who break them. [...] It counts napalm and counts nuclear warheads and armored cars for the police to fight the riots in our cities. [...] Yet the Gross National Product does not allow for the health of our children, the quality of their education or the joy of their play. It does not include the beauty of our poetry or the strength of our marriages, the intelligence of our public debate or the integrity of our public officials. [...] It measures everything in short, except that which makes life worthwhile."* (Braun, 2011)

- Quality of life, determined as the sum of individuals' non-material factors affecting their opportunities and life chances, and meaning different things in different cultures and contexts.

The sustainability of social, economic and natural systems in which people live and work is critical on account of the durability of well-being. Sustainability depends on how current human activities affect various (natural, economic, human and social) reserves. However, the indicators necessary to define these reserves remain lacking in many areas.

The framework described emphasises the selection of indicators in every dimension of well-being. Indicators are selected against two qualitative criteria, namely "conceptual sound" (e.g. the significance among the entire population of expressions measuring and monitoring well-being with regard to the information of policies), and highly reliable underlying data (e.g. practical substantiation based on well-established standards and codes). The indicators were established following extensive consultations with the leading experts of national statistical offices and the OECD.

In recent years, concerns have intensified that macroeconomic data do not give a proper indication of how ordinary people perceive their own lives. It is essential to address these concerns, not just because of the credibility and accountability of public policies, but much rather to facilitate the viability of our democracies. As *Péter Nádas* writes, *"it is clear that everyone always wants to live better. The question of whether this is possible cannot be decided on the basis of demands for party politics or economic organisation, solely on the principle of democratic election. These are geological, ecological, and not least anthropological questions, which could only be made the subject of democratic debates and decisions if at the same time everyone had the opportunity to form opinions and decide according to their own liking on questions of mathematics, chemistry and physics." (Nádas, 2006)*

Economics is the art of choosing the lesser

evil; the thinking of economists these days is focused more on technical issues of economic organisation and finance. That is despite a long-standing ambition of economists to develop a metric to complement the gross domestic product, i.e. GDP. Various indices measuring and describing social well-being already exist; e.g. the ISEW is an index of sustainable economic welfare, whereas the GPI also takes green economic development into account.

However, an omniscient aura has formed around the objectivity of GDP, as a result of which any change to it is considered taboo. As a result, the GDP myth has yet to be debunked. Scientifically, it is exact definition that matters. The variations of indicators aimed at defining happiness can be proven time and time again. Therefore, if this relatively broad conceptual/emotional range is compared with the described detail, the uncertainty of the description – *distortion* – is revealed.

METHODOLOGY

The creation of the composite index referred to as the Better Life Index involved the following steps:

❶ defining the dimensions affecting well-being to be measured,

❷ specifying the indicators which best reflect the selected dimensions,

❸ determining the databases to assign to the indicators,

❹ establishing norms,

❺ defining the measurement and aggregation of indicators,

❻ performing sensitivity analysis on the reliability of the selected indicators,

❼ visually displaying the results obtained, and weighting and comparing them as required.

The fact that countries of differing cultures attribute different levels of importance to individual indicators affecting well-being posed a major problem. The established framework places particular emphasis on data quality. Accordingly, consultation took place with the statistical offices of member countries regarding the selected indicators. A forthcoming study from the OECD Statistics Division is going to present the methodology in detail.

The OECD gives users the unique ability to weight the individual dimensions themselves. The points awarded for each category are compiled on the basis of statistical analysis. Hungary is 29th out of the 34 countries, followed by stragglers Portugal, Estonia, Chile, Mexico and Turkey *(see Chart 1 and 2)*. According to the life satisfaction index Hungarians are the unhappiest.

A sort of interactive tool, the new indicator provides an opportunity for people to compare countries based on the criteria important to their own lives. If, for example, safety and the environment are set as having the highest possible weight and life satisfaction is disregarded, then Hungary shoots up to 22nd place *(see Chart 3 and 4)*. The difference is visibly appreciable.

Henceforth, in the future member countries will also have the option of stating what they consider most important to measure. In France, for example, employment and the state of healthcare are considered the most important. The organisation hopes that the new form of measurement will enable efforts to determine what the best practices are in individual areas, and that statistical data collections of this nature will help politicians gain a better understanding of which areas are struggling.

TOPICS AND THE BEST AND WORST COUNTRIES

Table 1 shows the values of the indicators for each country in detail. The ranking is illustrat-

ed in excerpts across four bar graphs *(Chart 5, 6, 7 and 8)*, with Hungary represented using a different colour. The 20 indicators of the 11 topics are shown in excerpt form.

Topics

Housing

Housing ranks at the top of the hierarchy of material needs. Housing costs (overhead expenses) represent the lion's share of household expenditure. If someone does not live in hygienic conditions, it can have a major impact on their life, e.g. it is much easier for them to get sick.

Rooms per person[2] The values assigned to individual countries are shown in brackets.

- Top ranking countries in the topic: Canada (2.5), Australia (2.4), New Zealand (2.3) and Belgium (2.3)
- Lowest ranking countries in the topic: Hungary (1), Poland (1), Slovakia (1.1), Slovenia (1.1) and Turkey (0.7).

Dwellings without basic facilities[3] The values assigned to individual countries are shown in brackets.

- Top ranking countries in the topic: Denmark, the Netherlands, Spain and Sweden (all with a value of 0).
- Lowest ranking countries in the topic: Korea (7.46), Chile (9.36), Estonia (12.20) and Turkey (17.10).

Income

Income provides a source of funding for recurring and ad hoc expenditures. The higher the income the individual has at their disposal, the greater the extent to which they can indulge the limits of their personal well-being. In the event the individual is able to put money aside, the coverage for unforeseen costs is increased, allowing them to support their environment and enhance their social status. Between generations the finding may be said to apply that as a general rule young people and women have less income at their disposal (OECD, 2007; OECD, 2010a).

Household net adjusted disposable income[4] The values assigned to individual countries are shown in brackets.

- Top ranking countries in the topic: United States (USD 37,685), Norway (USD 29,366), Austria (USD 27,670) and Germany (USD 27,665).
- Lowest ranking countries in the topic: Poland (USD 13,811), Estonia (USD 13,486), Mexico (USD 12,182) and Chile (USD 8,712).

Household financial wealth[5] The values assigned to individual countries are shown in brackets.

Household financial wealth amounts to the average total value of a household's financial assets minus their liabilities.

- Top ranking countries in the topic: United States (USD 98,440), Switzerland (USD 93,415), Japan (USD 70,033) and Belgium (USD 69,487).
- Lowest ranking countries in the topic: Estonia (USD 11,202), Poland (USD 7,479), Norway (sic) (USD 5,721) and Slovakia (USD 2,366).

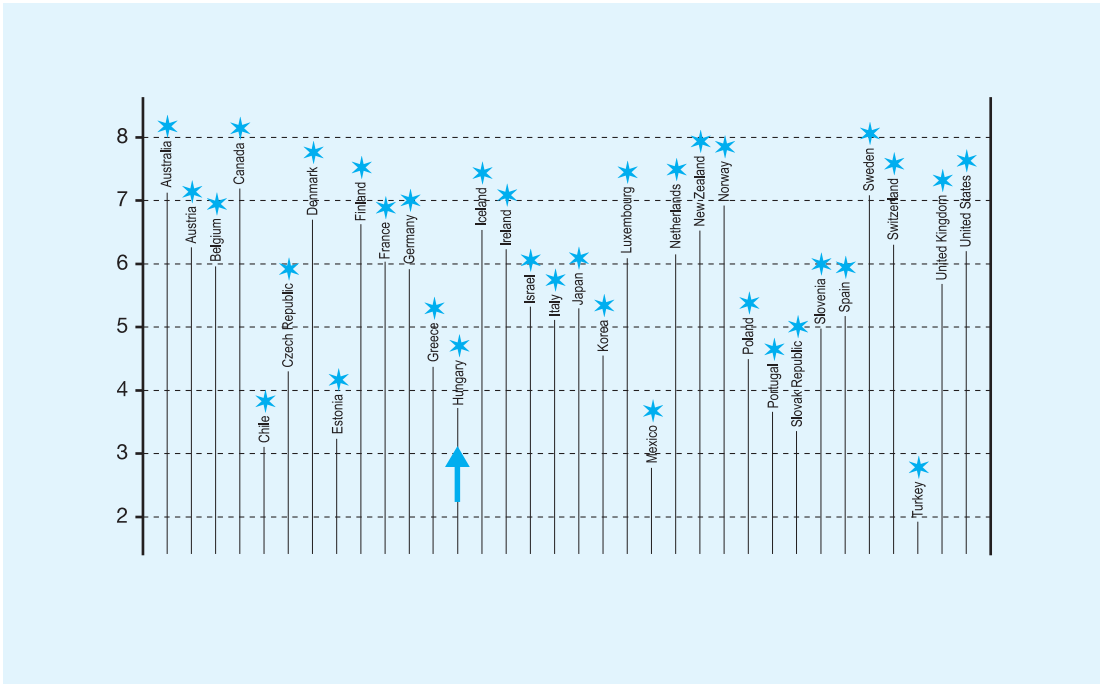
It is important to highlight that (OECD, 2011) in Hungary no significant shift has taken place in the last twenty years in terms of differences in income.

Jobs

Having a job which provides an adequate source of income contributes to one's well-being. A workplace provides an environment which can offer sufficient motivation, the opportunity to develop one's skills, build a

Chart 1

VALUES FOR OECD MEMBER COUNTRIES IN ALPHABETICAL ORDER



Source: Own editing based on OECD data

Chart 2

ASCENDING ORDER OF VALUE FOR OECD MEMBER COUNTRIES

Source: Own editing based on OECD data

Chart 3

OECD MEMBER COUNTRIES IN ASCENDING ORDER OF VALUE,

(two topics excluded)

Source: Own editing based on OECD data

Chart 4

ASCENDING ORDER OF VALUE FOR OECD MEMBER COUNTRIES

(two criteria excluded and the weight of two criteria increased)

Source: Own editing based on OECD data

BETTER LIFE IN 34 OECD MEMBER COUNTRIES AND I

Country	Housing		Income		Jobs		Community	Education		I
	Rooms per person	Dwellings without basic facilities	Household net adjusted disposable income USD	Household financial wealth USD	Employment rate (%)	Long-term unemployment rate (%)	Quality of support network (%)	Educational attainment (%)	Student reading skills (points)	
Australia	2.4	n.a.	27 039	28745	72.30	1.00	95.4	69.72	515	
Austria	1.7	1.30	27 670	43734	71.73	1.13	94.6	81.04	470	
Belgium	2.3	0.60	26 008	69487	62.01	4.07	92.6	69.58	506	
Canada	2.5	n.a.	27 015	59479	71.68	0.97	95.3	87.07	524	
Chile	1.3	9.36	8 712	n.a.	59.32	n.a.	85.2	67.97	449	
Czech Republic	1.3	0.70	16 690	12685	65.00	3.19	88.9	90.90	478	
Denmark	1.9	0.00	22 929	27180	73.44	1.44	96.8	74.56	495	
Estonia	1.2	12.20	13 486	11202	61.02	7.84	84.6	88.48	501	
Finland	1.9	0.80	24 246	18616	68.15	2.01	93.4	81.07	536	
France	1.8	0.80	27 508	42253	63.99	3.75	93.9	69.96	496	
Germany	1.7	1.20	27 665	45113	71.10	3.40	93.5	85.33	497	
Greece	1.2	1.80	21 499	15856	59.55	5.73	86.1	61.07	483	
Hungary	**1.0**	**7.10**	**13 858**	**11426**	**55.40**	**5.68**	**88.6**	**79.70**	**494**	
Iceland	1.6	0.30	n.a.	n.a.	78.17	1.35	97.6	64.13	500	
Ireland	2.1	0.30	24 313	23072	59.96	6.74	97.3	69.45	496	
Israel	1.1	n.a.	n.a.	62684	59.21	1.85	93	81.23	474	
Italy	1.4	0.20	24 383	53452	56.89	4.13	86	53.31	486	
Japan	1.8	6.40	23 210	70033	70.11	1.99	89.7	87.00	520	
Korea	1.3	7.46	16 254	23671	63.31	0.01	79.8	79.14	539	
Luxembourg	1.9	0.80	n.a.	n.a.	65.21	1.29	95	67.94	472	
Mexico	n.a.	6.60	12 182	11590	60.39	0.13	87.1	33.55	425	
Netherlands	2.0	0.00	25 977	60280	74.67	1.24	94.8	73.29	508	
New Zealand	2.3	n.a.	18 819	n.a.	72.34	0.60	97.1	72.05	521	
Norway	1.9	0.10	29 366	5721	75.31	0.34	93.1	80.70	503	
Poland	1.0	4.80	13 811	7479	59.26	2.49	92.2	87.15	500	
Portugal	1.5	2.40	18 540	27820	65.55	5.97	83.3	28.25	489	
Slovakia	1.1	1.10	15 490	2366	58.76	8.56	89.6	89.93	477	
Slovenia	1.1	0.60	19 890	20188	66.20	3.21	90.7	82.04	483	
Spain	1.9	0.00	22 972	22173	58.55	9.10	94.1	51.23	481	
Sweden	1.8	0.00	26 543	38888	72.73	1.42	96.2	85.04	497	
Switzerland	1.7	0.10	27 542	93415	78.59	1.49	93.2	86.81	501	
Turkey	0.7	17.10	n.a.	n.a.	46.29	3.11	78.8	30.31	464	
England	1.8	0.50	27 208	60382	69.51	2.59	94.9	69.63	494	
USA	n.a.	0.00	37 685	98440	66.71	2.85	92.3	88.70	500	
OECD average	1.6	2.82	22 284	36808	64.52	2.74	91.1	72.95	493	

Source: OECD Better Life Index data, own editing

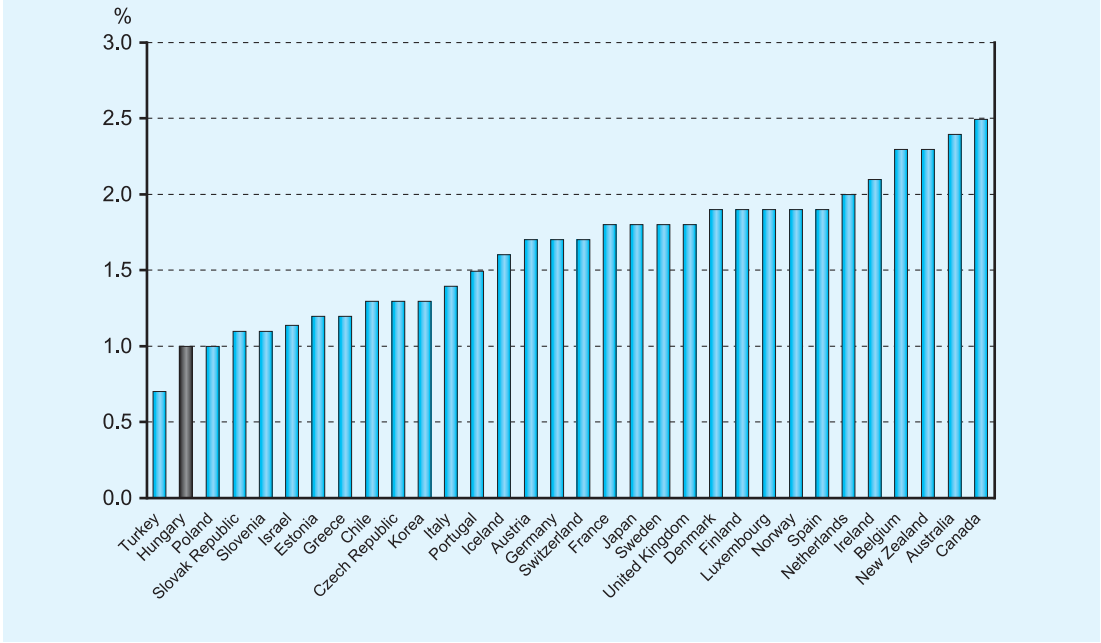
Table 1

IN HUNGARY (VALUES ASSIGNED TO EACH COUNTRY)

Enviroment	Govermance		Health			Safety		Work-Life Balance		
Air pollution (PM10 concentration)	Consultation on rule-making	Voter turnout (%)	Life expectancy (years)	Self-reported health	Life Satisfaction	Homicide rate	Assault rate	Employees working more than 50 hours (%)	Employment of women with children (%)	Time devoted to leisure and personal care (hours)
14.28	10.50	95	81.5	84.9	7.5	1.2	2.1	0.14	70.50	15.12
29.03	7.13	82	80.5	69.6	7.3	0.5	3	0.10	71.05	15.23
21.27	4.50	91	79.8	76.7	6.9	1.8	7.3	0.04	62.74	16.61
15.00	10.50	60	80.7	88.1	7.7	1.7	1.4	0.04	71.10	14.97
61.55	2.00	88	77.8	56.2	6.6	8.1	9.5	0.08	n.a.	n.a.
18.50	6.75	64	77.3	68.2	6.2	2	3.5	0.09	70.51	n.a.
16.26	7.00	87	78.8	74.3	7.8	1.4	3.9	0.02	77.50	16.31
12.62	3.25	62	73.9	56.3	5.1	6.3	6.2	0.03	73.89	14.94
14.87	9.00	74	79.9	67.7	7.4	2.5	2.4	0.04	76.04	15.95
12.94	3.50	84	81	72.4	6.8	1.4	4.9	0.09	65.97	16.06
16.21	4.50	78	80.2	64.7	6.7	0.8	3.6	0.05	65.93	16.14
32.00	6.50	74	80	76.4	5.8	1.1	3.8	0.06	51.72	n.a.
15.60	**7.88**	**64**	**73.8**	**55.2**	**4.7**	**1.5**	**3.8**	**0.03**	**58.89**	**15.39**
14.47	5.13	84	81.3	80.6	6.9	0	2.7	n.a.	86.50	n.a.
12.54	9.00	67	79.9	84.4	7.3	2	2.7	0.03	55.18	15.24
27.57	2.50	65	81.1	79.7	7.4	2.4	3.1	0.23	n.a.	n.a.
23.33	5.00	81	81.5	63.4	6.4	1.2	4.7	0.05	48.91	15.66
27.14	7.25	67	82.7	32.7	6.1	0.5	1.6	n.a.	65.90	14.33
30.76	10.38	63	79.9	43.7	6.1	2.3	2.1	n.a.	n.a.	15.46
12.63	6.00	57	80.6	74	7.1	1.5	4.3	0.04	57.23	n.a.
32.69	9.00	59	75.1	65.5	6.8	11.6	14.8	0.24	n.a.	13.56
30.76	6.13	80	80.2	80.6	7.5	1	5	0.01	74.59	16.06
11.93	10.25	79	80.4	89.7	7.2	1.3	2.3	0.13	75.30	15.13
15.85	8.13	77	80.6	80	7.6	0.6	3.3	0.03	n.a.	16.05
35.07	10.75	54	75.6	57.7	5.8	1.2	2.2	0.08	59.46	15.35
21.00	6.50	64	79.3	48.6	4.9	1.2	6.2	0.05	67.37	n.a.
13.14	6.63	55	74.8	31.1	6.1	1.7	3.5	0.06	64.74	n.a.
29.03	10.25	63	78.8	58.8	6.1	0.5	3.9	0.07	74.39	15.29
27.56	7.25	75	81.2	69.8	6.2	0.9	4.2	0.07	56.66	15.71
10.52	10.88	82	81.2	79.1	7.5	0.9	5.2	0.01	76.10	15.48
22.36	8.38	48	82.2	80.95	7.5	0.7	4.2	0.06	78.60	n.a.
37.06	5.50	84	73.6	66.8	5.5	2.9	6	0.45	24.17	15.32
12.67	11.50	61	79.7	76	7	2.6	1.9	0.12	67.27	15.60
19.40	8.25	90	77.9	88	7.2	5.2	1.6	0.11	73.20	15.13
21.99	7.28	72	79.2	69	6.7	2.1	4.1	0.08	66.20	15.46

Chart 5

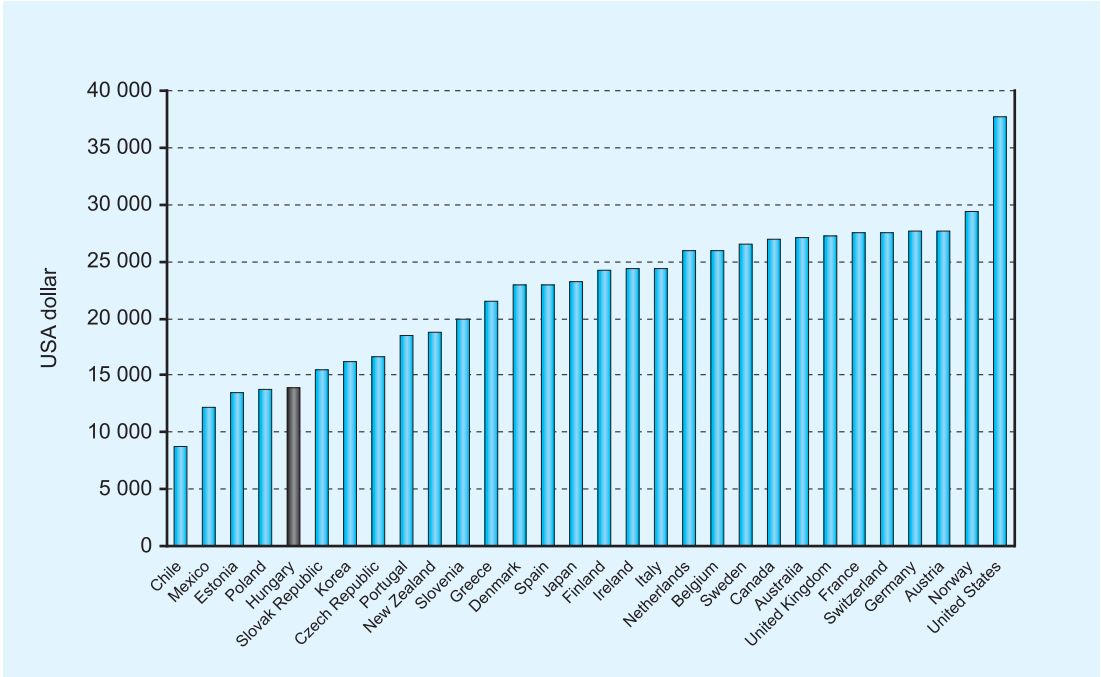
ROOMS PER PERSON



Source: Own editing based on OECD data

Chart 6

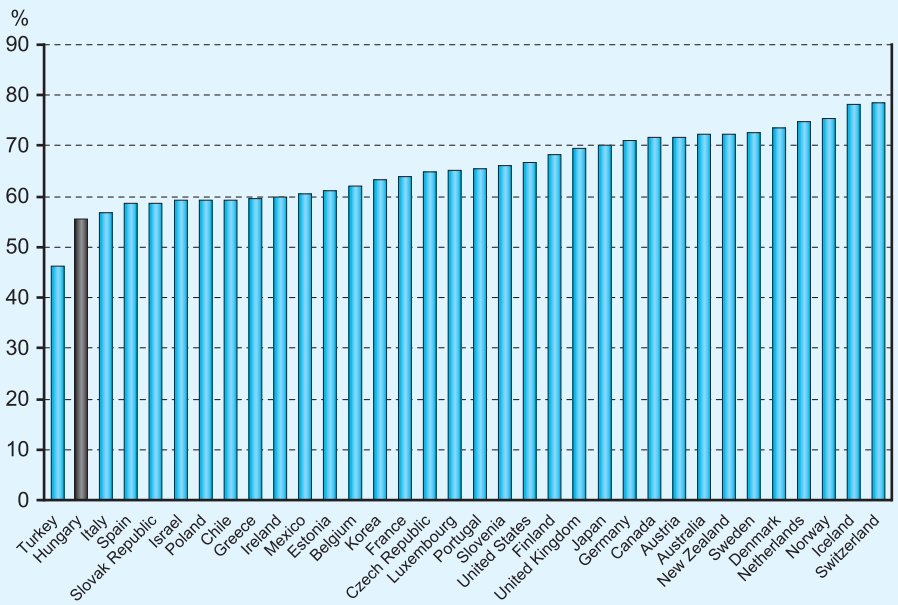
HOUSEHOLD NET ADJUSTED DISPOSABLE INCOME



Source: Own editing based on OECD data

Chart 7

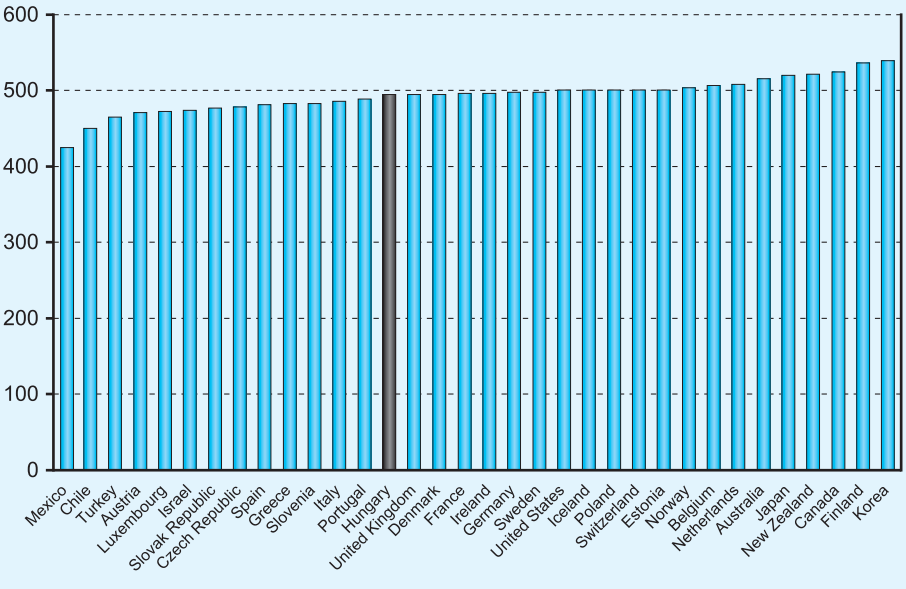
EMPLOYMENT RATE



Source: Own editing based on OECD data

Chart 8

STUDENT READING SKILLS



Source: Own editing based on OECD data

career and exercise one's profession. In general, societies with higher levels of employment tend to be wealthier and politically more stable. Losing one's job is one of the most destructive possible life experiences for an individual. The longer it takes to reintegrate into the workforce, the greater the psychological damage the individual can suffer. In general, finding employment is harder for those with a lower level of education. (OECD, 2010b).

Employment rate[6] (percentage of people, aged 15 to 64, currently in a paid job) The values assigned to individual countries are shown in brackets.

- Top ranking countries in the topic: Switzerland (78.59%), Iceland (78.17%), Netherlands (74.67%) and Norway (75.31%).
- Lowest ranking countries in the topic: Spain (58.55%), Italy (56.89%), Hungary (55.40%) and Turkey (46.29%).

Long-term unemployment rate[7] (percentage of people, aged 15 to 64, who are not working but have been actively seeking a job for over a year) The values assigned to individual countries are shown in brackets.

- Top ranking countries in the topic: Korea (0.01%), Mexico (0.13%) (sic), Norway (0.34%) and New Zealand (0.60%).
- Lowest ranking countries in the topic: Ireland (6.74%), Estonia (7.84%), Slovakia (8.56%) and Spain (9.1%).

Community

The frequency of community contact is a crucial determinant of human well-being. Being together with colleagues, loved ones and acquaintances is a source of pleasure for individuals. People feel better if they share experiences with others. Furthermore, a social network can provide emotional support, which can be utilised in other areas of life as well. Community is an important confidence-building unit (OECD, 2001; OECD, 2010g).

Quality of support network[8] (percentage of people who have friends or relatives to rely on in case of need, data based on self-declaration) The values assigned to individual countries are shown in brackets.

- Top ranking countries in the topic: Iceland (97.6%), Ireland (97.3%), New Zealand (97.1%) and Denmark (96.8%).
- Lowest ranking countries in the topic: Estonia (84.6%), Portugal (83.3%), Korea (79.8%) and Turkey (78.8%).

Education

Education is a fundamental need and an enormous opportunity for the individual. It has a major impact on personal well-being. Those with higher qualifications have a better chance of landing a position which enables them to earn more. One's social environment is determined partly by contact with former classmates. It is important to note that where people have higher qualifications, there is a lower incidence of crime (OECD, 2010e; OECD, 2010f).

Educational attainment[9] (percentage of people, aged 25 to 64, having at least an upper-secondary (high school) degree) The values assigned to individual countries are shown in brackets.

- Top ranking countries in the topic: Czech Republic (90.90%), Slovakia (89.93%), United States (88.70%) and Estonia (88.48%).
- Lowest ranking countries in the topic: Spain (51.23%), Mexico (33.55%), Turkey (30.31%) and Portugal (28.25%).

Student reading skills[10] (average reading performance of students aged 15, according to PISA) The values assigned to individual countries are shown in brackets.

- Top ranking countries in the topic: Korea (539 points), Finland (536 points), Canada (524 points) and New Zealand (521 points).
- Lowest ranking countries in the topic: Austria (470 points), Turkey (464 points), Chile (449 points) and Turkey (425 points).

Environment

An individual's environment has a decisive influence on their well-being. Nowadays, it may impact on health as well with increasing frequency.

Air pollution[11] *(average concentration of particulate matter (PM10) concentration in cities with populations of at least 100,000)* The values assigned to individual countries are shown in brackets.

- Top ranking countries in the topic: Sweden (10.52), New Zealand (11.93), Ireland (12.54) and Estonia (12.62).
- Lowest ranking countries in the topic: Mexico (32.69), Poland (35.07), Turkey (37.06) and Chile (61.55).

Governance

Politics, which in many ways has a decisive impact on community life, is capable of influencing the individual's life, including, for example, in the field of public services. Having a say in politics is not only a way of exercising a fundamental right, but can have a crucial role in enhancing the performance of public decision makers. If they do a poor job, there is a chance that at the next election others will take their place (OECD, 2009).

Voter turnout[12] *(percentage of all citizens eligible to vote who availed of their right to do so)* The values assigned to individual countries are shown in brackets.

- Top ranking countries in the topic: Australia (95%), Belgium (91%), United States (90%) and Chile (88%).
- Lowest ranking countries in the topic: Luxembourg (57%), Slovakia (55%), Poland (54%) and Switzerland (sic) (48%).

Consultation on rule-making[13] *(composite index of the formal consultation process)* The values assigned to individual countries are shown in brackets.

- Top ranking countries in the topic: United Kingdom (11.50), Sweden (10.88), Poland (10.75), Australia and Canada (10.50).
- Lowest ranking countries in the topic: France (3.50), Estonia (3.25), Israel (2.50) and Chile (2.00).

Health

Health is one of the most valuable aspects determining people's lives. Surveys of numerous countries suggest that the factor which most affects living conditions, outside of employment, is health. People's health is in itself important; however, it has a decisive impact on activities in other areas of life as well. For example, it is difficult, if not impossible, for sick people to go to school or work (OECD, 2010c; OECD, 2010d).

Life expectancy[14] The values assigned to individual countries are shown in brackets.

Life expectancy at birth is a standard indicator based on statistical mortality rates. Life expectancy can apply not only to the moment of birth, but to any age.

- Top ranking countries in the topic: Japan (82.7 years), Switzerland (82.2 years), Australia and Italy (81.5 years).
- Lowest ranking countries in the topic: Slovakia (74.8 years), Estonia (73.9 years), Hungary (73.8 years) and Turkey 73.6 (years).

Self-reported health[15] The values assigned to individual countries are shown in brackets.

- Top ranking countries in the topic: New Zealand (89.7), Canada (88.1) United States (88) and Australia (84.9).
- Lowest ranking countries in the topic: Portugal (48.6), Korea (43.7), Japan (sic) (32.7) and Slovakia (31.1).

Life Satisfaction[16]

According to the psychologist (Kahneman – Krueger, 2006; Kahneman et. al., 1999), Nobel Prize in economics in hand, the best indicator in this topic may be subjective self-assessment. This self-reflective assessment may relate to how things are going for the individual in life in general.

- Top ranking countries in the topic: Denmark (7.8), Canada (7.7), Norway (7.6), Australia, the Netherlands, Sweden and Switzerland (7.5).
- Lowest ranking countries in the topic: Turkey (5.5), Estonia (5.1), Portugal (4.9) and Hungary (4.7).

Safety

Personal security is a core element for the well-being of individuals. Crime frequency can seriously destroy a community's sense of security and endanger the property of a community.

Homicide rate[17] *(average number of reported homicides per 100,000 people)* The values assigned to individual countries are shown in brackets.

- Top ranking countries in the topic: Iceland (0), Japan, Slovenia and Austria (0.5).
- Lowest ranking countries in the topic: United States (5.2), Estonia (6.3), Chile (8.1) and Mexico (11.6).

Assault rate[18] *(percentage of people who report having been assaulted in the previous year)* The values assigned to individual countries are shown in brackets.

- Top ranking countries in the topic: Canada (1.4), the United States and Japan (1.6) and the United Kingdom (1.9).
- Lowest ranking countries in the topic: Portugal and Estonia (6.2), Belgium (7.3), Chile (9.5) and Mexico (14.8).

Work-Life Balance

Striking the right balance between work responsibilities and personal life is central to human life. Too little work prevents the individual from earning sufficient income to sustain their quality of life. Too much work can be detrimental to the individual's well-being. Among other things, it can lead to sickness and create a vacuum in the individual's social relations. It is important to note that men work more in the workplace, whereas for women it is the household which can generate an abundance of tasks (OECD, 2011a).

Employees working very long hours[19] *(percentage of employees working more than 50 hours a week on average)* The values assigned to individual countries are shown in brackets.

- The two groups representing the two extremes in this topic:
  Australia (0.14%), Israel (0.23%), Mexico (0.24%) and Turkey (0.45%).
  Sweden and the Netherlands (0.01%), Denmark (0.02%) and Estonia (0.03%).

Employment rate of women with children[20] *(percentage of mothers with school-age children who have a paid job)* The values assigned to individual countries are shown in brackets.

- Top ranking countries in the topic: Sweden (76.10%), Denmark (77.50%), Switzerland (78.60%) and Iceland (86.50%).
- Lowest ranking countries in the topic: Ireland (55.18%), Greece (51.72%), Italy (48.91%) and Turkey (24.17%).

Time devoted to leisure and personal care[21] *(average number of minutes per day spent on leisure and personal care)* The values assigned to individual countries are shown in brackets.

- The two groups representing the two extremes in this topic:
  The Netherlands (16.06), Germany (16.14), Denmark (16.31) and Belgium (16.61).
  Canada (14.97), Estonia (14.94), Japan (14.33) and Mexico (13.56).

The housing conditions are not very good; whereas in OECD countries there are on average 1.6 rooms per person, the figure for Hungary is 1. By contrast, in Hungary 95% of residential property is inhabited by owners, as opposed to the OECD average of 23%. Unfortunately, employment is the biggest problem in Hungary. 55.4% of the active population is employed. In addition, among the 34 OECD countries Turkey is the only country with a shorter life expectancy than Hungary. The figure for Hungary is 73.8 years, 5.2 years less than the OECD average. Only 55 percent of Hungarian respondents reported to be healthy, much worse than the average of 69 percent. Unfortunately, Hungary is a straggler as far as life satisfaction is concerned. In fact, it is very difficult to highlight a topic in which Hungary can set an example for other OECD member countries. With regard to air pollution and safety, Hungary belongs to the upper third *(see Table 2)*.

SUMMARY

Scores of economic newspaper articles and politicians refer to GDP. In this study I tried to draw attention, by presenting a new indicator, to how this is really not a relevant indicator as far as the specific situation of a macroeconomy is concerned. Especially from the standpoint of the comfort of the population, as the population is not or is only somewhat consoled by profits rising (the components of GDP) while their standard of living is not.

That GDP does not measure accurately is not the only problem. The world has changed to such a great extent in technical terms that a much lower level of GDP growth is necessary in developed countries. Consequently, mitigating the negative impacts of growth (e.g. air pollution) is also important to people.

Unfortunately, some time inconsistency can be discerned in the data. I find it unfortunate that rankings in certain topics are based on source data of different periods. An example: the social network data in the case of Island are for 2008, while with other countries they are for 2010. This is problematic because Iceland ranks first in this topic.

Another discrepancy appears to exist in relation to the topic of health. Here Japan leads the list based on life expectancy; however, on the basis of their subjective health Japanese citizens rank next to last.

The indicators of the publication are often the substitutes of such broad results for which ideal metrics are as yet lacking. It is certain that in the future these will be refined by the economists of the OECD. Of course in the future the components of the indicators are going to change as better values are established, and as member countries agree on those indicators which do a better job of summarising the conditions of the various dimensions of human life.

It is hard for me to believe that a sensitive person can see the world in the same way after learning of the Better Life Index as beforehand. This index and its underlying content bring about a perspective, which disintegrates previously held opinions from within. Regardless of whether one likes it or not or considers it good or not, it makes visible something which cannot be seen from any other viewpoint, or which could not be seen previously in the same way.

Table 2

ABSOLUTE VALUES FOR HUNGARY, AS WELL AS HUNGARY'S RANKING RELATIVE TO THE OECD AVERAGE

Topic / Indicator	Unit	Value for Hungary	OECD average	Hungary's ranking	Hungary's rate compared to the OECD average (%)
Housing					
Rooms per person	Average number of rooms per person	1	1.6	30	61.3
Dwellings without basic facilities	Percentage of people in dwellings without basic sanitation	7.1	2.8	26	251.7
Income					
Household net adjusted disposable income	USD (PPP adjusted)	13 857.60	22 283.70	26	62.2
Household financial wealth	USD (PPP adjusted)	11 425.90	36 807.90	25	31
Jobs					
Employment rate	Percentage of people, aged 15 to 64, currently in a paid job	55.4	64.5	33	85.9
Long-term unemployment rate	Percentage of people, aged 15 to 64, who are not working but have been actively seeking a job for over a year	5.7	2.7	27	207.5
Community					
Quality of support network	Percentage of people who have friends or relatives to rely on in case of need	88.6	91.1	26	97.3
Education					
Educational attainment	Percentage of people, aged 25 to 64, having at least an upper-secondary (high school) degree	79.7	73	16	109.3
Student reading skills	Average reading performance of students aged 15, according to PISA	494.2	493.4	21	100.1
Environment					
Air pollution	Average concentration of particulate matter (PM10) concentration in cities with populations of at least 100,000	15.6	22	22	71
Governance					
Consultation on rule-making	Composite index of the formal consultation process	7.9	7.3	15	108
Consultation on rule-making	The percentage of all citizens eligible to vote who availed of their right to do so	64.4	72.3	23	89.1
Health					
Life expectancy	Average life expectancy	73.8	79.2	33	93.2
Self-reported health	Percentage of people who report their own health as "good" or "excellent"	55.2	68.9	30	80.1
Life Satisfaction					
Life Satisfaction	Average value for life satisfaction on a scale of 10	4.7	6.7	34	70.1
Safety					
Homicide rate	Average number of reported homicides per 100,000 people	1.5	2.1	19	70.3
Assault rate	Percentage of people who report having been assaulted in the previous year	3.8	4.1	18	91.7
Work-Life Balance					
Employees working very long hours	Percentage of employees working more than 50 hours a week on average	3	8	26	39.9
Employment rate of women with children	Percentage of mothers with school-age children who have a paid job	58.9	66.2	23	89
Time devoted to leisure and personal care	Average number of minutes per day spent on leisure and personal care	15.4	15.5	13	99.5

Source: OECD Better Life Index data, own editing

The success of the OECD's recent publication lies rather in its consequences and applicability, in the extent to which it is capable of giving a coherent form to the incoherence stemming from reality and to asymmetric goals.

Individual segments of happiness are mere symptoms, behind which deeper reasons lie. In any case, it would be very important for the citizens and prevailing leaders of developed countries, including those of Hungary, to see exactly what causes are to be treated. This is what this initiative may contribute to achieving.

Notes

[1] The subjective term 'well-being' used in the economics of happiness is broader than the term 'welfare', i.e. the two are not synonymous.

[2] Source: EU-SILC for European countries and comparable national surveys for non-EU countries 2000 data for Turkey, 2001 data for Chile, and 2009 data for the majority of the countries.

[3] Source: EU-SILC and the National Statistical Offices (NSO) of Chile, Japan, Mexico, Turkey and the United States. 2000 data for Turkey, 2001 data for Chile, and 2009 data for the majority of the countries.

[4] Source: OECD National Accounts at a Glance. Data are for 2008; accordingly, the effects of the crisis are not included.

[5] Source: OECD National Accounts at a Glance. Data are for 2009; accordingly, the effects of the crisis are included.

[6] Source: OECD Employment Outlook. In the case of Israel, the data are for 2009. However, with the rest of the countries they are for 2010; accordingly, they include the effects of the crisis on employment.

[7] Source: OECD Employment Outlook. Data are for 2010; accordingly, they include the effects of the crisis on employment.

[8] Source: OECD Factbook and Gallup World Poll. Data on Iceland are for 2008, which is problematic because Iceland ranks first in this topic. Data on the other countries are for 2010.

[9] Source: OECD Education at a Glance. 2008 data.

[10] Source: OECD PISA Results. 2009 data.

[11] Source: OECD Environmental Outlook and World Bank. 2008 data.

[12] Source: International Institute for Democracy and Electoral Assistance (IDEA).

[13] Source: OECD Regulatory Management Systems' Indicators Surveys 2005, 2008 and 2009, OECD, Paris

[14] Source: OECD Health Database; OECD Health at a Glance: Europe; OECD Health at a Glance Asia/Pacific

[15] Source: OECD Health Database; OECD Health at a Glance: Europe; OECD Health at a Glance Asia/Pacific

[16] Source: OECD Society at a Glance and OECD Factbook. In the case of a few countries, data are for 2008 and 2009. However, with the majority of countries, data are for 2010; accordingly, they include the effects of the crisis.

[17] Source: UNODC; Eurostat; Crime and Criminal Justice Statistics are the source for Austria, Denmark, Ireland and the Netherlands.

[18] Source: Gallup World Poll

[19] Source: OECD Family Database and Doing Better for Families

[20] Source: OECD Family Database and Doing Better for Families

[21] Source: OECD Society at a Glance

Web address

Doing Better for Families http://www.oecd-ilibrary.org/social-issues-migration-health/doing-better-for-families_9789264098732-en

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OECD Employment Outlook: http://www.oecd-ilibrary.org/employment/oecd-employment-outlook-2010_empl_outlook-2010-en

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