# How Well-Being Measures Can Help Communities Fight Poverty and Despair

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December 4, 2019

Webinar begins at 2 pm ET/1 pm CT/12 pm MT/11 am PT

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# HOW WELL-BEING MEASURES CAN HELP COMMUNITIES FIGHT POVERTY AND DESPAIR

*ANITA CHANDRA AND CAROL GRAHAM*
*DECEMBER 4, 2019*
*INSTITUTE FOR RESEARCH ON POVERTY WEBINAR*

# PRESENTATION ROADMAP

- What is well-being and why now?
- Understanding well-being, and recent research
- Applying well-being measures locally and future planning

# SHORT DEFINITION OF WELL-BEING

Well-being refers to the comprehensive view of how individuals and communities experience and evaluate their lives.

Civic Wellbeing
Governance and Policies

Community Wellbeing
Status, Amenities, Culture

Individual Wellbeing

Wellbeing of Environment and Planet

*Figure from Robert Wood Johnson Foundation with support from Carol Graham (Brookings Institution) and Anita Chandra (RAND Corporation)*

# WELL-BEING IS A GLOBAL HOT TOPIC



**WORLD ECONOMIC FORUM**
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Global Agenda | Mental Health | Education, Gender and Work | Social Innovation

## New Zealand has unveiled its first 'well-being' budget

**Economic policy**

**The Guardian** US edition

## Wellbeing should replace growth as 'main aim of UK spending'

Ex-civil service chief says spending review opportunity to focus on health and happiness

**Richard Partington**
🐦 @RJPartington
Thu 23 May 2019 19.01 EDT

5,914

▲ Gus O'Donnell, left, pictured with Gordon Brown and Jack Straw, served as cabinet secretary to three prime ministers. Photograph: Johnny Green/AFP/Getty

Personal wellbeing rather than economic growth should be the primary aim of government spending, according to a report by the former head of the civil service and politicians.

*Unequal Hopes, Lives, and Lifespans in the U.S.:*
*Some Insights from the New Science of Well-Being*

*Webinar on Well-Being, Communities, Poverty, and Despair*
*December 4, 2019*

Carol Graham, The Brookings Institution

BROOKINGS

# New Metrics for Looking at Inequality of Outlooks and Outcomes: Economics of Happiness/Well-Being

- U.S. is more unequal by any number of measures; is the American Dream and the right to the pursuit of happiness equally available to all citizens today?

- Research explores why the increasingly unequal distributions of income, well-being, and beliefs in future opportunity matter today and in the future; 2016 election results one very stark marker; rising U.S. mortality rates an even starker one

- Individuals with more positive attitudes about future mobility are happier (and visa versa). Linked with more willingness to invest in the future and in better future outcomes (in the health, income, and social behavior arenas)

- Those with more limited future opportunities and lower levels of well-being have higher discount rates – less capacity to make investments in the future and less confidence they will pay off.

- Focus on daily experience as they lack the capacity to plan ahead; life is stressful and driven by circumstances beyond control *("bad" stress)*; they may enjoy daily experiences (Bentham) but score much lower on life fulfillment questions

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# Terminology: From Bentham to Aristotle

- **Happiness** attracts the most public attention; in the U.S. Declaration of Independence.  But for research we are more clear about distinct dimensions


- **Hedonic well-being** – measures how people *experience their daily lives* – their mood (positive or negative/smiling or worried yesterday) as they do different things, like commuting, spending time with friends, or working (Benthamite)


- **Life satisfaction (evaluative well-being) –** correlates more closely with income than general happiness; respondents evaluate their *life circumstances as a whole*


- **Eudemonic** metrics measure life purpose/fulfillment explicitly (Aristotelian)

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# How We Measure Happiness

- ONLY ONE EQUATION FOR ONE SECOND!

- $W_{it} = \alpha + \beta x_{it} + \varepsilon_{it}$

- W is the reported well-being of individual i at time t, and X is a vector of demographic and socio-economic characteristics. Unobserved traits are captured in the error term

- The ONLY THING to remember: we do not ask people if particular things make them happy or unhappy

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# Consistent Patterns around the World - Happiness and Age!

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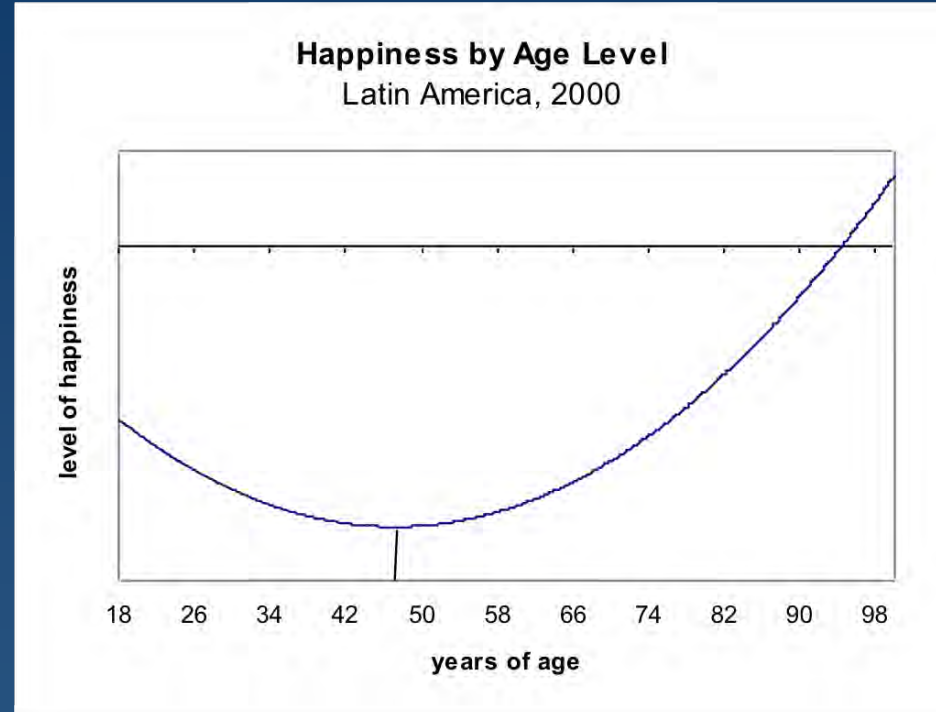
# Attitudes about Inequality - Two Americas?

- Does U.S. exceptionalism/American Dream persist in spite of inequality trends? As late as 2001, Americans remarkably tolerant of inequality; in 2016 62% of Americans think their children will be WORSE off than they are.

- Leonhardt social media study - it depends where you are

  » Common words in poor America are: guns, religion, hell, diabetes, video-games, and fad diets (living in the moment)

  » Common words in rich America are: iPads, baby joggers, Baby Bjorns, and exotic travel destinations like Machu Picchu (investing in the future)

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# Experienced Stress – USA vs LAC
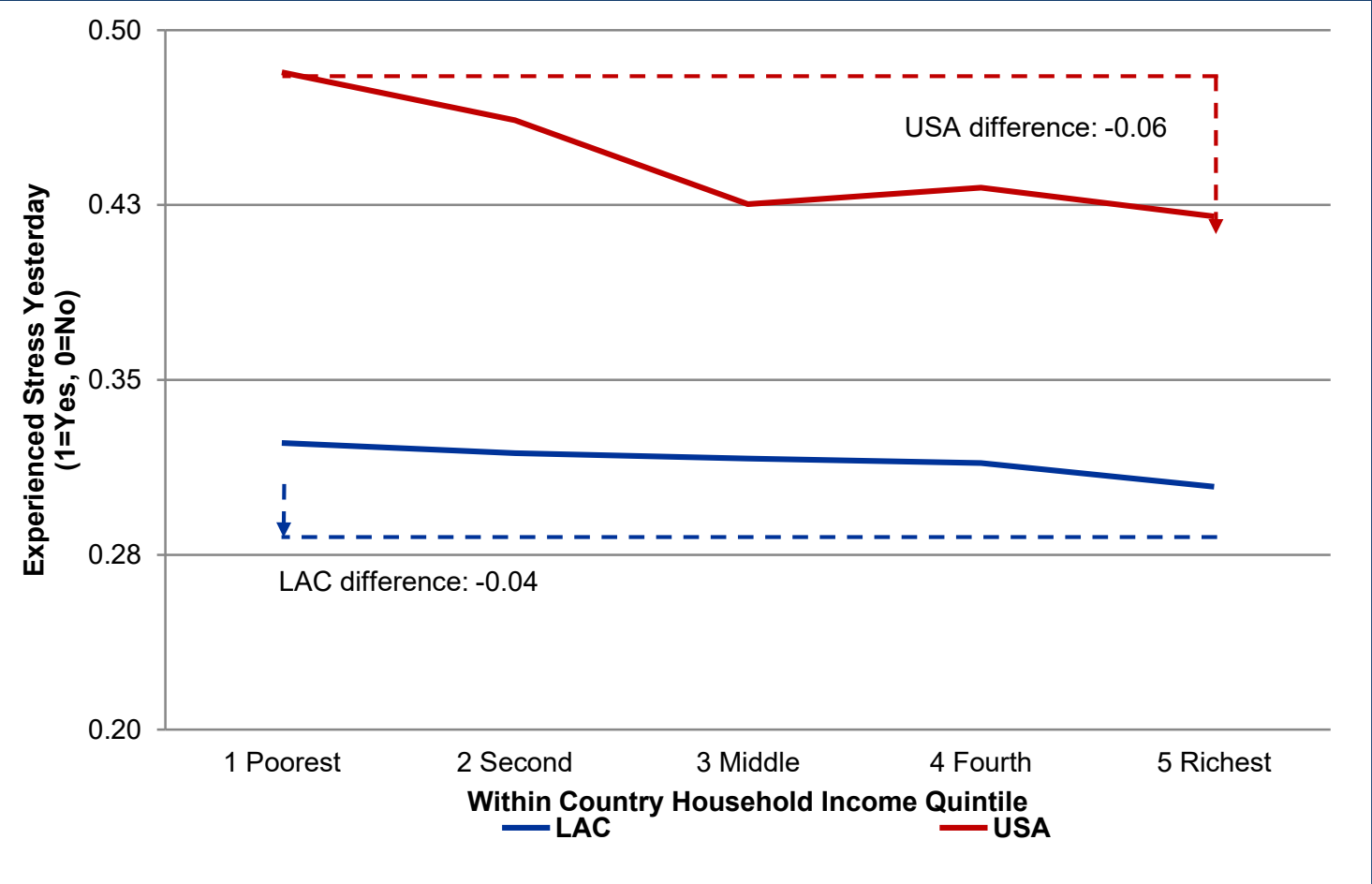
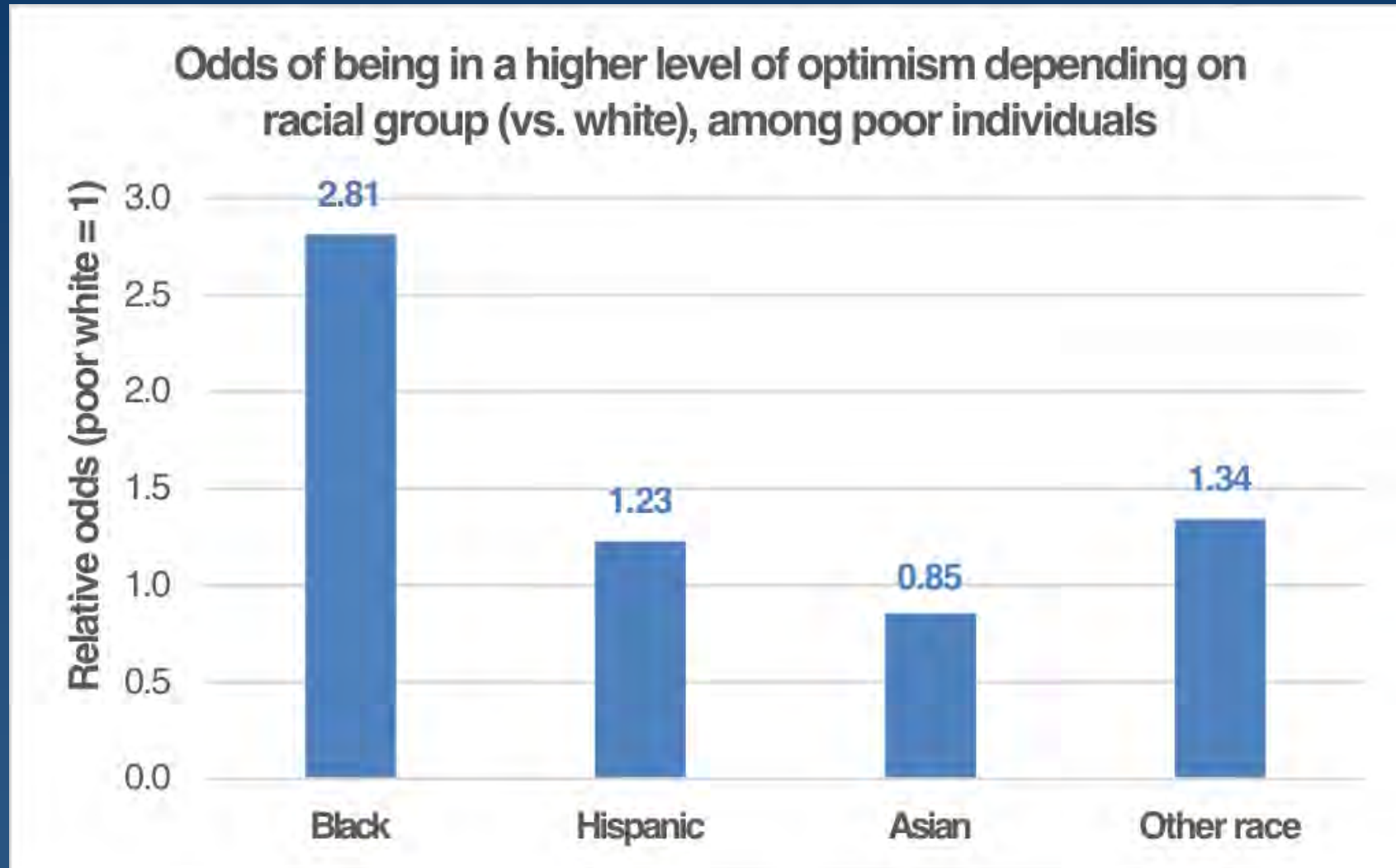# Belief in Hard Work – USA vs LAC
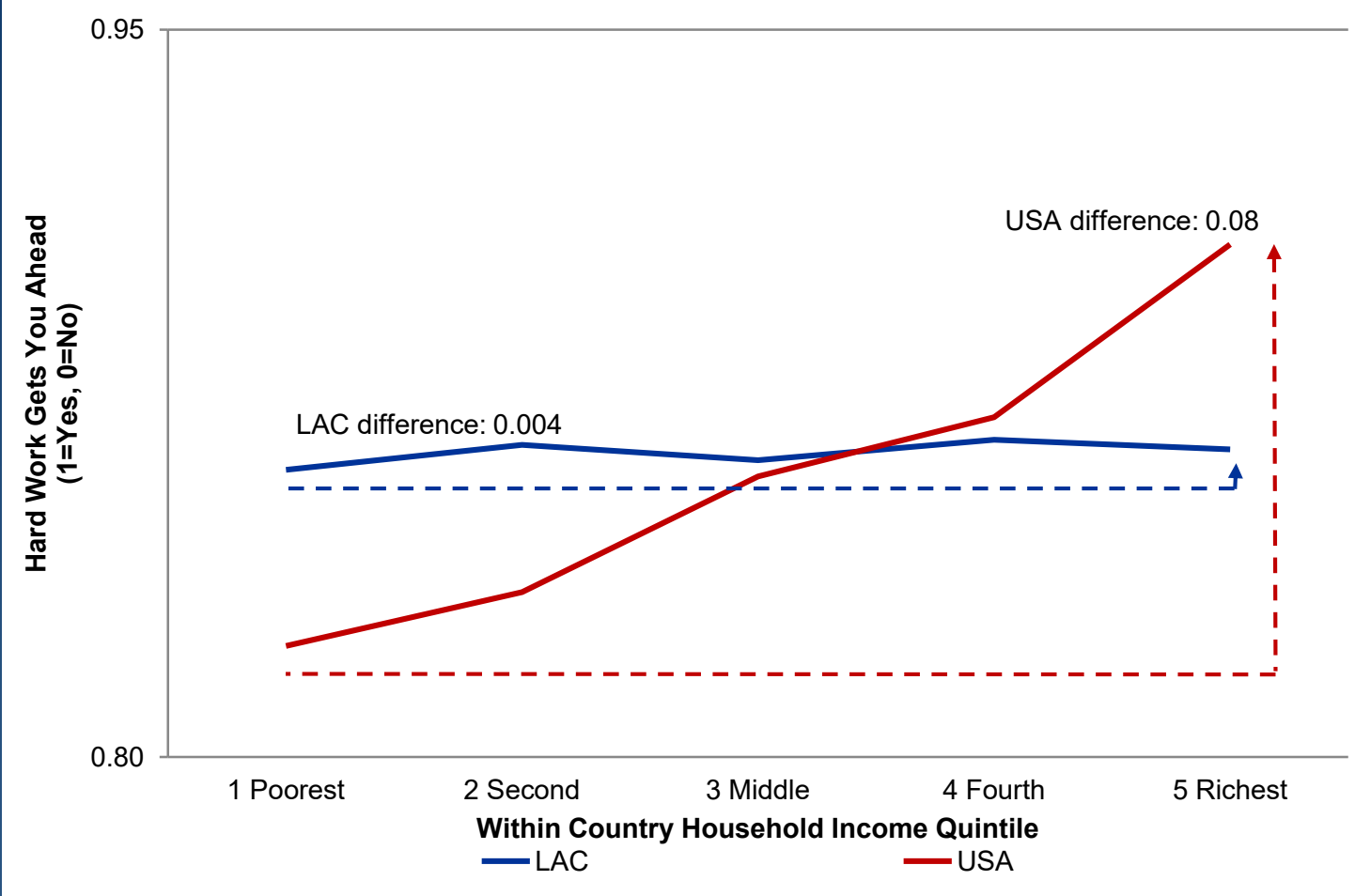
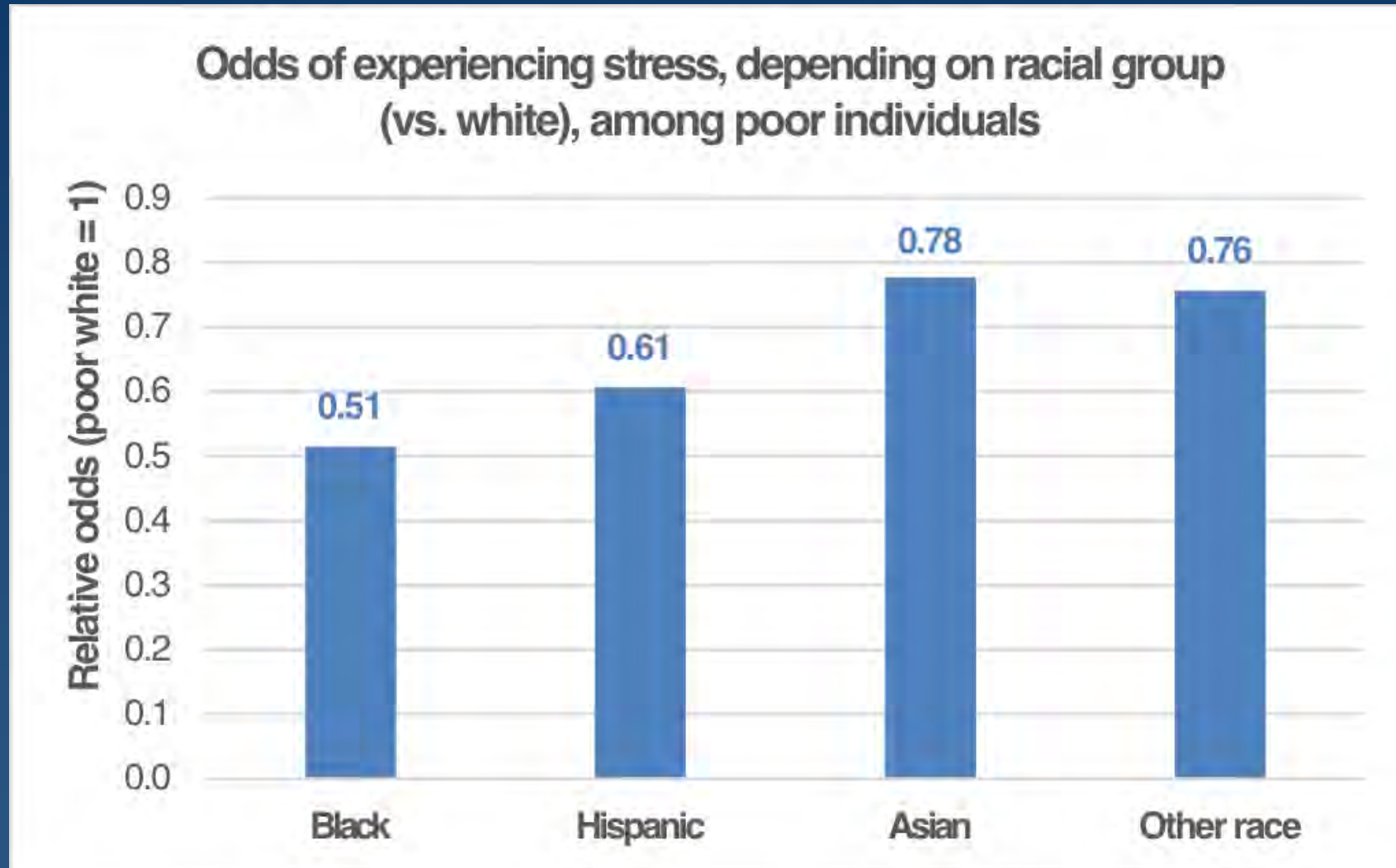# Exploring Race-Income Heterogeneities

- **Empirical specification**

$$WB_{ijt} = \beta_0 + \beta_1 * (poorhh_{ijt}) + \beta_2 * (richhh_{ijt}) + \beta_3 * (black_{ijt}) + \beta_4 * (hispanic_{ijt}) + \beta_5 * (asian_{ijt}) + \beta_6 * (other\ race_{ijt}) + \beta_7 * (poorhh_{ijt}) * (black_{ijt}) + \beta_8 * (poorhh_{ijt}) * (hispanic_{ijt}) + \beta_9 * (poorhh_{ijt}) * (asian_{ijt}) + \beta_{10} * (poorhh_{ijt}) * (other\ race_{ijt}) + \beta_{11} * (richhh_{ijt}) * (black_{ijt}) + \beta_{12} * (richhh_{ijt}) * (hispanic_{ijt}) + \beta_{13} * (richhh_{ijt}) * (asian_{ijt}) + \beta_{14} * (richhh_{ijt}) * (other\ race_{ijt}) + \beta_{15} * (Z_{ijt}) + (MSA\ dummies_j) + (year\ dummies_t) + \varepsilon_{ijt}$$

- **WB**: particular well or ill-being marker for individual i, in MSA j, for time t: (i) Reported life satisfaction today, (ii) Expected life satisfaction in 5 years (proxy for optimism), (iii) Experienced stress yesterday, (iv) Worry yesterday, (v) Satisfied with city of residence  (vi) Has a social support network that can be relied on in times of need

- **Z:** vector of socio-demographic controls, include: dummy variables for age groups, BMI-based categories (underweight, normal range, overweight, obese), gender, educational, employment status, experiencing pain the previous day, self reported health problems, marital status; religious preference, lack of money for food/healthcare (in past 12 months)

- Additional specifications: composite measure from CDC including suicides, liver disease, accidental poisoning, and indeterminate deaths, and aggregating it up to the MSA level

# More to the Story – Racial Differences: Poor Blacks and Hispanics Optimistic about the Future, Poor Whites Desperate



Odds of being in a higher level of optimism depending on racial group (vs. white), among poor individuals

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# And stress patterns similar



Odds of experiencing stress, depending on racial group (vs. white), among poor individuals

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# Mortality Rise in the United States

Fig. 1. All-cause mortality, ages 45–54 for US White non-Hispanics (USW), US Hispanics (USH), and six comparison countries.
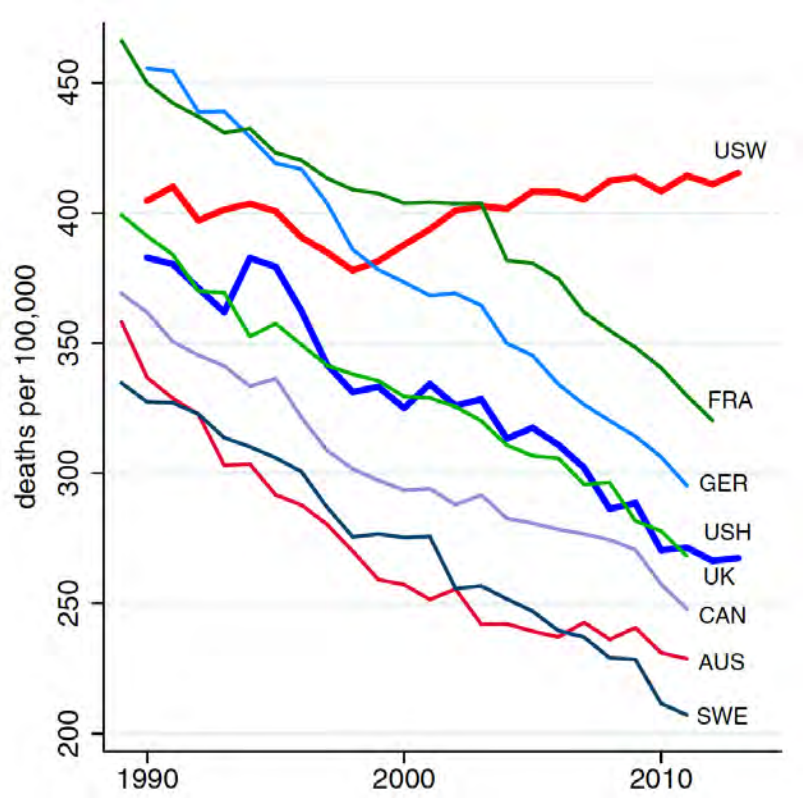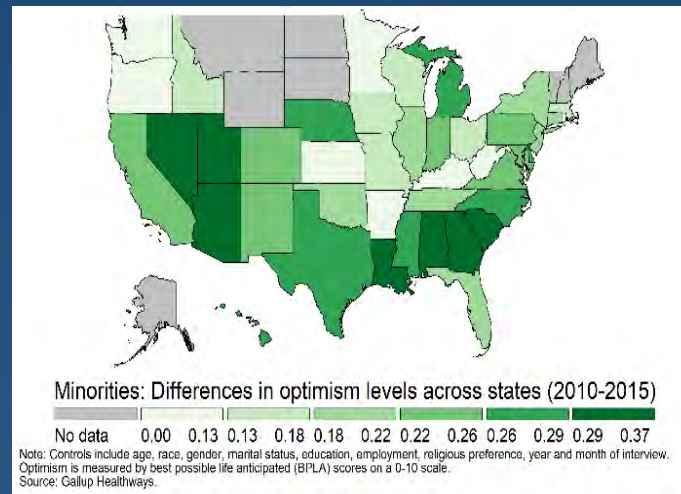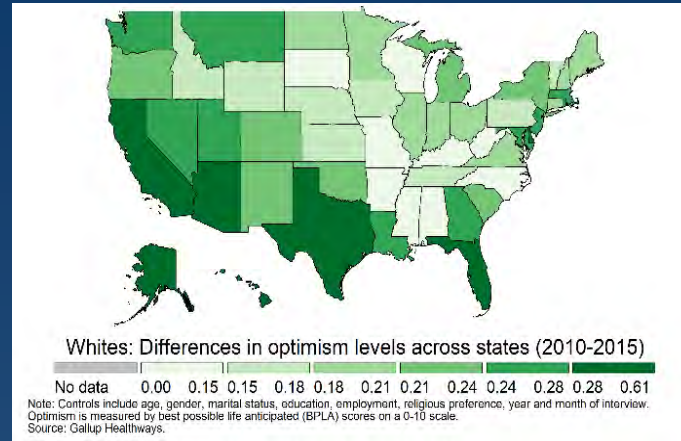


Source: Case & Deaton (2015).

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# Deaths of Despair: Differences across Race and Place

- **Individual level**: MSA level composite death rate for 35-64 year olds *negatively* correlated with life satisfaction/future life satisfaction and *positively* correlated with stress and worry (two way causality?)

- **Average level MSA trends:** focus on role of place and health behaviors, such as smoking and exercising. Places with higher levels of well-being (and lower premature mortality rates) have healthier behaviors across the board.

- Racial diversity as a characteristic of place: the share of blacks and Hispanics is positively correlated with life satisfaction and optimism and negatively with stress

- Places with these same traits more economically vibrant, lower mortality rates

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# The Role of Place – What We Know and Don't Know



Whites: Differences in optimism levels across states (2010-2015)

No data   0.00   0.15   0.15   0.18   0.18   0.21   0.21   0.24   0.24   0.28   0.28   0.61

Note: Controls include age, gender, marital status, education, employment, religious preference, year and month of interview.
Optimism is measured by best possible life anticipated (BPLA) scores on a 0-10 scale.
Source: Gallup Healthways.



Minorities: Differences in optimism levels across states (2010-2015)

No data   0.00   0.13   0.13   0.18   0.18   0.22   0.22   0.26   0.26   0.29   0.29   0.37

Note: Controls include age, race, gender, marital status, education, employment, religious preference, year and month of interview.
Optimism is measured by best possible life anticipated (BPLA) scores on a 0-10 scale.
Source: Gallup Healthways.

# Exploring Resilience, Longevity, and Whether Optimists Mis-predict

- Experimental Survey of 18-19 year olds in poor peri-urban area in Lima (N=400)

- *Eighty-five percent* of our respondents aspire to college or post-graduate education (even though NONE of their parents have attended college); 95% of those 85% are confident that they can achieve their education aspirations; High aspirations linked to higher levels of life sat, lower discount rates, fewer risky behaviors

- Over 95% of those in the high aspirations category have experienced *one or more negative* shocks in the past. Does that = *resilience*?

- Repeating Survey in poor African American neighborhoods in St. Louis and poor white former manufacturing neighborhoods across the river

- LONGEVITY – O'Connor and Graham/US PSID – optimists live longer, do better!

- MISPREDICTION? Gallup panel – close predictions of future, and the same poor black optimists do better over the same time period; Peru repeat survey results a new test

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# Tentative Conclusions

- Two Americas:
    - » Wealthy: high levels of life satisfaction and ability to plan for/invest in the future.
    - » Poor: low life satisfaction, high levels of stress/other markers of ill-being; optimism among blacks/Hispanics contrasts with desperation/rising deaths of poor whites

- *Cities/*racially diverse places , more hopeful, more likely to have lower  mortality rates

- Why the desperation? Decline of white working class - structural trends in the world economy: "jobless" tech driven growth; more competition for low-skilled jobs; also present in Europe – increasing support for political extremists, populists, Brexit, Trump.

- Some causes unique to U.S., such as exceptionally high inequality, weak public education, and very limited welfare support (which stigmatizes the poor); some things we do not fully understand yet, such as *differential resilience levels across races* (lower suicide, more willingness to do other jobs)

- Regular tracking of well-being trends (as in the UK), could prevent being caught off guard with rise in mortality; metrics could serve as leading indicators in the future

BROOKINGS

# WELL-BEING IN CITIES

"We don't see this holistic person with different needs. We see someone who needs a permit. The Wellbeing Project can help create commonalities across departments."

Christopher Smith
Principal Analyst

- Support the well-being of residents through policy and programs

- Start measuring more holistic outcomes beyond GDP and local revenue

- Give opportunity to partner across government, civil society, and business
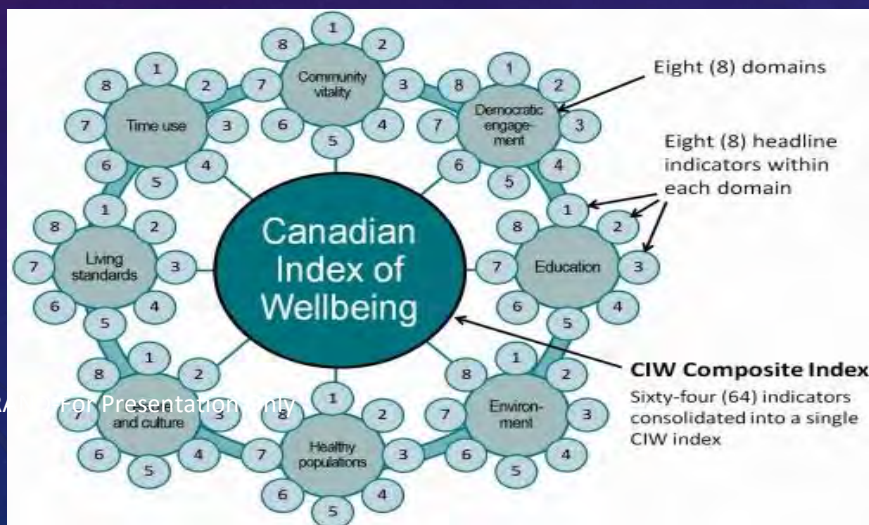
# WHERE HAS WELL-BEING MEASUREMENT FALLEN SHORT?
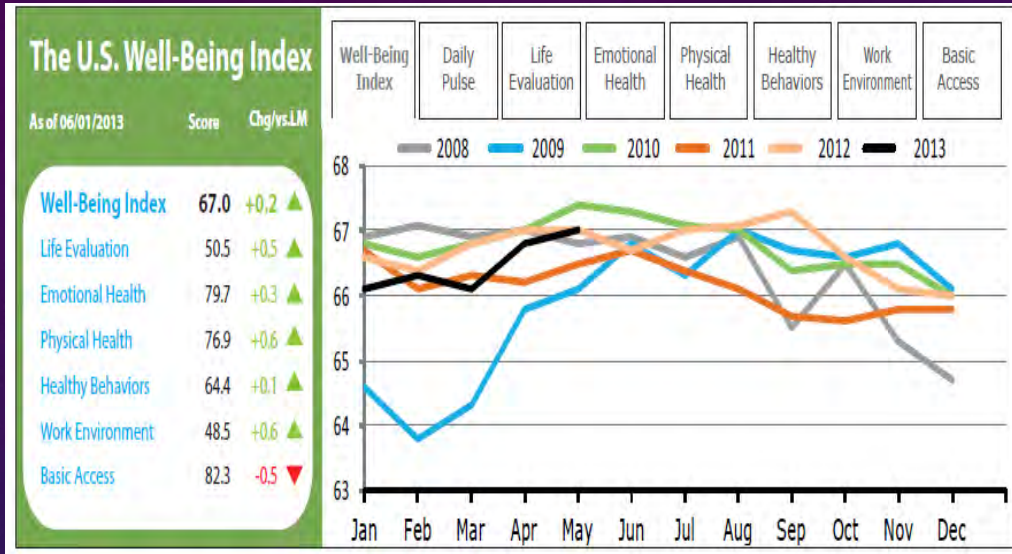




*What has been missing?*

Integration of the practice of government with science of wellbeing

Coordination around a common wellbeing agenda

Consideration of local resource allocation

THE WELLBEING PROJECT

BROUGHT TO YOU BY · CITY OF SANTA MONICA

WORKING TOGETHER to
DEFINE, MEASURE,
and actively IMPROVE
Wellbeing
IN SANTA MONICA

# WELL-BEING FRAMEWORK

## Outlook

Life Satisfaction, Flourishing, Happiness, Autonomy

| Community | Place & Planet | Learning | Health | Economic Opportunity |
|---|---|---|---|---|
| Strong Local Networks | Built environment | Learning Status | Physical & Mental Health Status | Affordability |
| Civic Engagement | Natural environment | Access to Learning | Access to Resources | Opportunity |
| Community Identity | Mobility and access | Learning Behaviors | Healthy Behaviors | Business Diversity |

## Sample Measures

| Community | Place & Planet | Learning | Health | Economic Opportunity |
|---|---|---|---|---|
| Voter participation | Public & active transit use | Service usage | Chronic disease rates | Income & employment |
| Public safety | Green space access | Graduation & literacy rates | Physical activity | Business diversity |
| Volunteering | Use of City resources | Sense of accomplishment | Work-life balance | Sense of economic security |

*Index populated with100 data points from: city administrative data, non-city data (county, state, federal), resident wellbeing survey and social data (Twitter, Foursquare, etc.)*

# HOW ARE PEOPLE IN SANTA MONICA DOING?

**Subdimensions**

**Sample Measures**

Life satisfaction

Satisfaction with life

Day to day emotions

Feelings of happiness

Flourishing

Resilience

*Main data source: Resident survey*
**Where data can be compared, benched to other US and EU data**

OUTLOOK

## DAY TO DAY Emotions

Santa Monica residents are generally satisfied with their lives and most report having time for the things they enjoy

**70%**
Feel happy most or all of the time.

**28%**
Almost one-third of residents are stressed some or all of the time.

29

# HOW STRONG IS THE SENSE OF COMMUNITY & CONNECTION?

**Sub dimensions**

Strong Local Networks

Community Identity

Civic Engagement

**Sample Measures**

- Frequency of social contact, social connectedness

- Belonging to neighborhood

- Volunteering, Voter participation

*Main data sources: Resident survey, social media*
**Some supplemental data: Administrative**

COMMUNITY

# NEIGHBORHOOD RELATIONSHIPS

**56%**

**80%**

56% of Santa Monica residents feel they can count on their neighbors compared to 80% in a US/national survey.

COMMUNITY

CIVIC

Engagement

Santa Monica residents turn out to vote in big numbers, but few (29%) feel they can influence city decisions.

80%
VOTE

32

# DOES THE PHYSICAL & SOCIAL ENVIRONMENT SUPPORT & PROMOTE WELLBEING?

**Sub dimensions**

Built environment

Natural environment

Mobility and accessibility

**Sample Measures**

- Public & Active Transit Use

- Green Space Access, Crime Rates

- Satisfaction with Transit

- Infrastructure Perceptions

*Main data sources: Resident survey, administrative*

PLACE

# DO PEOPLE HAVE THE OPPORTUNITY TO ENRICH THEIR KNOWLEDGE & SKILL SETS ACROSS THEIR LIFESPAN?

## Sub dimensions

Learning Status

Learning Behaviors

Use of Enrichment Opportunities

## Sample Measures

- Graduation & Literacy Rates

- Sense of Accomplishment

- Patrons & Service Usage

*Main data sources: Resident survey, administrative data*

LEARNING

# HOW HEALTHY IS SANTA MONICA?

**Sub dimensions**

Healthy Behaviors

Physical & Mental Health Status

Access to Health-Promoting Resources

**Sample Measures**

- Physical Activity

- Work-life Balance

- Chronic Disease Rates

- View of health resources

*Main data sources: Survey, administrative data*

HEALTH

# CAN A DIVERSE POPULATION LIVE & THRIVE IN SANTA MONICA?

## Sub dimensions

Affordability

Sense of Opportunity

Business Diversity

## Sample Measures

- Income & Employment

- Sense of Economic Security

- Local hire

*Data sources: Survey, social media, some administrative data*

ECONOMIC

OPPORTUNITY

AFFORDABILITY

**53%** of Santa Monica residents doubt that their kids will be able to afford the city when they're grown.

# COMMONLY-USED KEYWORDS IN TWEETS SUGGEST INTEREST IN THE ECONOMY, ESPECIALLY JOBS
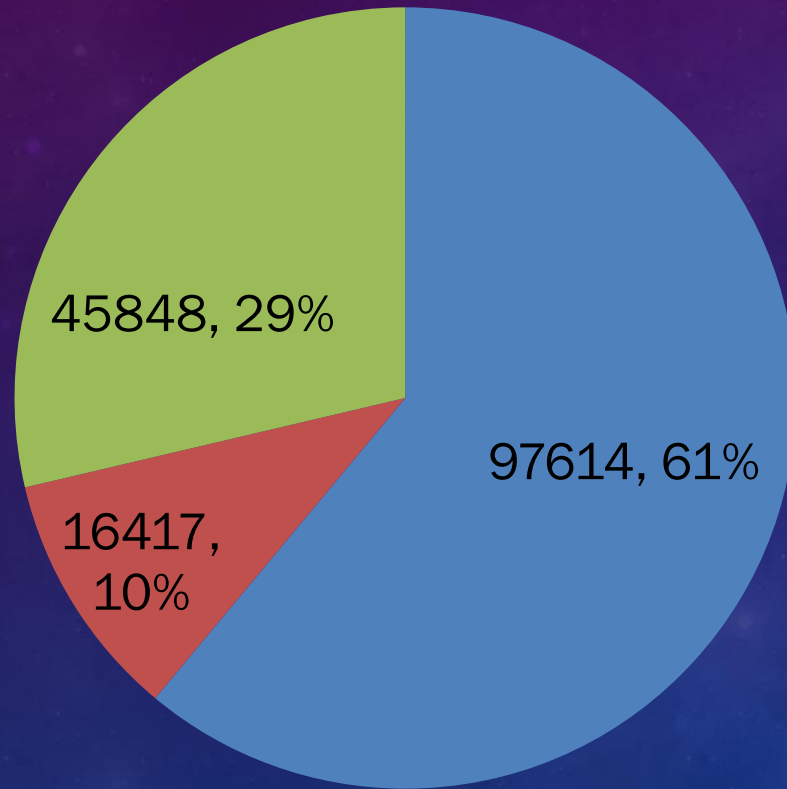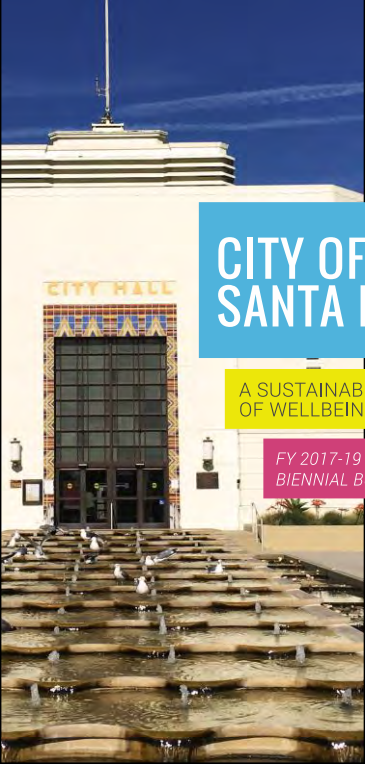


- Job discussion and solicitation
- Earnings and Affordability
- Opportunity

45848, 29%

16417, 10%

97614, 61%

ECONOMIC OPPORTUNITY

*Based on Twitter analyses, 2013-2014*

# USING THE WELL-BEING INDEX

# WHY CREATE GDP2?

- Opportunity to complement narrow economic indicator

- Rapidly changing epidemiology of child health and development

- Major need to respond to deep drivers of inequities

# WHAT THE GDP2 NEEDS TO MEASURE

How human potential develops and how it creates the conditions of people to thrive.

42

# WHAT WAS OUR MOTIVATION FOR GDP2?

GDP2 is the first attempt to capture the potential of a nation by assessing the capability promise of its youngest cohort

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# GDP2 LOOKS AT POTENTIAL AND OPPORTUNITY

CAPACITY

OPPORTUNITY

CONVERSION PROCESS*

CAPABILITY

OPPORTUNITY

THRIVING
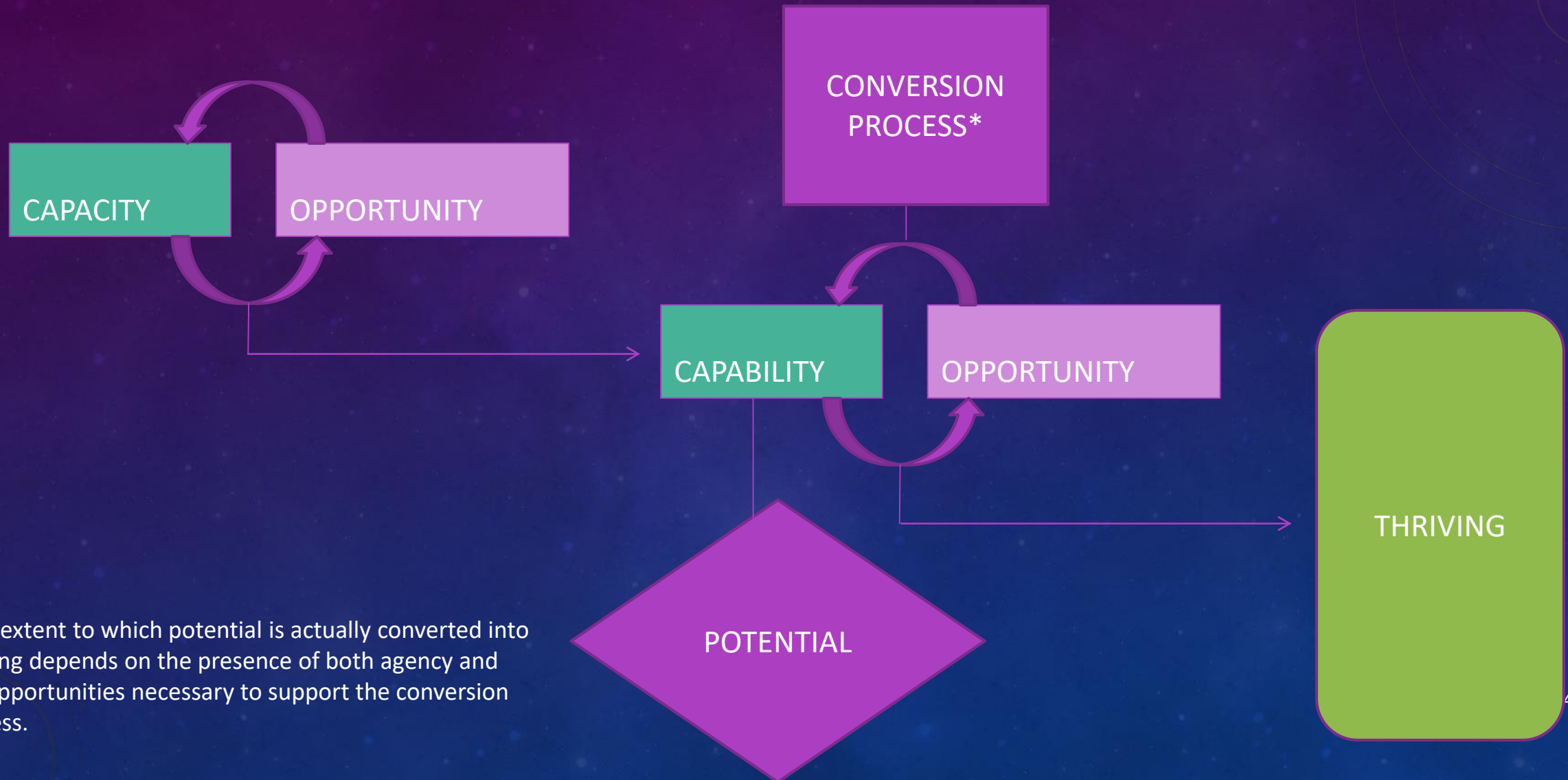
POTENTIAL

*The extent to which potential is actually converted into thriving depends on the presence of both agency and the opportunities necessary to support the conversion process.

4

# 7 Core Developmental Capabilities

**Health: living healthy lives**
The ability to live a long and healthy life free from unnecessary suffering

**Needs: satisfying basic human requirements**
The ability to fulfill the fundamental human requirements of nourishment, shelter, clothing, safety, play, sexuality, and physical activity

**Communication: expressing and understanding thoughts and feelings**
The ability to express oneself and understand others through verbal and non-verbal communication of thoughts and feelings

**Learning: lifelong learning**
The ability to learn across the life course as an individual and in groups and to apply those learnings to new challenges

**Adaptation: adapting to change**
The ability to adapt to life's challenges, self-regulate behavior, and adjust to rapid social, cultural, and technological change

**Connections: connecting with others**
The ability to develop and grow relationships with family, friends, intimate partners, and the natural environment

**Community: engaging in community**
The ability to participate as an equal in a democratic society and make political choices that govern community life

Q & A

Slides from today's webinar