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

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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)
New Zealand has unveiled its first ‘well-being’ budget

Wellbeing should replace growth as ‘main aim of UK spending’

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

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.

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

Carol Graham, The Brookings Institution
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
**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).
How We Measure Happiness

• ONLY ONE EQUATION FOR ONE SECOND!

\[ W_{it} = \alpha + \beta x_{it} + \epsilon_{it} \]

• 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
Consistent Patterns around the World - Happiness and Age!

**Happiness by Age Level**
Latin America, 2000

![Graph showing the relationship between years of age and level of happiness.](image-url)
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)
Experienced Stress – USA vs LAC

<table>
<thead>
<tr>
<th>Household Income Quintile</th>
<th>USA</th>
<th>LAC</th>
<th>USA difference</th>
<th>LAC difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Poorest</td>
<td>0.50</td>
<td>0.46</td>
<td>-0.04</td>
<td>-0.02</td>
</tr>
<tr>
<td>2 Second</td>
<td>0.43</td>
<td>0.39</td>
<td>-0.04</td>
<td>-0.02</td>
</tr>
<tr>
<td>3 Middle</td>
<td>0.35</td>
<td>0.31</td>
<td>-0.04</td>
<td>-0.02</td>
</tr>
<tr>
<td>4 Fourth</td>
<td>0.28</td>
<td>0.24</td>
<td>-0.04</td>
<td>-0.02</td>
</tr>
<tr>
<td>5 Richest</td>
<td>0.20</td>
<td>0.16</td>
<td>-0.04</td>
<td>-0.02</td>
</tr>
</tbody>
</table>
Belief in Hard Work – USA vs LAC

Within Country Household Income Quintile

<table>
<thead>
<tr>
<th>Quintile</th>
<th>USA</th>
<th>LAC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poorest</td>
<td>0.80</td>
<td>0.84</td>
</tr>
<tr>
<td>Second</td>
<td>0.85</td>
<td>0.89</td>
</tr>
<tr>
<td>Middle</td>
<td>0.90</td>
<td>0.94</td>
</tr>
<tr>
<td>Fourth</td>
<td>0.95</td>
<td>0.99</td>
</tr>
<tr>
<td>Richest</td>
<td>0.97</td>
<td>1.00</td>
</tr>
</tbody>
</table>

USA difference: 0.08
LAC difference: 0.04
Exploring Race-Income Heterogeneities

- **Empirical specification**

\[ WB_{ijt} = \beta_0 + \beta_1 \times (\text{poorhh}_{ijt}) + \beta_2 \times (\text{richhh}_{ijt}) + \beta_3 \times (\text{black}_{ijt}) + \beta_4 \times (\text{hispanic}_{ijt}) + \beta_5 \times (\text{Asian}_{ijt}) + \beta_6 \times (\text{other race}_{ijt}) + \beta_7 \times (\text{poorhh}_{ijt}) \times (\text{black}_{ijt}) + \beta_8 \times (\text{poorhh}_{ijt}) \times (\text{hispanic}_{ijt}) + \beta_9 \times (\text{poorhh}_{ijt}) \times (\text{Asian}_{ijt}) + \beta_{10} \times (\text{poorhh}_{ijt}) \times (\text{other race}_{ijt}) + \beta_{11} \times (\text{richhh}_{ijt}) \times (\text{black}_{ijt}) + \beta_{12} \times (\text{richhh}_{ijt}) \times (\text{hispanic}_{ijt}) + \beta_{13} \times (\text{richhh}_{ijt}) \times (\text{Asian}_{ijt}) + \beta_{14} \times (\text{richhh}_{ijt}) \times (\text{other race}_{ijt}) + \beta_{15} \times (Z_{ijt}) + (MSA dummies_j) + (year dummies_t) + \varepsilon_{ijt} \]

- **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
And stress patterns similar
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).
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
The Role of Place – What We Know and Don’t Know

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

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

Note: Controls include age, sex, state, marital status, education, employment, region of residence, prior health status, and month of interview. Optimism is measured by how optimistic the subject feels (0-10) on a 0-10 scale.

Source: GSS 2011-2015

BROOKINGS
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
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
WELL-BEING IN CITIES

• 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

“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
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

WORKING TOGETHER to
DEFINE, MEASURE,
and actively IMPROVE
Wellbeing
IN SANTA MONICA
WELL-BEING FRAMEWORK

Outlook
Life Satisfaction, Flourishing, Happiness, Autonomy

Community
- Strong Local Networks
- Civic Engagement
- Community Identity

Place & Planet
- Built environment
- Natural environment
- Mobility and access

Learning
- Learning Status
- Access to Learning
- Learning Behaviors

Health
- Physical & Mental Health Status
- Access to Resources
- Healthy Behaviors

Economic Opportunity
- Affordability
- Opportunity
- Business Diversity

Sample Measures
- Voter participation
  - Public safety
  - Volunteering
- Public & active transit use
  - Green space access
  - Use of City resources
- Service usage
  - Graduation & literacy rates
  - Sense of accomplishment
- Chronic disease rates
  - Physical activity
  - Work-life balance
- Income & employment
  - Business diversity
  - Sense of economic security

Index populated with 100 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**
- Life satisfaction
- Day to day emotions
- Flourishing

**Sample Measures**
- Satisfaction with life
- Feelings of happiness
- Resilience

*Main data source: Resident survey*
Where data can be compared, benched to other US and EU data
Santa Monica residents are generally satisfied with their lives and most report having time for the things they enjoy.
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
56% of Santa Monica residents feel they can count on their neighbors compared to 80% in a US/national survey.
Civic Engagement

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

Based on Twitter analyses, 2013-2014

- Job discussion and solicitation: 45,848, 29%
- Earnings and Affordability: 16,417, 10%
- Opportunity: 97,614, 61%
USING THE WELL-BEING INDEX
GDP2: REDEFINING PROGRESS
BUILDING FROM WELL-BEING

A collaboration of UCLA, RAND and Children’s Hospital of Philadelphia

Supported by RWJF
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.
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.
*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.
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