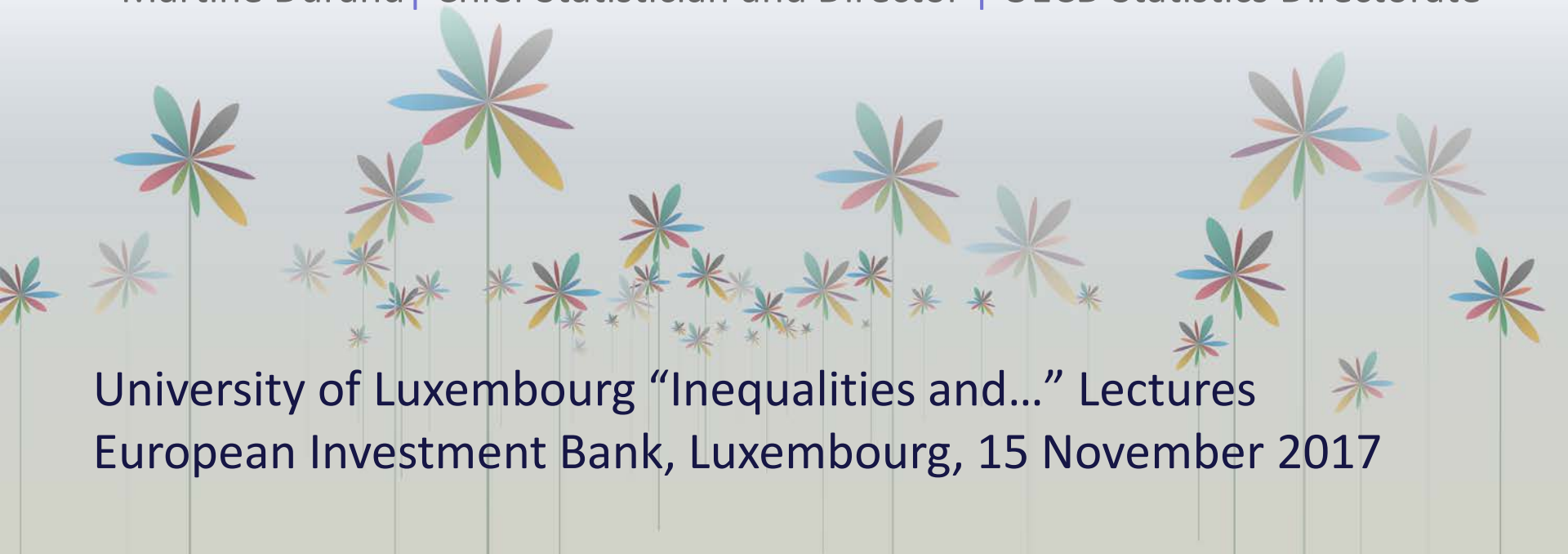


# The OECD Better Life Initiative: looking at the many facets of inequality

Martine Durand | Chief Statistician and Director | OECD Statistics Directorate



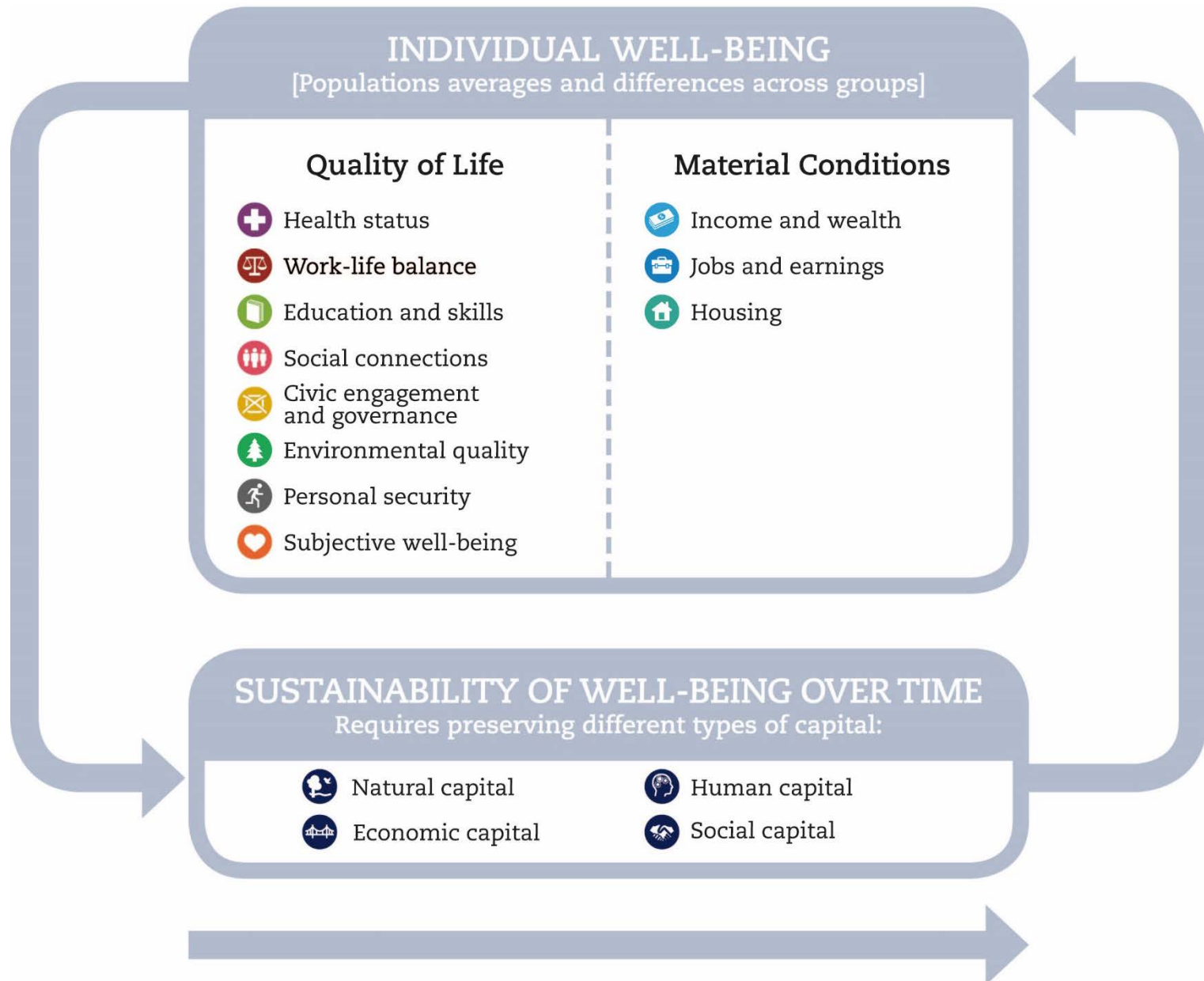
University of Luxembourg “Inequalities and...” Lectures  
European Investment Bank, Luxembourg, 15 November 2017

# What is the OECD Better Life Initiative?

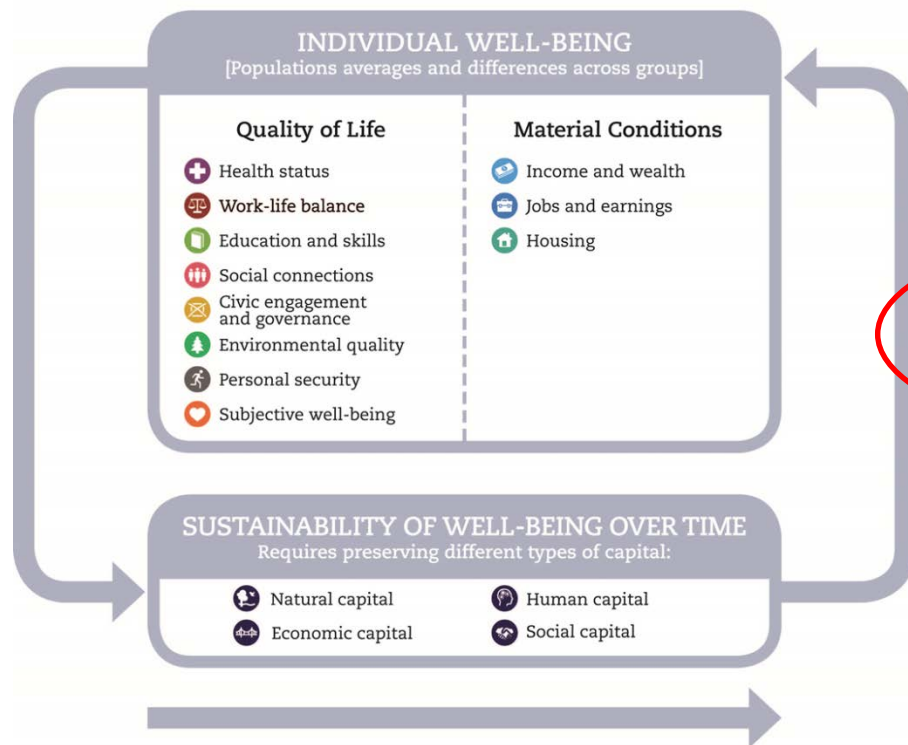
- A coordinated programme to develop internationally-comparable, policy-relevant measures of well-being
- Underpins the OECD's mission to support “**Better policies for better lives**” and to “redefine the growth narrative to put the **well-being of people** at the centre of our efforts.”
- Brings together a broad range of outputs including methodological work, measurement, research and analysis, and policy and public outreach



# The OECD framework for measuring well-being



# Guiding principles



➤ Focus on **people**, not just the economic system

➤ Focus on **outcomes**, rather than inputs or outputs

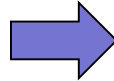
➤ Reporting both **averages** and **inequalities**

➤ Capturing both **objective** and **subjective** aspects of life

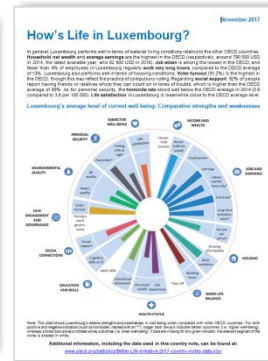
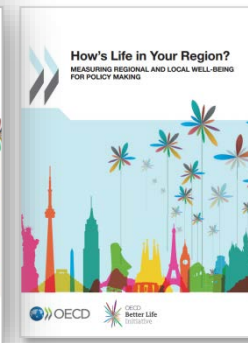
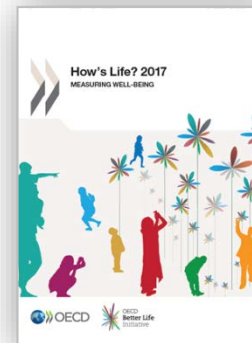
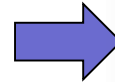
➤ Concerned with well-being both **today** and **tomorrow**

# Different outputs for different audiences

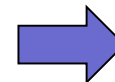
**Public outreach**



**Reporting & analysis**



**Research & methodological work**



# How's Life? 2017 – released today!

## **Overview** of levels and trends:

- 25 headline indicators of current well-being
- 32 indicators of resources for future well-being (natural, human, economic and social capital)

## **Detailed country notes** for 35 OECD countries and 6 partners

## **Thematic chapters** on:

- Inequalities in well-being
- Migrants' well-being
- Governance and well-being



Drawings by Giulia Sagromola



# How's Life? 2017 explores well-being divides...

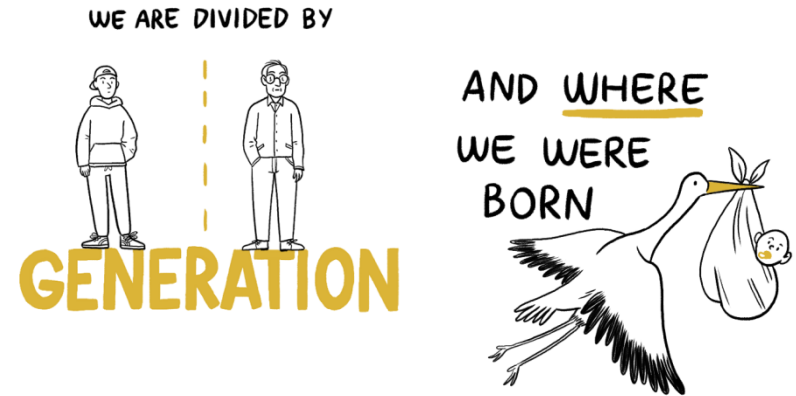
## ...among OECD countries

- comparative strengths and weaknesses
- changes over time since 2005



## ...within OECD countries, including by:

- gender
- age
- education
- wealth
- **migrant status**



## ...and between people and the **public institutions** that serve them

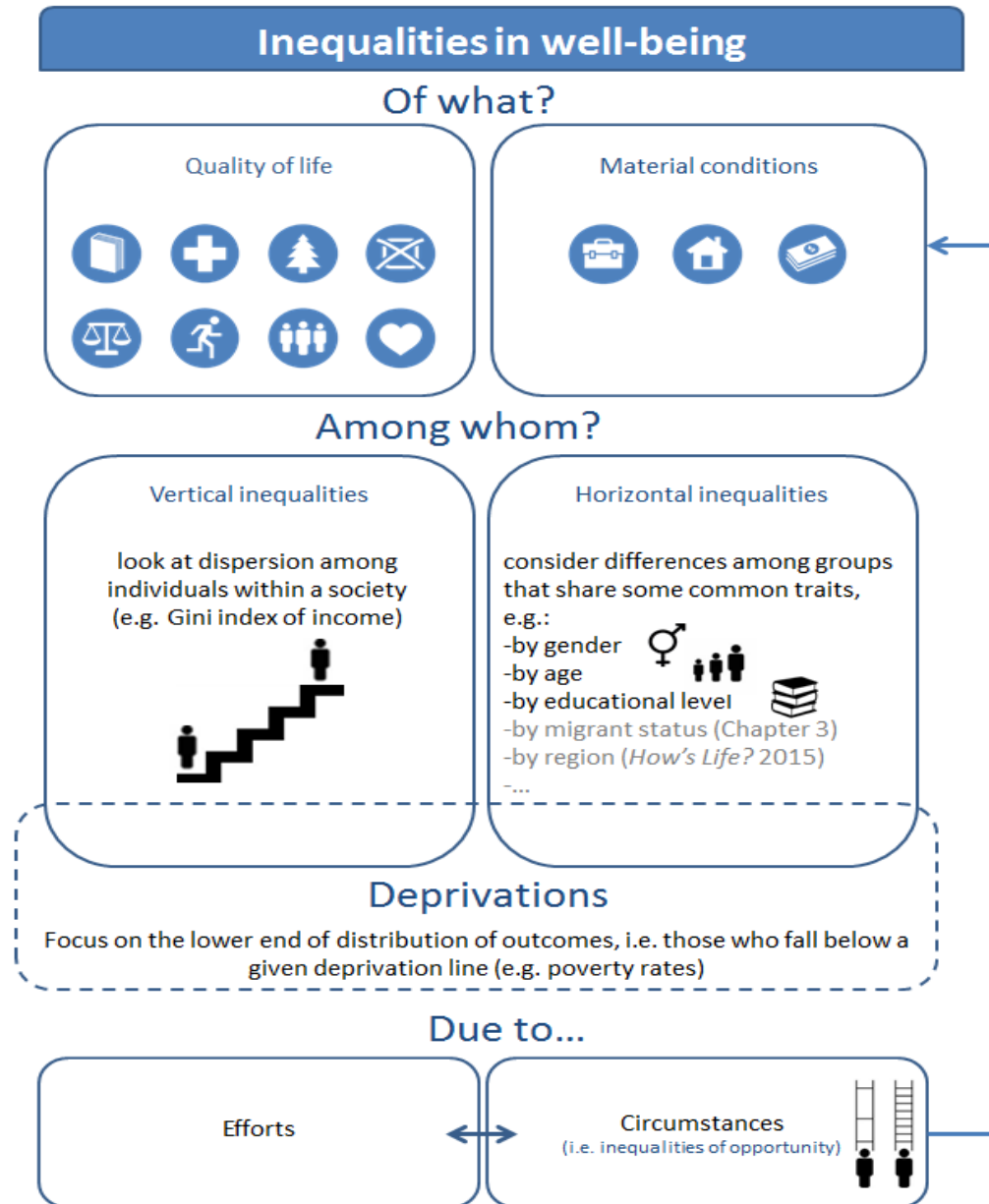


# Measuring inequalities in well-being

Debates about inequalities often focus on income and wealth, but inequality **can touch every aspect of people's lives**

Many different ways to think about inequalities in well-being:

- Inequalities **of what?**
- Inequalities **between whom?**
- Overall distribution or **below a threshold?**
- Snapshot or over time?
- **Outcomes or opportunities?**





# Vertical inequalities in well-being






**...consider the overall dispersion of outcomes  
among individuals within a society**

(e.g. the Gini Index of income inequality, or  
S20/S80 ratio)





# How big are vertical inequalities in the OECD?

For the average OECD country, when we compare people in the **top 20%** and people in the **bottom 20%**...

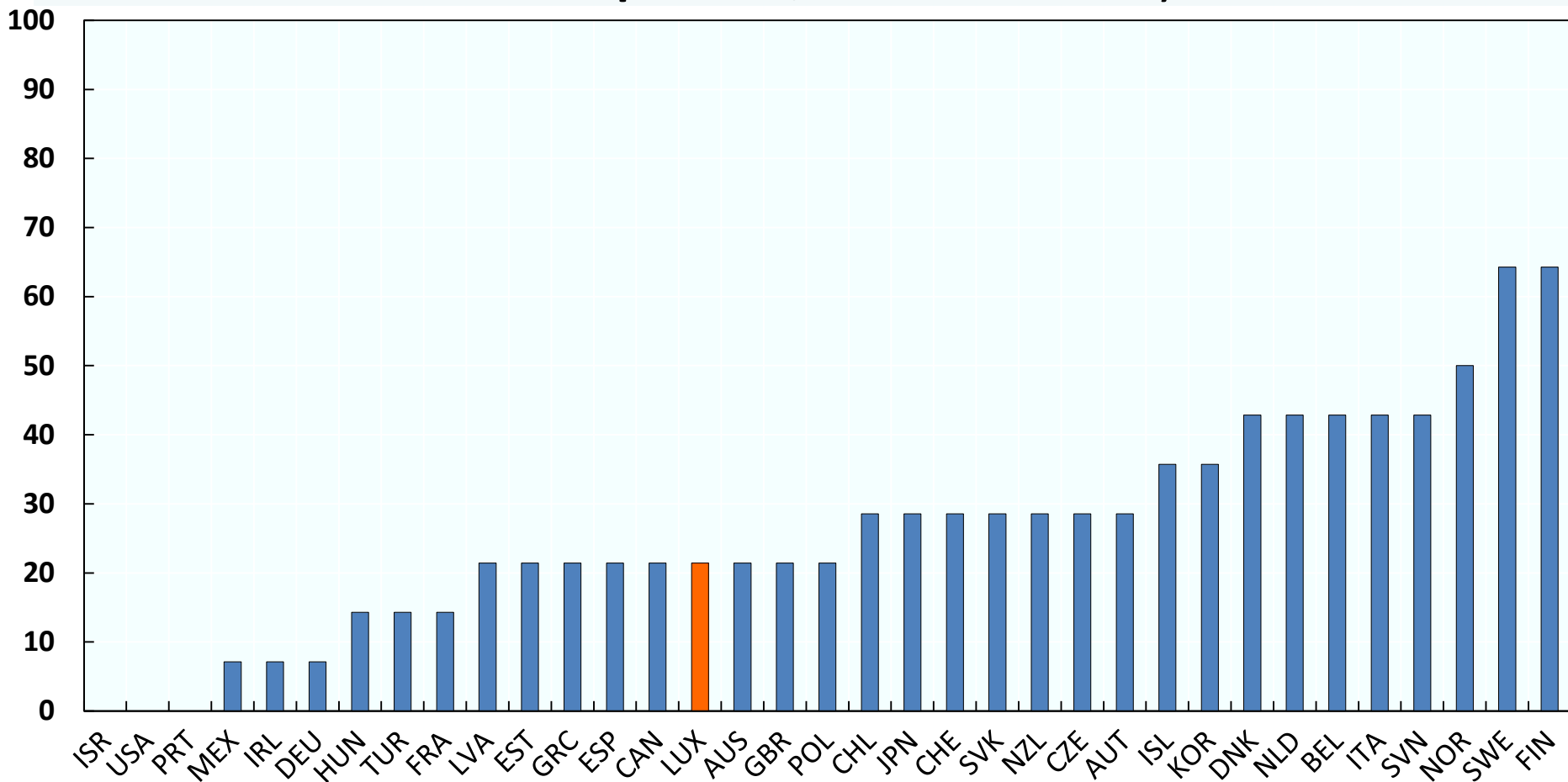
-  Time on **social activities** is over 11 times higher
-  Household **disposable income** is more than 5 times higher
-  Feelings of **having a say in government** are nearly 4 times higher
-  **Life satisfaction** is twice as high
-  Time devoted to **leisure and personal** care is nearly twice as high

And for other measures...

-  The standard deviation in **age at death** is more than 13 years
-  Just 10% of households own more than 50% of total **wealth**

# Which OECD countries have the lowest vertical inequalities?

Percentage of indicators in which a country shows comparatively **low vertical inequalities**, latest available year

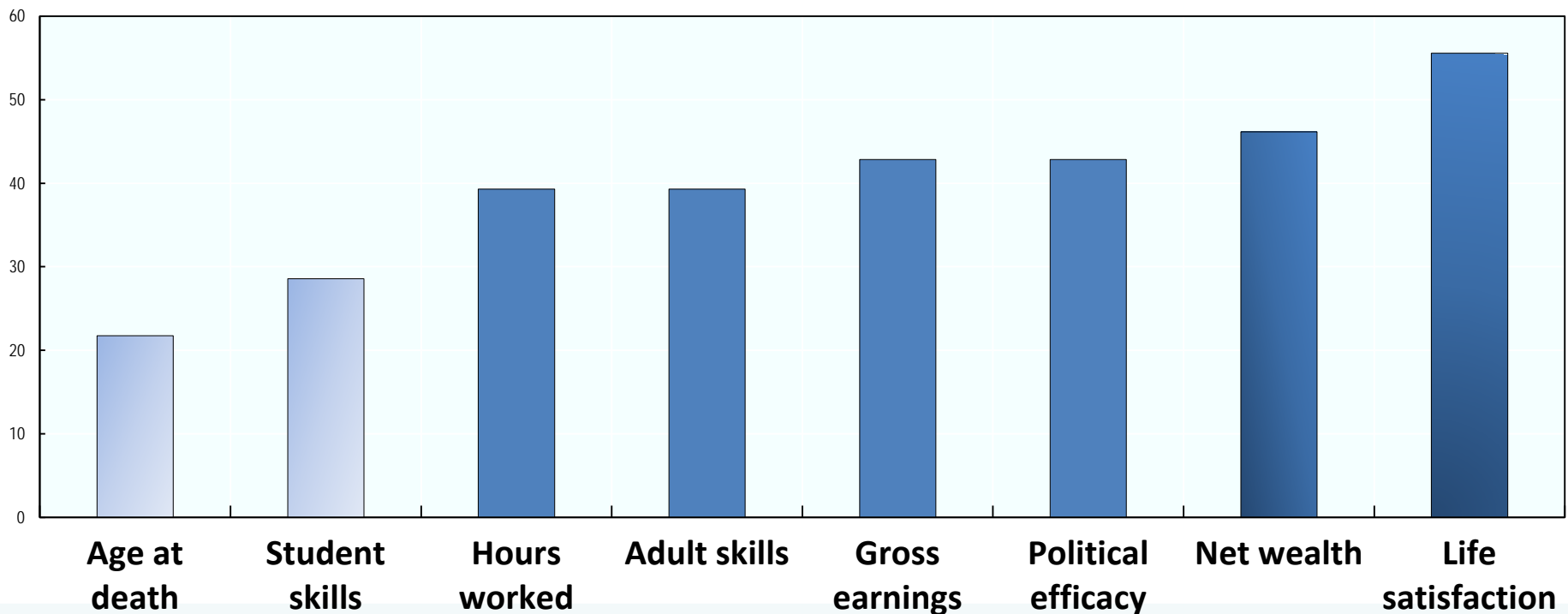


**Low inequalities** are defined as falling within the **most equal third** of OECD countries. Indicators are weighted so that the different dimensions of well-being are accorded equal weights.

Adapted from How's Life? 2017, Figure 2.2

# Patterns of income inequality are not perfectly mirrored in other dimensions

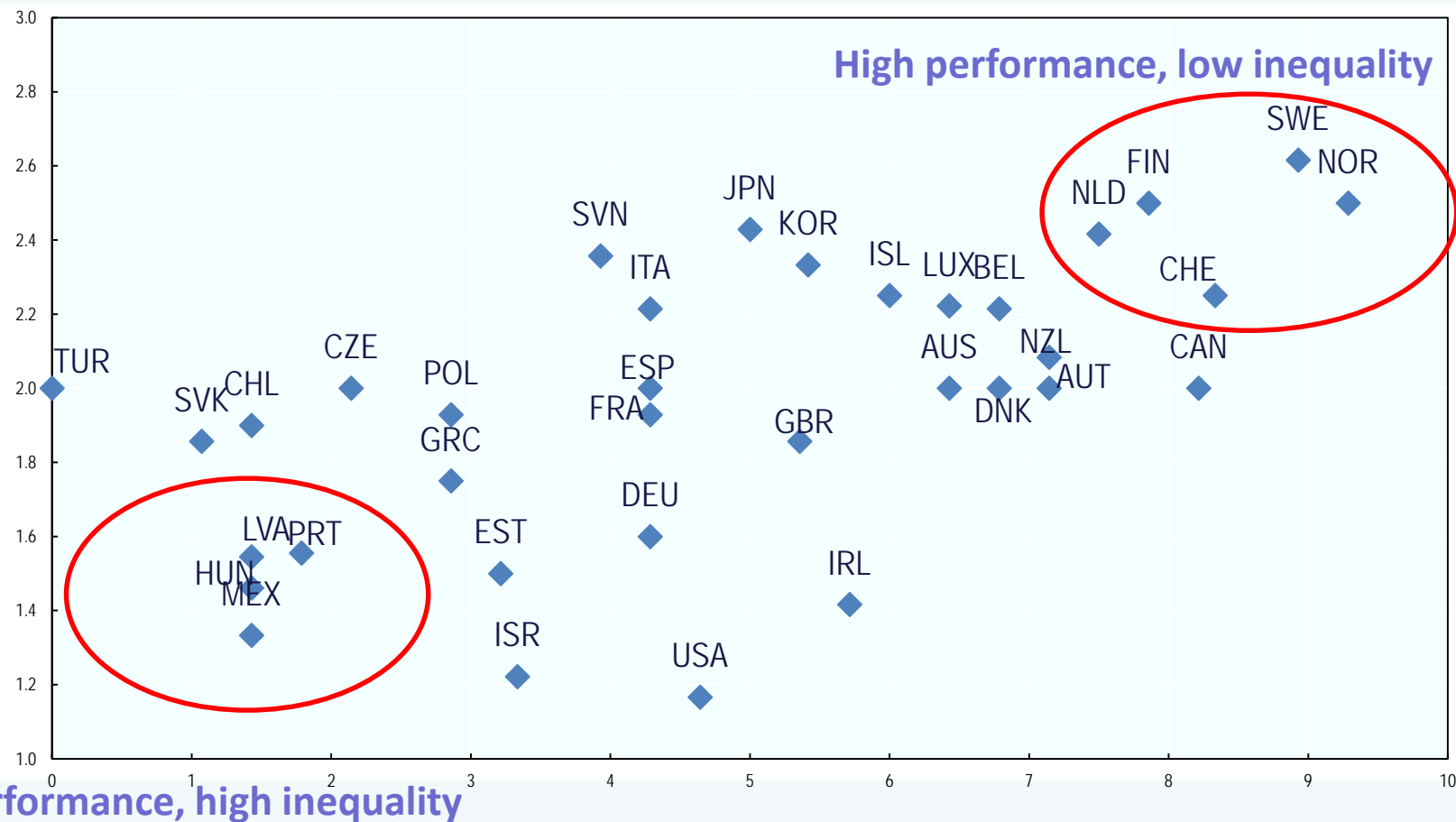
Percentage of countries for which performance in income inequality is similar to performance in vertical inequalities



For a given country, the performance in income inequality is considered “similar to” performance in other vertical inequalities if they **both fall in the same third** when OECD countries are divided into least equal, middle equal and most equal thirds.

# How do vertical inequalities relate to overall performance?

Average well-being performance, plotted against average inequalities (9 indicators only)



**Inequalities** are scored from 1 = least equal third in the OECD, to 3 = most equal third in OECD

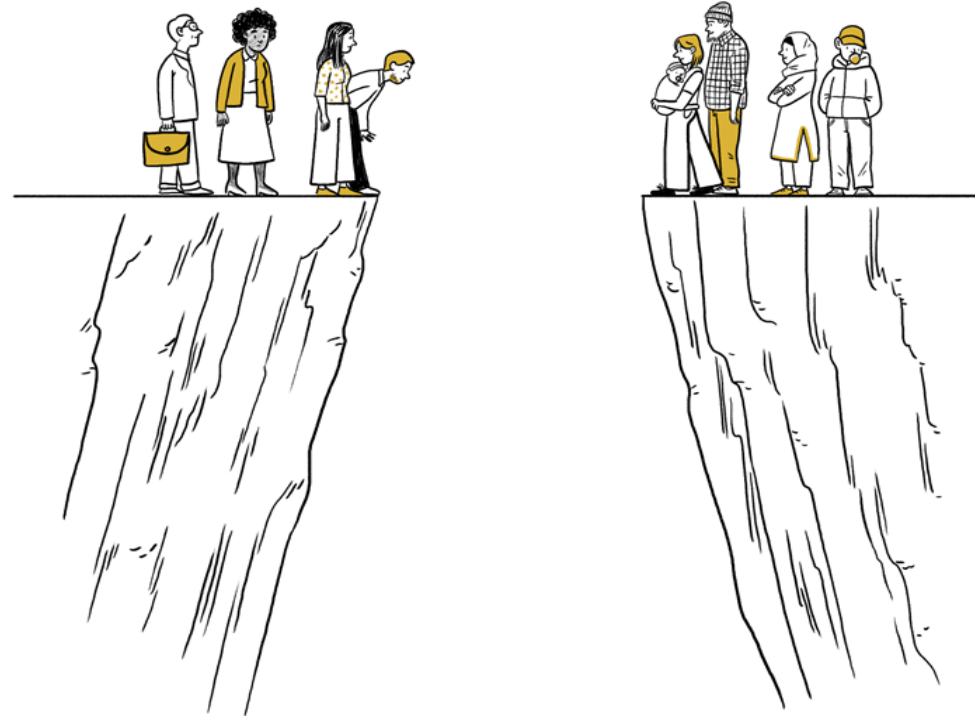
**Performance** is scored from 0 = worst performance, to 10 = best performance in OECD

Adapted from How's Life? 2017, Figure 1.4

# Horizontal inequalities in well-being

**...consider differences among groups that share some common traits, e.g.**

- by gender
- by age
- by education level
- by migrant status
- by the region people live in

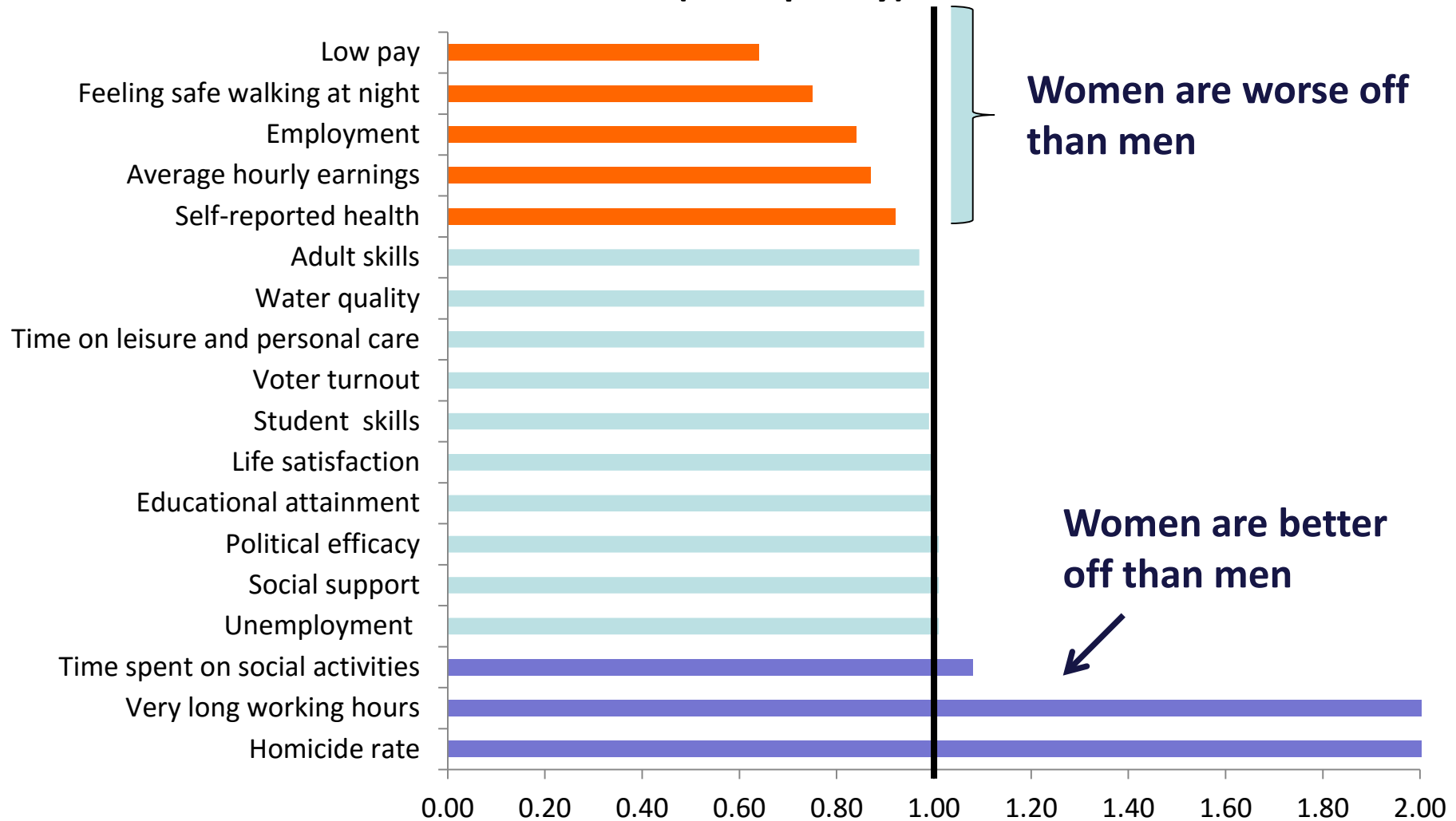


© Giulia Sagromola



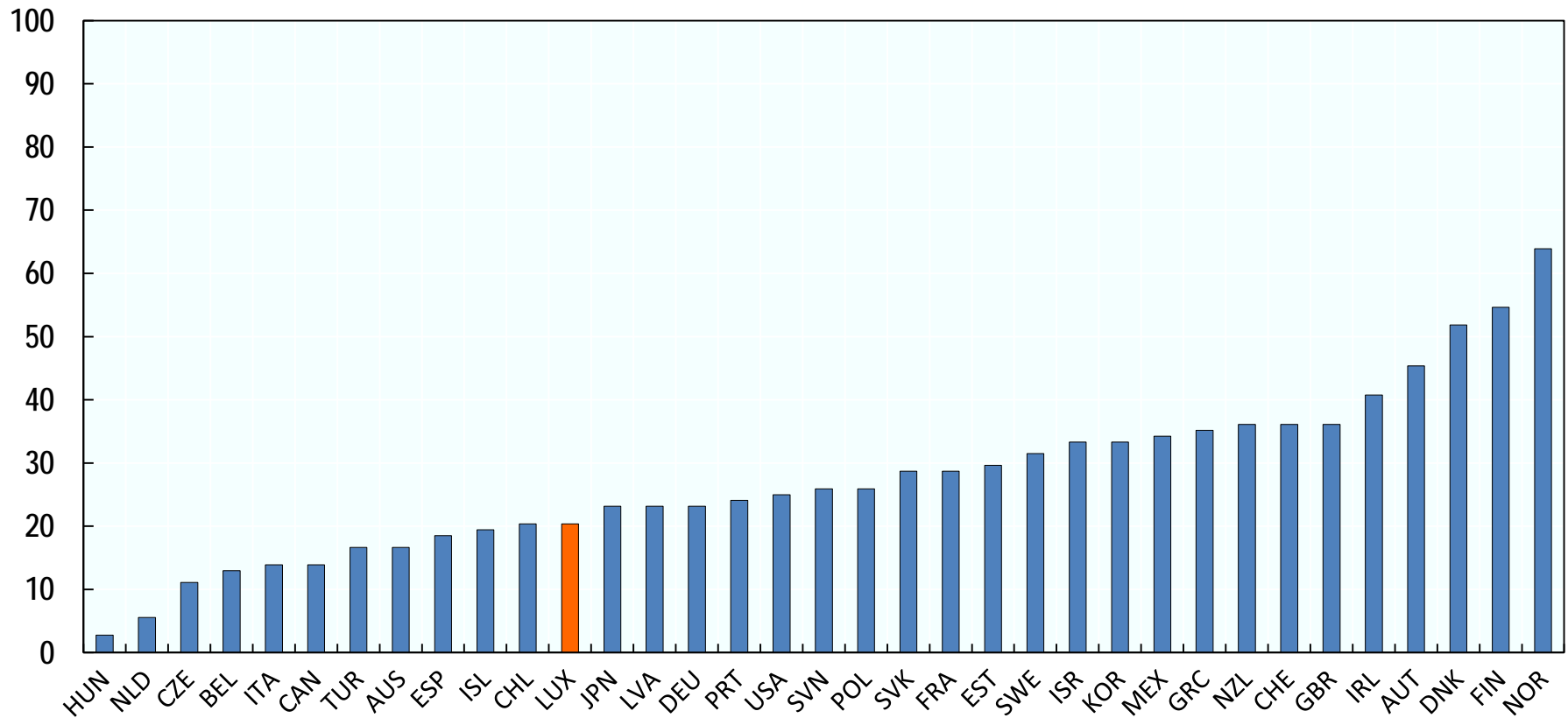
# Horizontal inequalities: the gender divide

**OECD average ratio of women's well-being outcomes, relative to men's (1 = equality)**



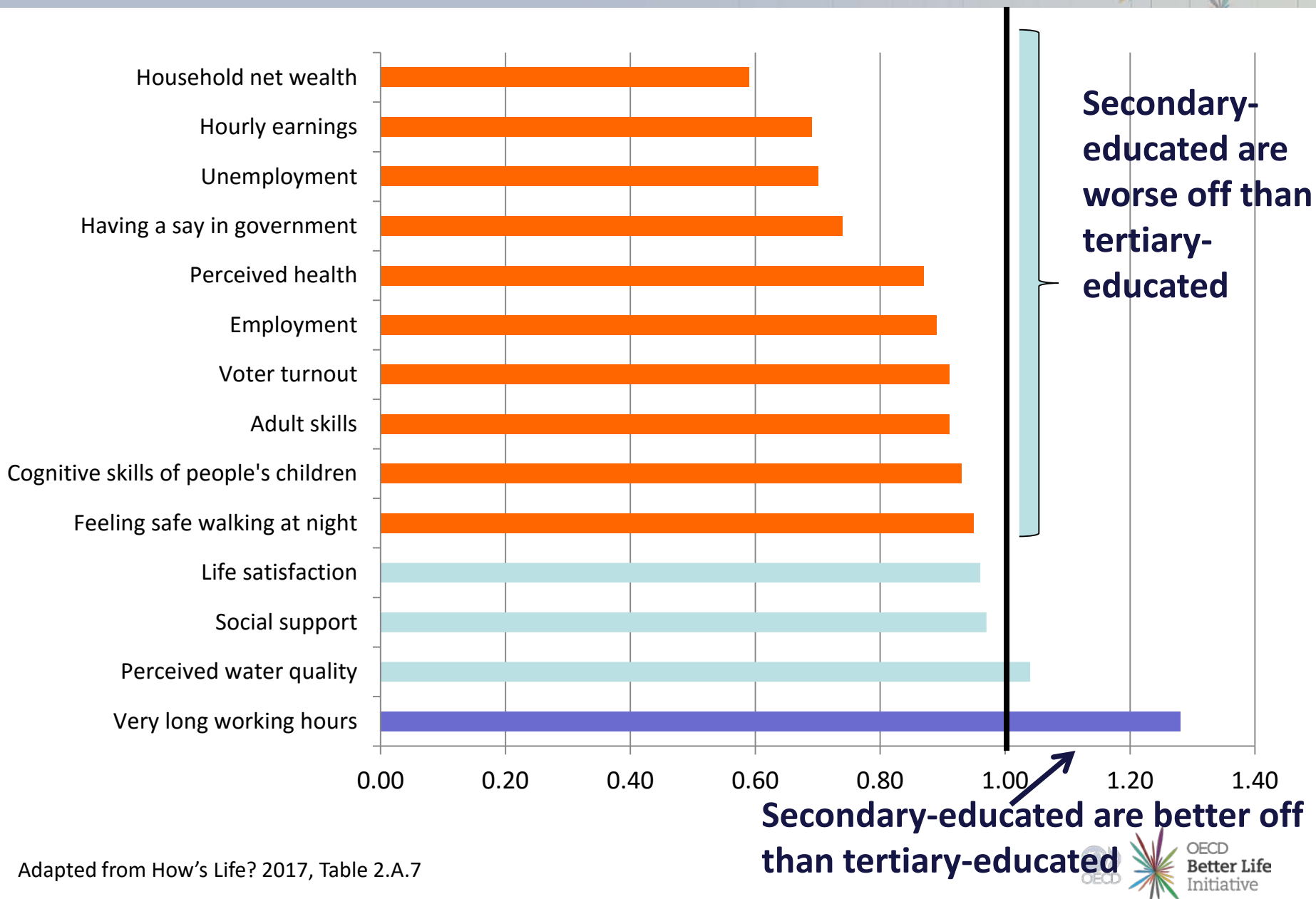
# Where in the OECD are women least disadvantaged?

Percentage of indicators in which a country shows comparatively **low gender inequalities**, latest available year



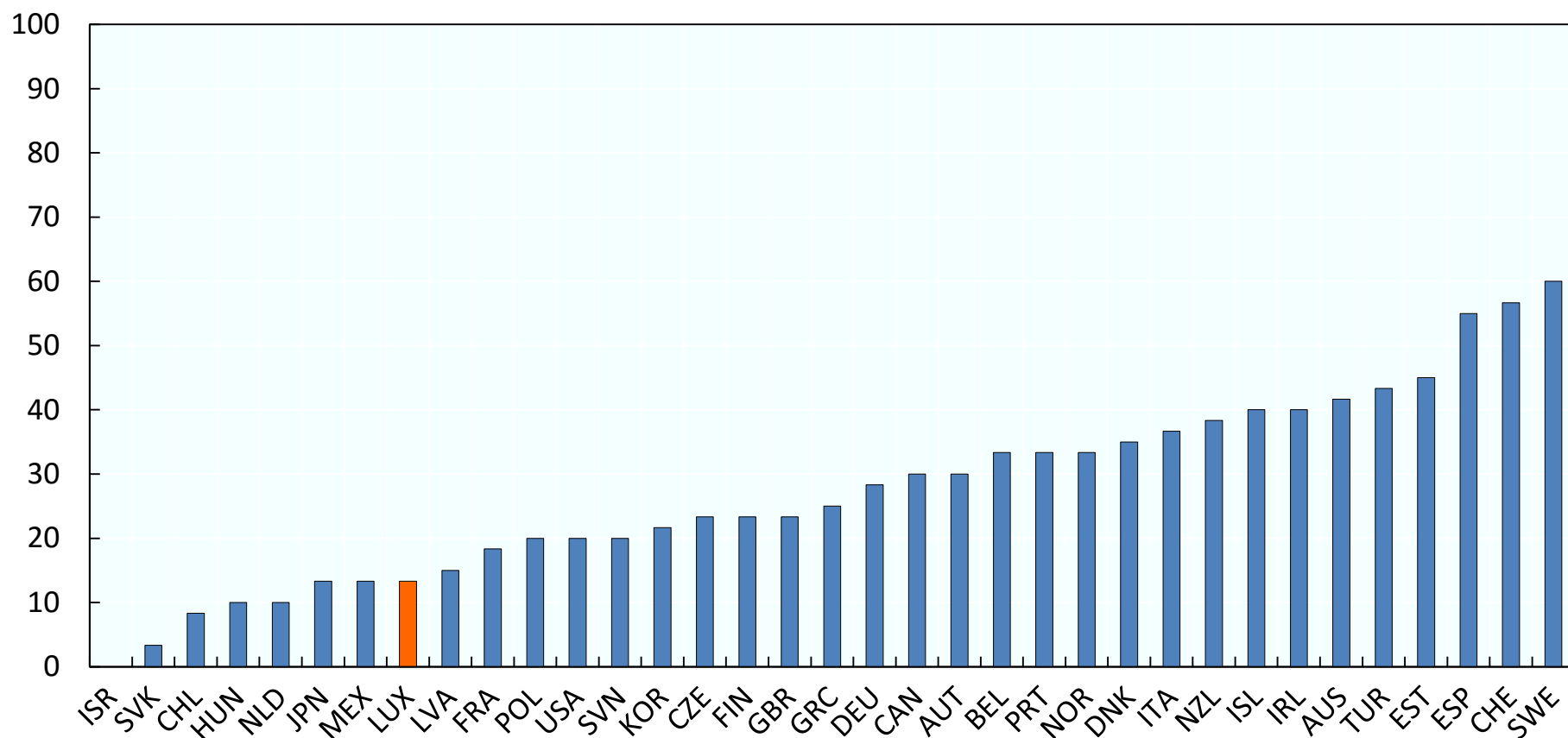
**Low inequalities** are defined as falling within the third of OECD countries where women are least disadvantaged, relative to men. Indicators are weighted so that the different dimensions of well-being are accorded equal weights.

# Horizontal inequalities: the educational divide



# Where in the OECD are the less educated least disadvantaged?

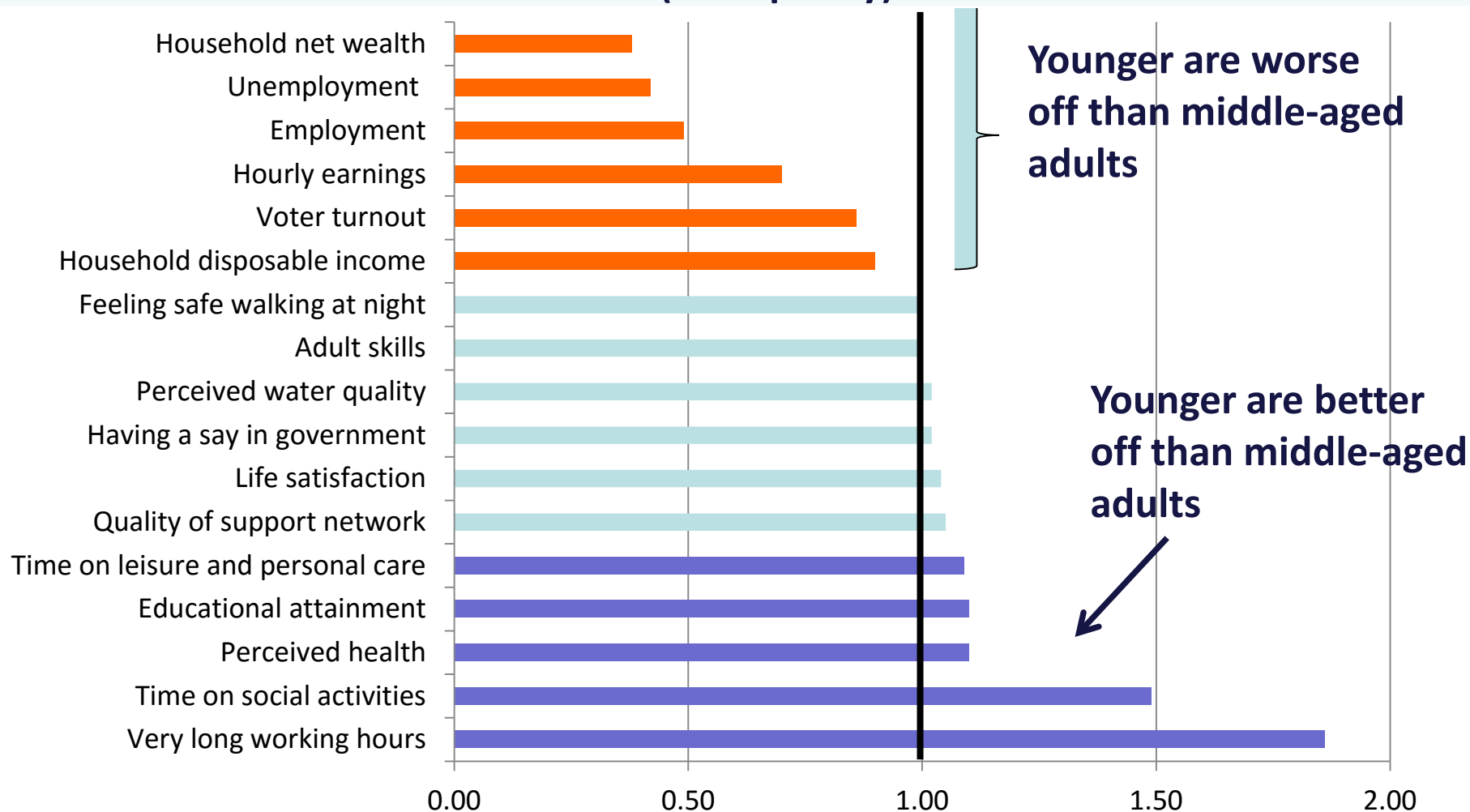
% of weighted indicators in which a country shows comparatively **low** secondary vs. tertiary education-related inequalities



**Low inequalities** are defined as falling within the third of OECD countries where the secondary educated are the least disadvantaged, relative to tertiary educated adults. Indicators are weighted so that the different dimensions of well-being are accorded equal weights.

# Horizontal inequalities: the generational divide

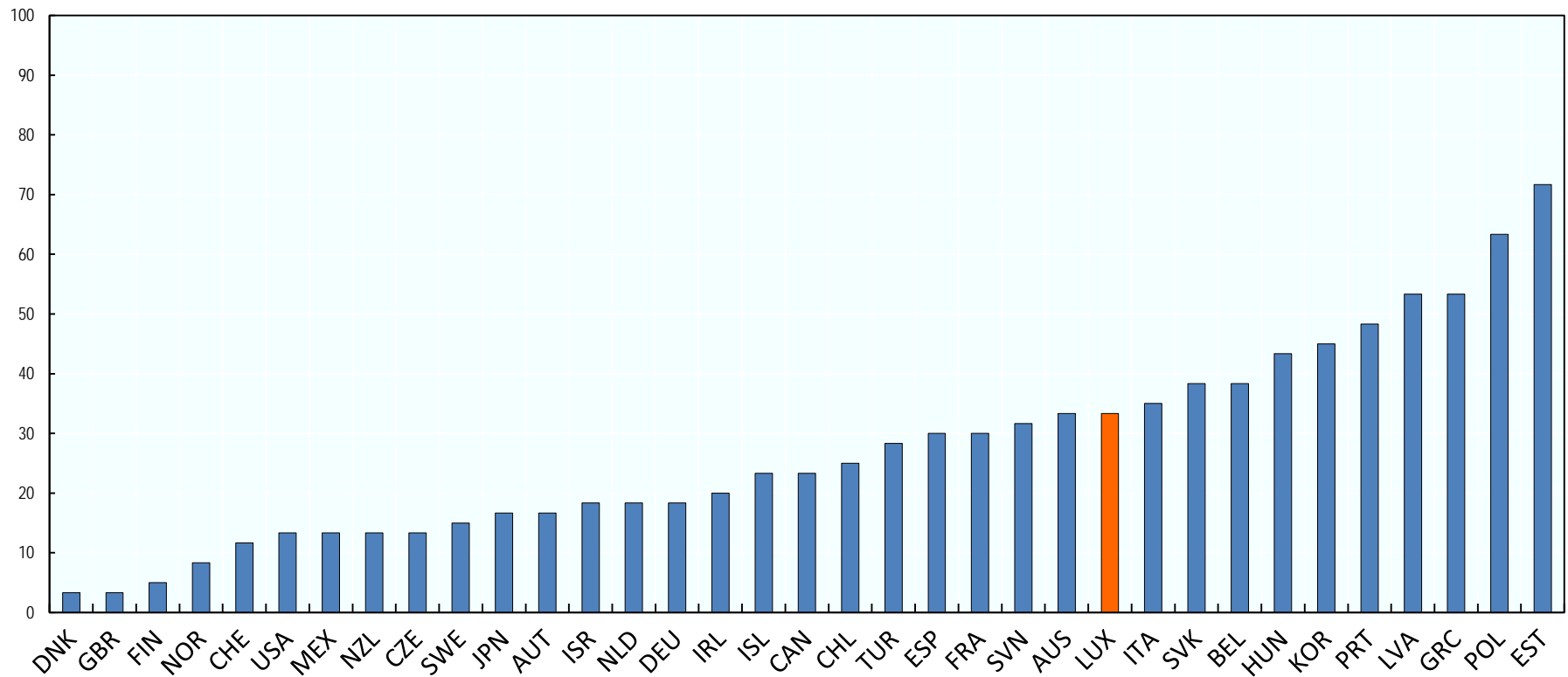
OECD average ratio of young people's well-being outcomes, relative to middle-aged adults (1 = equality)



The age ranges considered vary slightly by indicator, but typically concern persons aged around 15-24, relative to persons aged around 25-54. For further detailed, see How's Life? 2017, Table 2.A.4.

# Where in the OECD are young people least disadvantaged?

Percentage of indicators in which a country shows comparatively **low** young vs. middle age inequalities



**Low inequalities** are defined as falling within the third of OECD countries where the younger generation are the least disadvantaged, relative to middle-aged adults. Data refer to latest available year. Indicators are weighted so that the different dimensions of well-being are accorded equal weights.

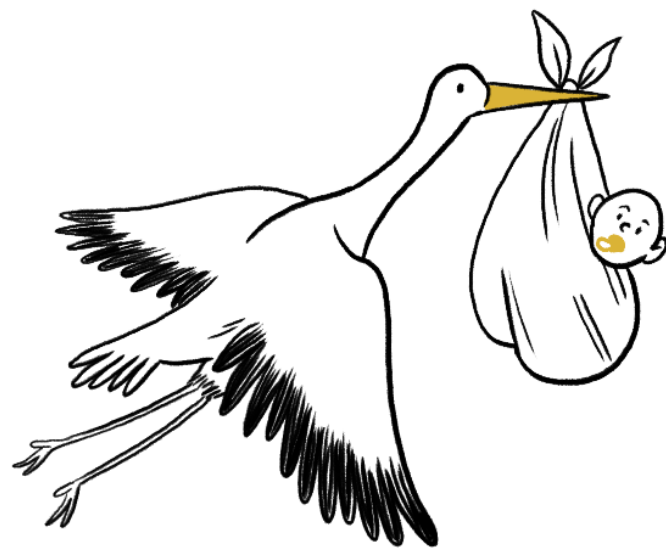


# Migrants' well-being in OECD countries

In How's Life? 2017 migrants are defined as people living in a different country from the one in which they were born.

→ In the average OECD country, **13%** of people are migrants

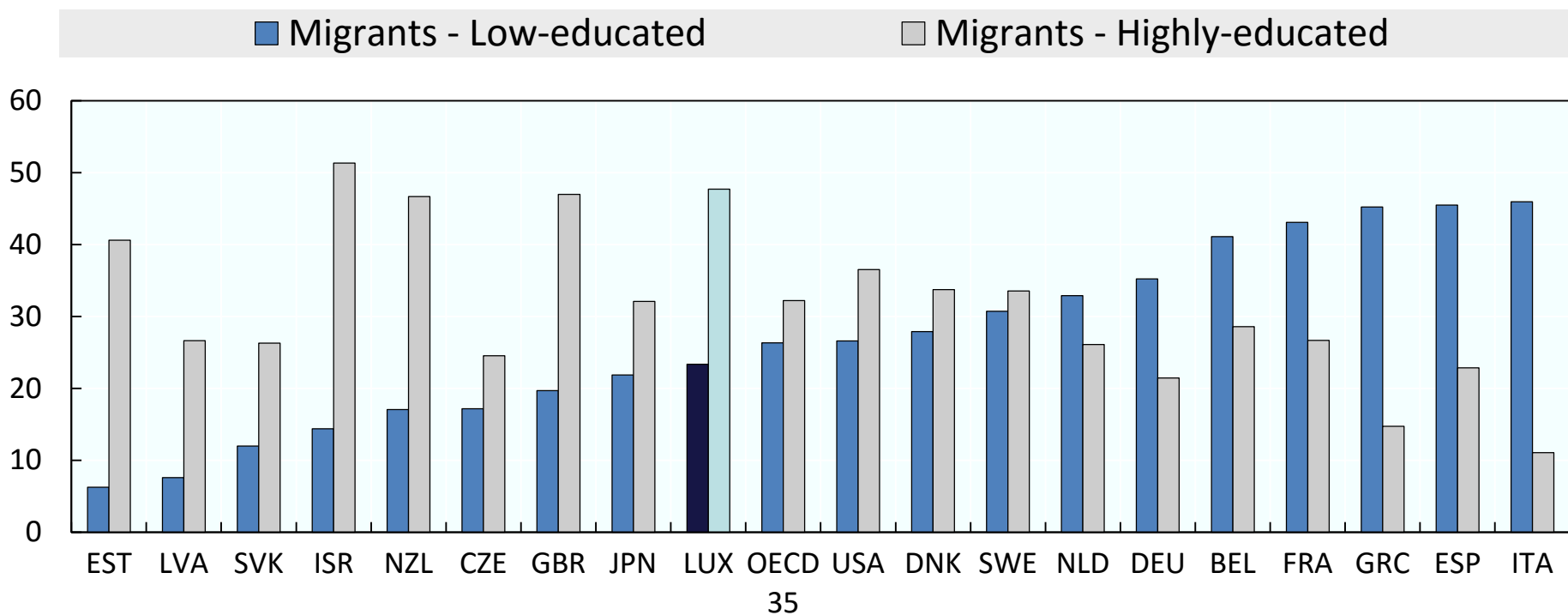
→ In Luxembourg, migrants make up **40%** of the population ...this highest share in the OECD, with Switzerland (29%) and Australia (28%) closest behind



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# Migrants are diverse: within and between OECD countries

## Education levels among migrants aged 15-64 years 2012-13, selected OECD countries









Adapted from How's Life? 2017, Figure 3.A.1.

...and capturing the well-being of the most vulnerable migrants is difficult, since they are **hard to reach in household surveys**

# Migrants face multiple well-being disadvantages

## Compared to the native-born in OECD countries:

-  The median income of migrants is 25% lower, and median average wealth is 50% lower.
-  Migrants are more likely to work antisocial hours and be in low-paid jobs.
-  Almost 30% of migrants with a tertiary degree are overqualified for their jobs, compared to 20% of the native-born.
-  1 in 4 migrants report being exposed to air and noise pollution in the area where they live compared to 1 in 5 of the native-born.
-  Migrants also report worse health, lower social support, and lower life satisfaction than the native-born in most OECD countries assessed.
- 

# Deprivations in well-being

...focus on the lower end of the distribution – i.e. those who fall below a given threshold/ deprivation line, e.g:







- Poverty rates
- Share of people with no social support
- Share of overcrowded households



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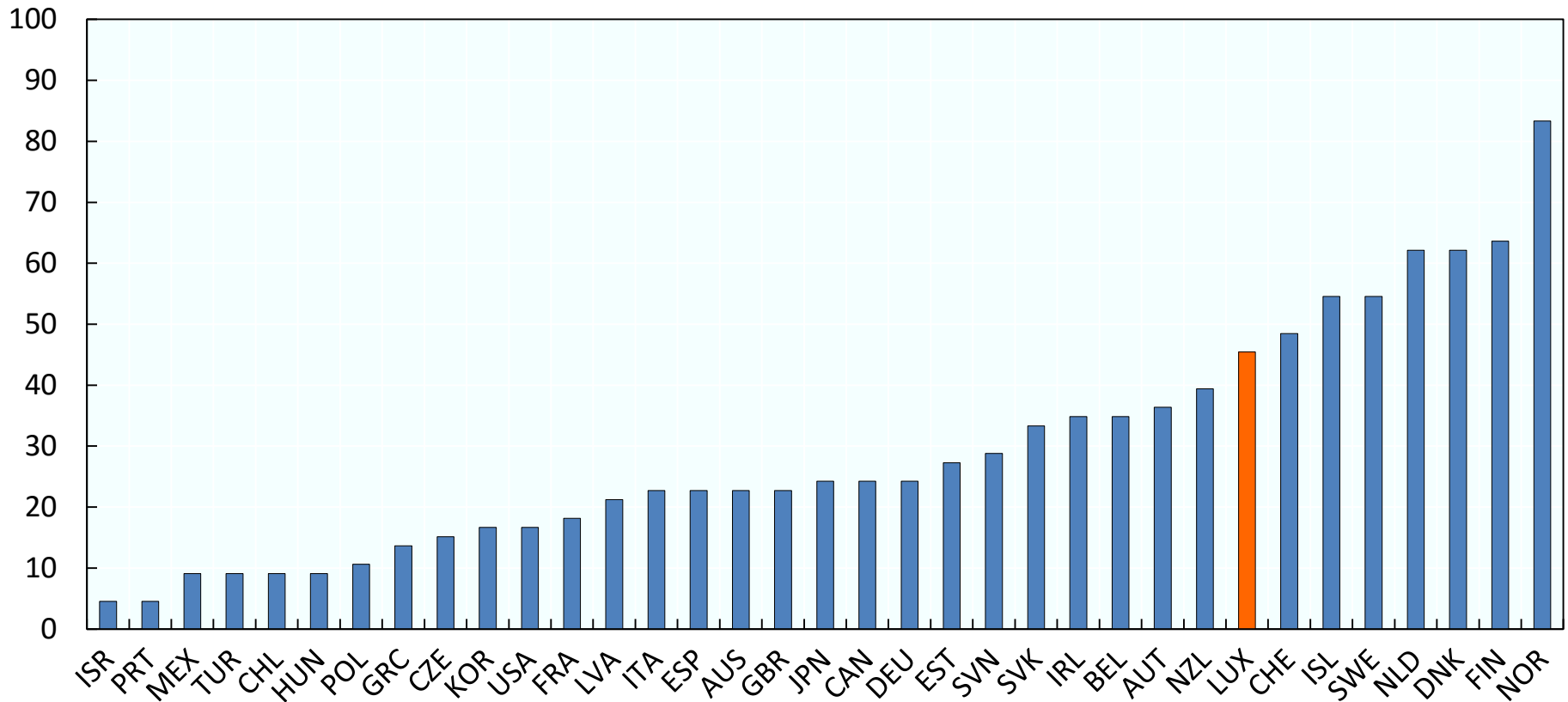
# Deprivation rates in the average OECD country

(selected indicators only)

-  **Air pollution:** 37% of people are exposed to PM<sub>2.5</sub> higher than 15 micrograms/m<sup>3</sup>
-  **Voter turnout:** 31% did not vote in the last national election
-  **Feelings of security:** 26% do not feel safe walking alone at night where they live
-  **Subjective well-being:** 13% of people report more negative than positive feelings
-  **Housing affordability:** 11% spend more than 40% of their disposable income on mortgages and rents
-  **Social support:** 8.5% have no friends or relatives to count on in times of need

# Which OECD countries have the lowest deprivation rates?

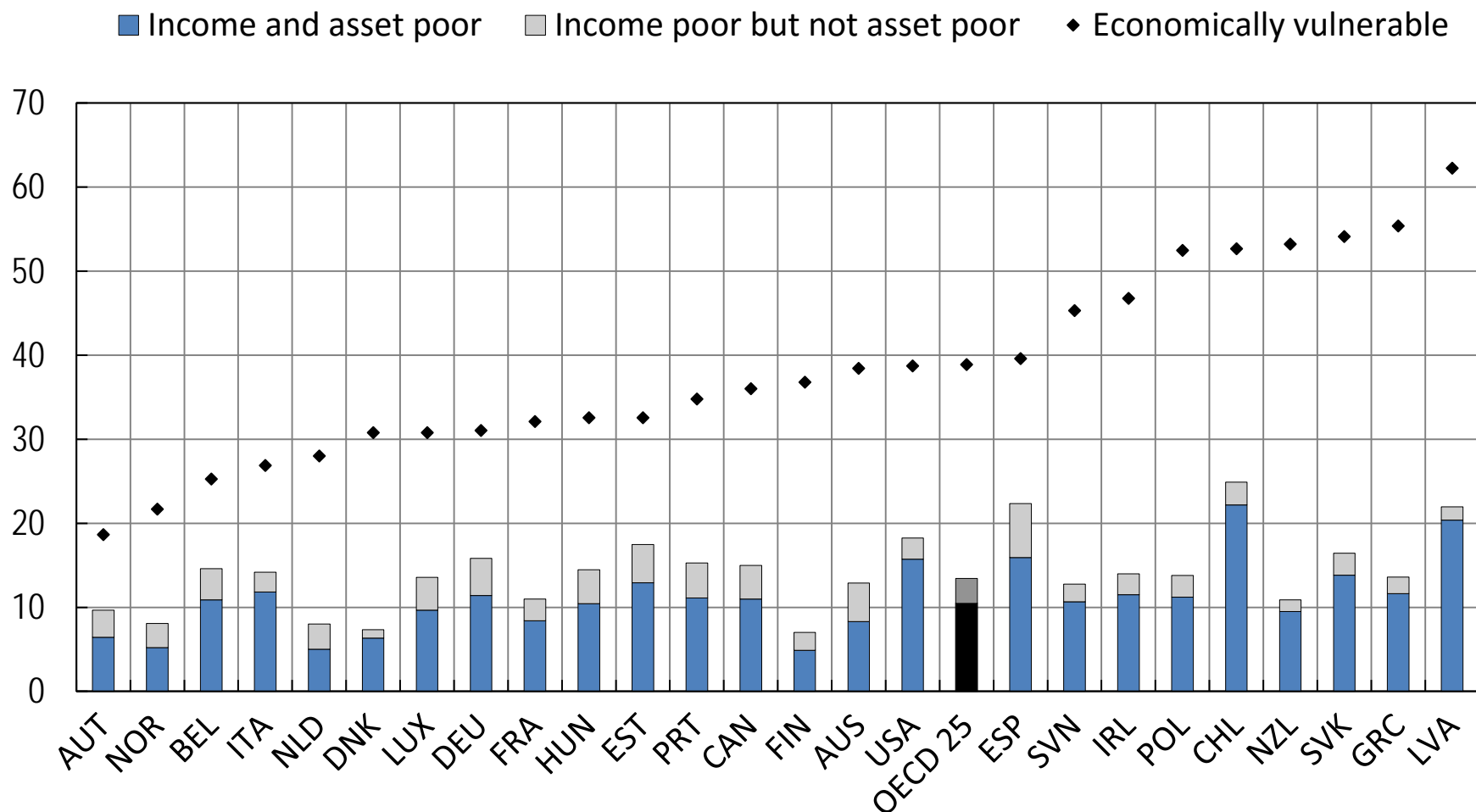
Percentage of indicators in which a country shows comparatively **low** deprivation rates



**Low deprivation rates** are defined as falling within the third of OECD countries with the lowest deprivation rates. Indicators are weighted so that the different dimensions of well-being are accorded equal weights.

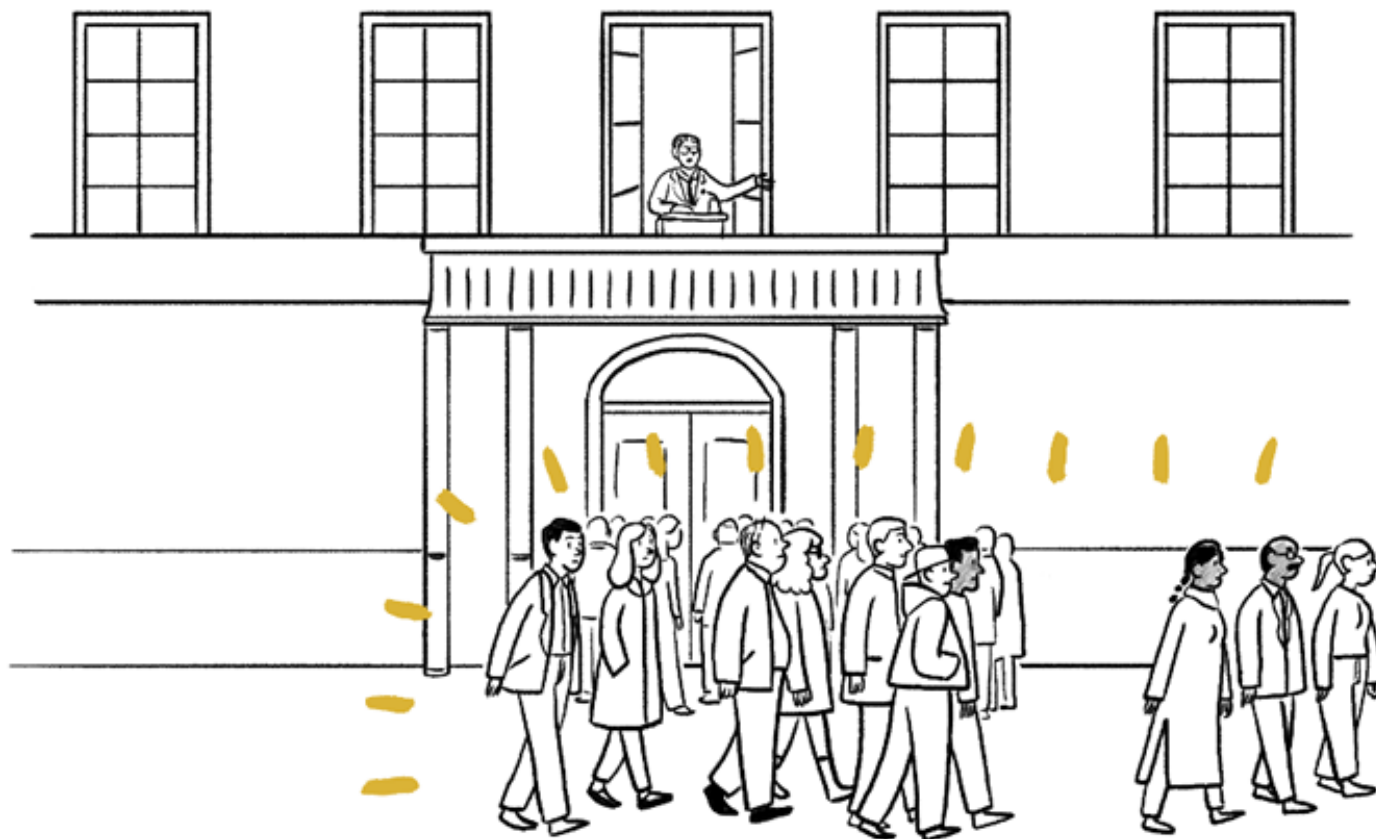


# More than 10% of people are currently poor, but an additional 40% would fall into poverty if they had to forgo 3 months' of their income.



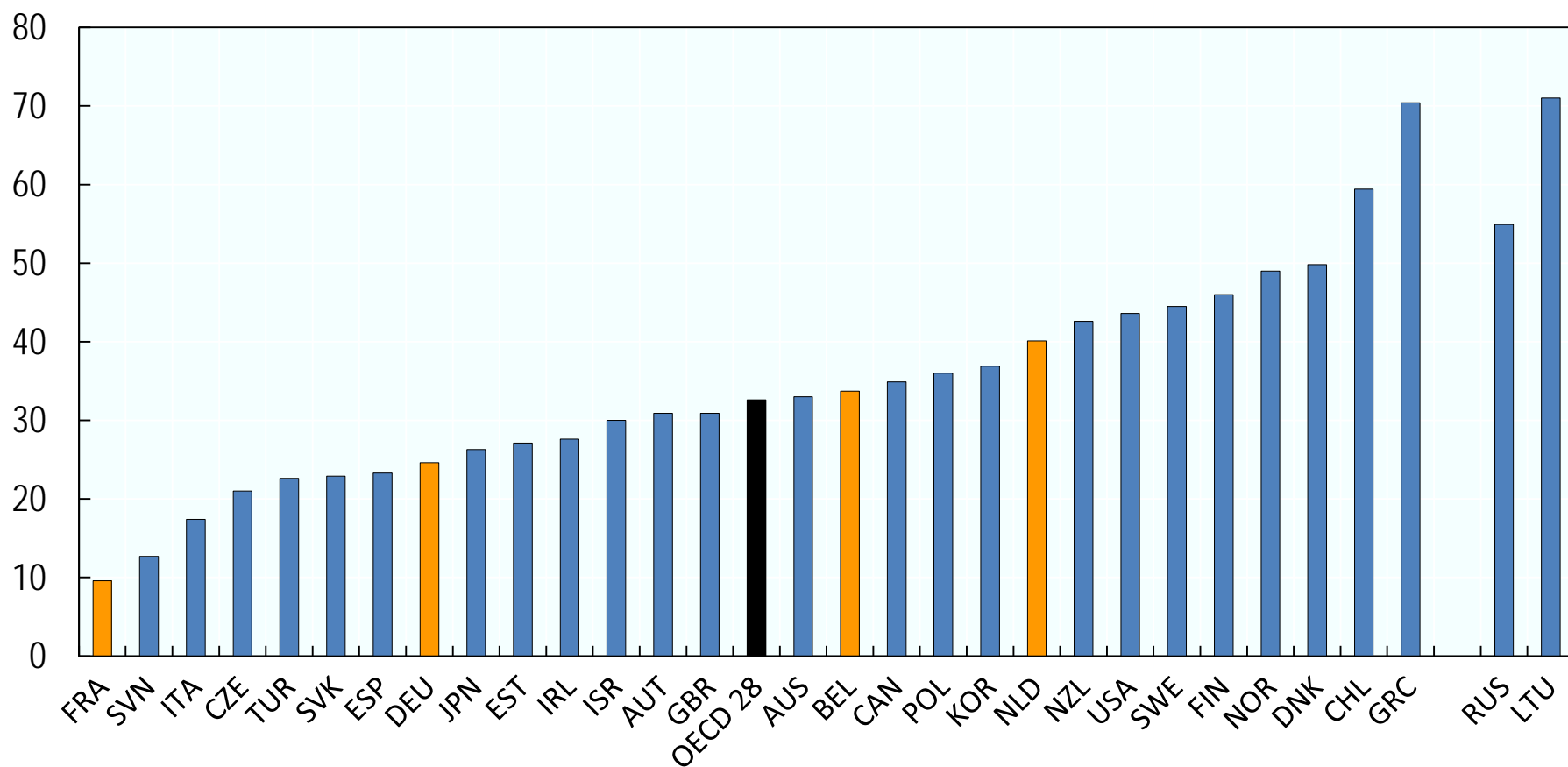
Share of individuals who are income poor, asset poor or economically vulnerable, by country, latest available year.

# Distance between people and the public institutions that serve them



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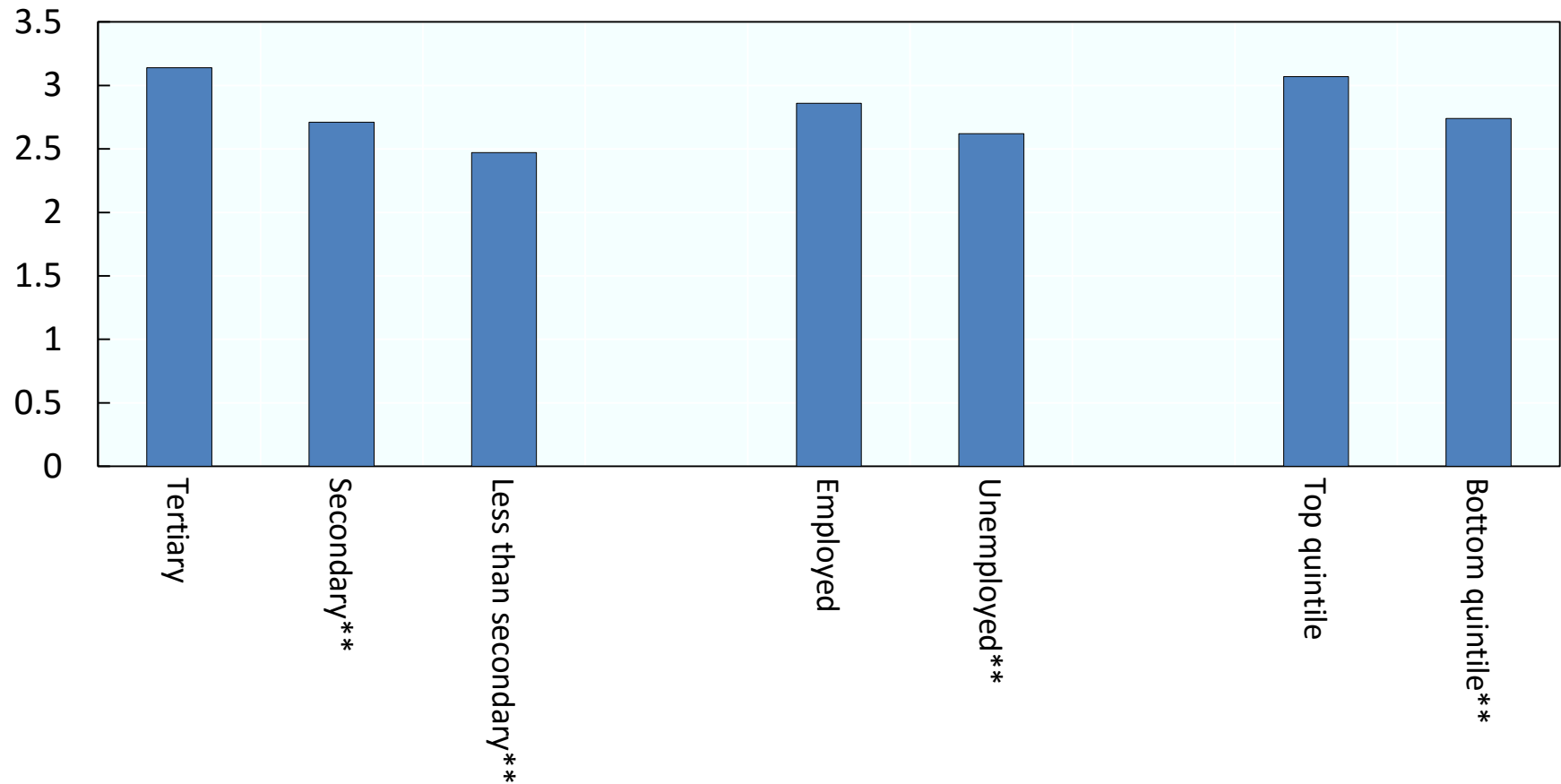
# Only one in three people in the OECD feel that they have a say in what the government does



Adapted from How's Life? 2017, Figure 4.11.

...over half believe that corruption is widespread, and only 38% have confidence in their national government

# People with fewer economic resources are less likely to feel they have a say in what the government does

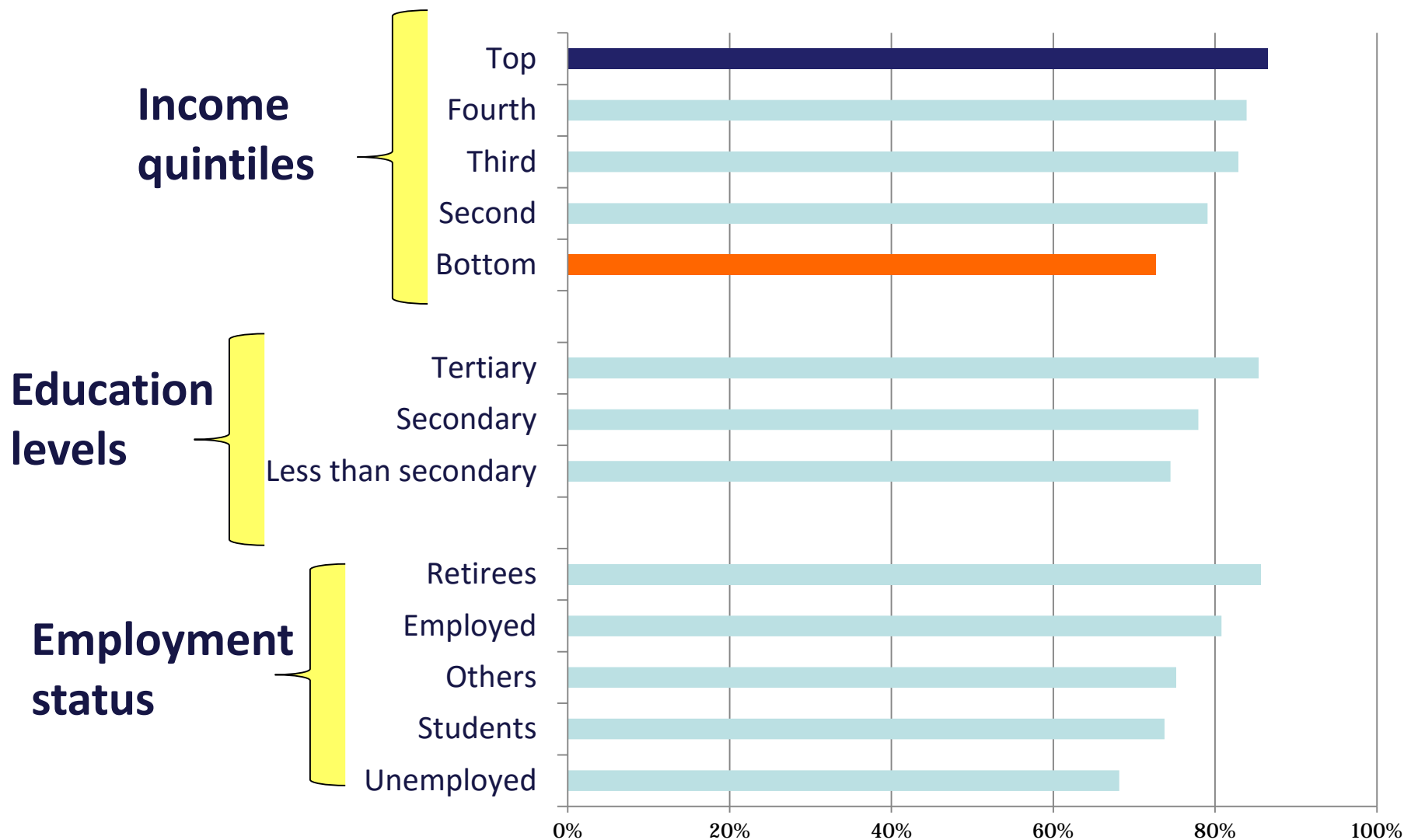


OECD average mean score on a 1 - 5 scale (higher scores indicate higher feeling of having a say in what the government does)

\*\* indicates a statistically significant difference at the 95% confidence level, with tertiary-educated, employed and the top income quintile serving as the reference groups, respectively.

Adapted from How's Life? 2017, Figure 4.12.

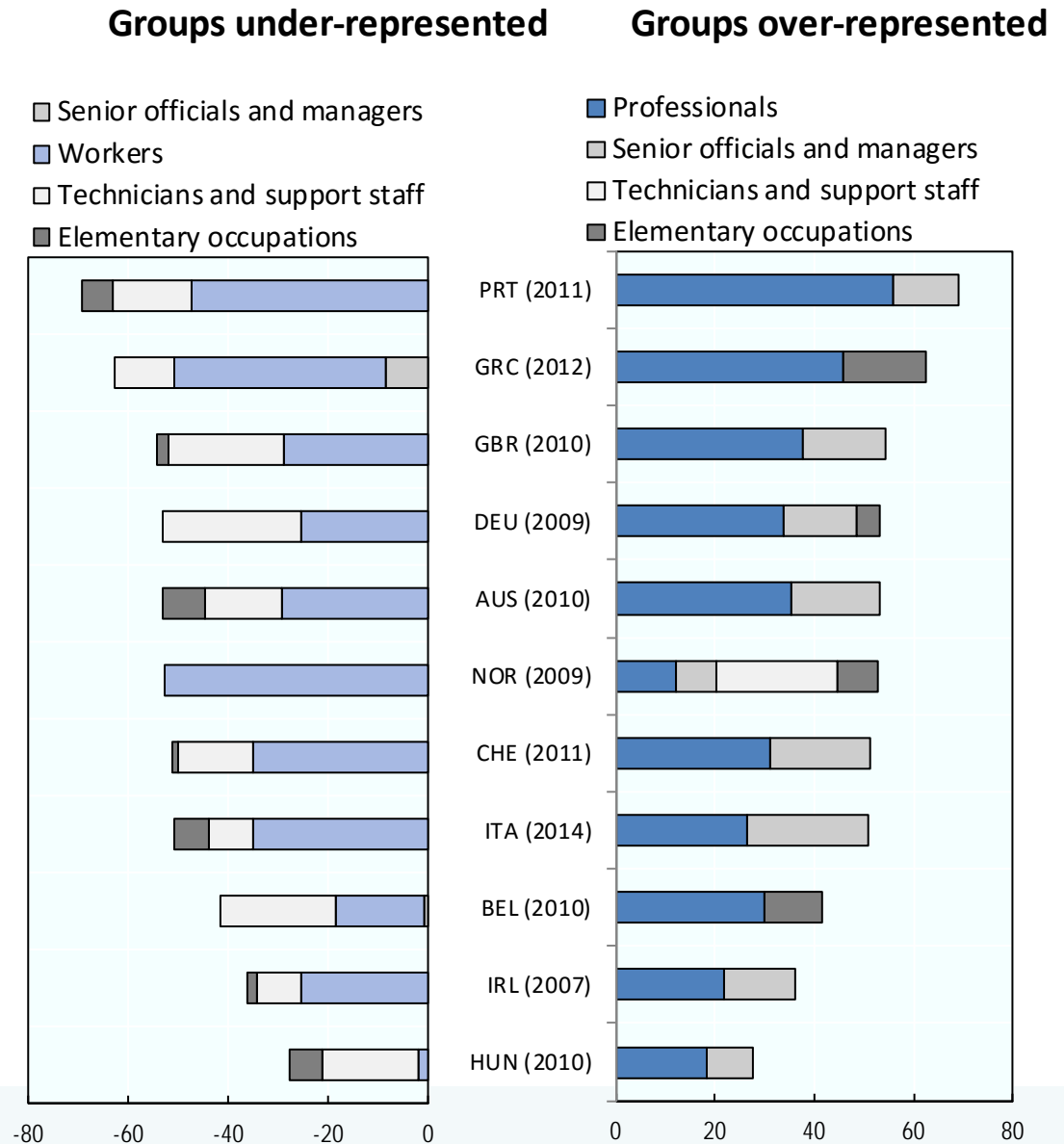
# Voter turnout is 14 percentage points lower for people in the bottom 20% income bracket, compared to those in the top 20%.



Voter turnout is self-reported and refers to the simple average based on data available for 25 OECD countries.  
Adapted from How's Life? 2017, Figure 4.2.

# Do politicians represent the people they serve?

A study of 11 OECD countries found that manual, agricultural and service workers make up 44% of the population at large, but only 13% of members of parliament.





# Changes in well-being over time

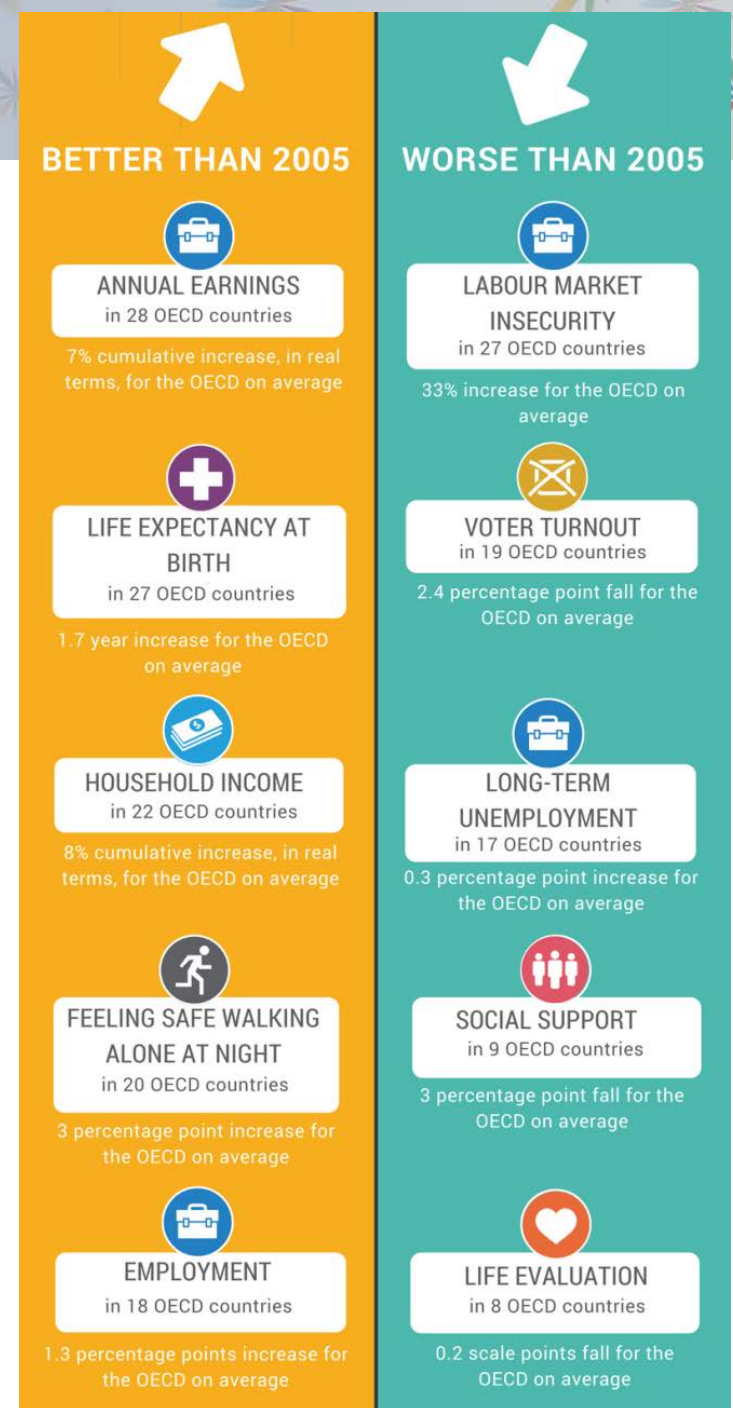


# Changes in well-being since 2005

In some aspects of life, the average OECD resident is better off than in 2005...

... but progress has often been slow, and unevenly distributed across countries...

... and in some areas, well-being is falling behind



# What is true for the OECD on average is not necessarily true for individual countries...

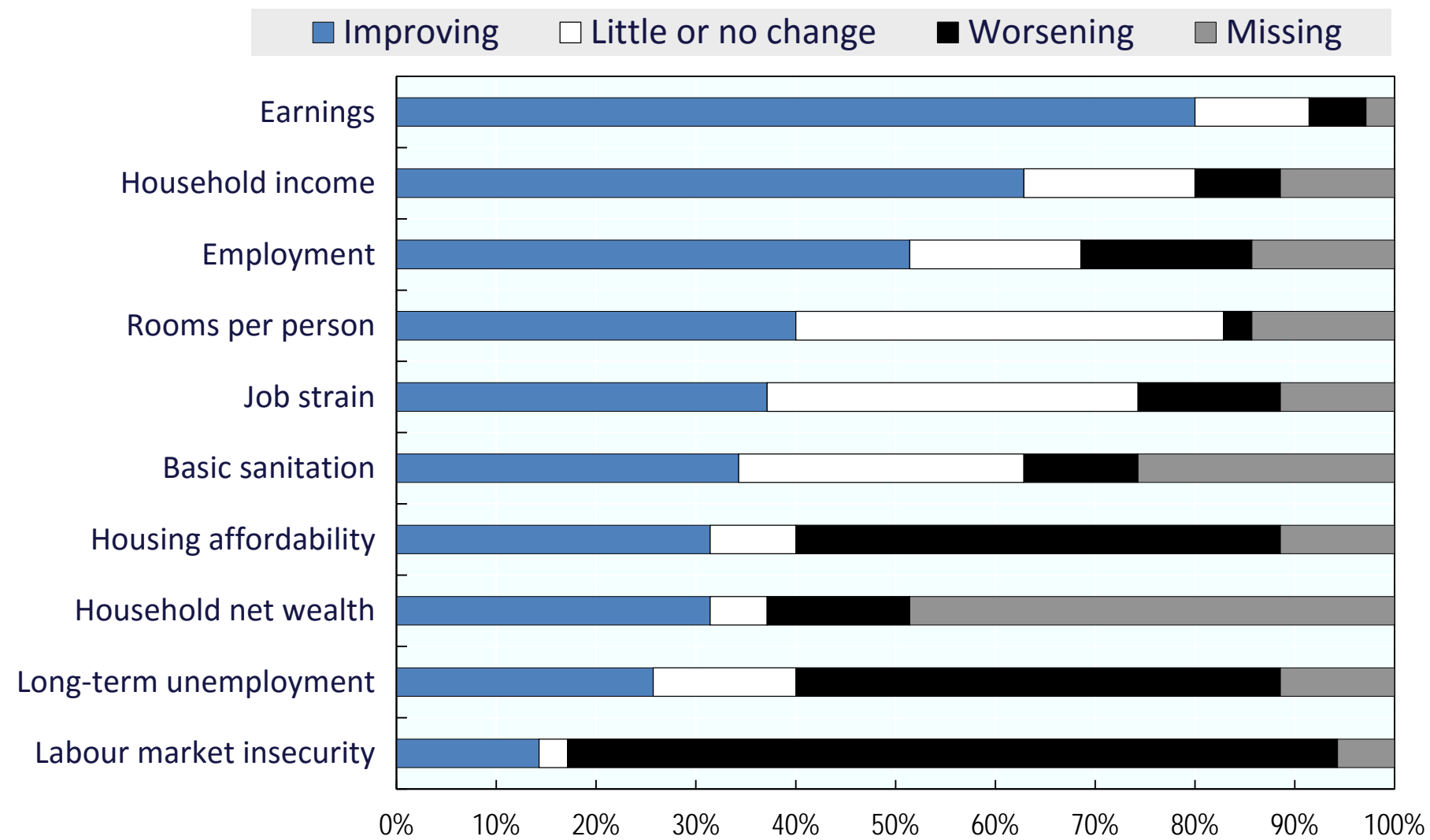
- Characterising change in well-being since 2005 for the OECD as a whole is difficult due to:
- the diversity of experience **across indicators**
  - the diversity of experience across **OECD countries**
  - (and of course as always, **missing data**)



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- How's Life? 2017 shows results for the **OECD average resident**
- ... **and** the share of countries with gains/losses in well-being
- ...**and** provides 41 profiles with detailed country findings

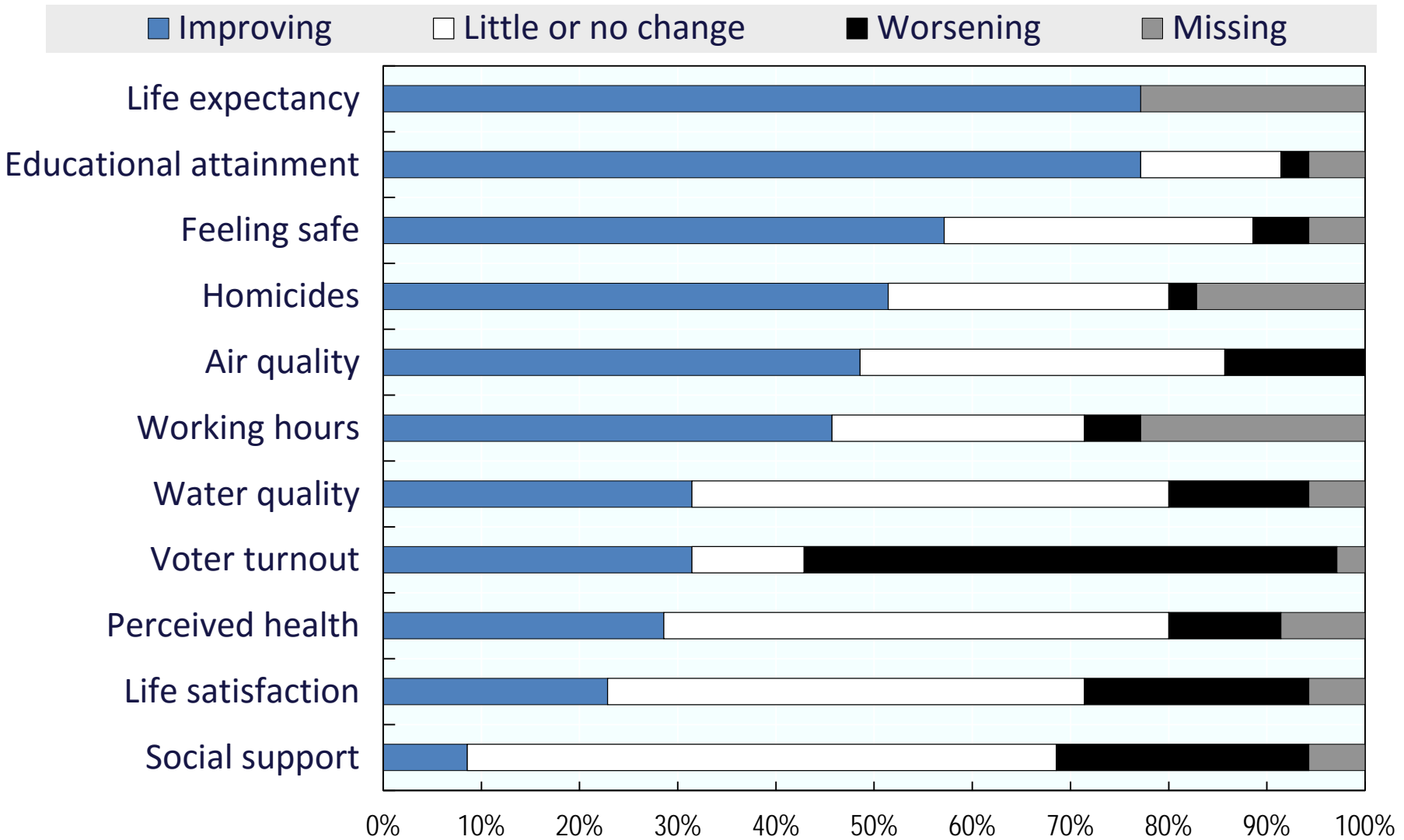
# Gains in material conditions since 2005 have not been equally shared among all OECD countries



Share of OECD countries in which there have been net improvements on each indicator since 2005

Adapted from How's Life? 2017, Figure 1.9.

# Life expectancy is the only headline indicator that has improved since 2005 for all OECD countries where it can be measured



Share of OECD countries in which there have been net improvements on each indicator since 2005

Adapted from How's Life? 2017, Figure 1.16.

# The picture is also mixed on resources and risks for future well-being...for example:



In OECD countries, **greenhouse gas emissions** per capita have fallen by around 14% on average since 2005. However, **forest area** per capita has also been reduced by around 5%.



OECD countries now invest a higher share of their **GDP in research and development** than in 2005. However, the **financial net worth of OECD governments** has fallen by 30 percentage points, and **households have experienced rising debt** in over half of all OECD countries.



Since 2005, the share of people who **smoke** has fallen from 22% to 18%. However, the share of people who are **obese** has risen from 22% to 24%.

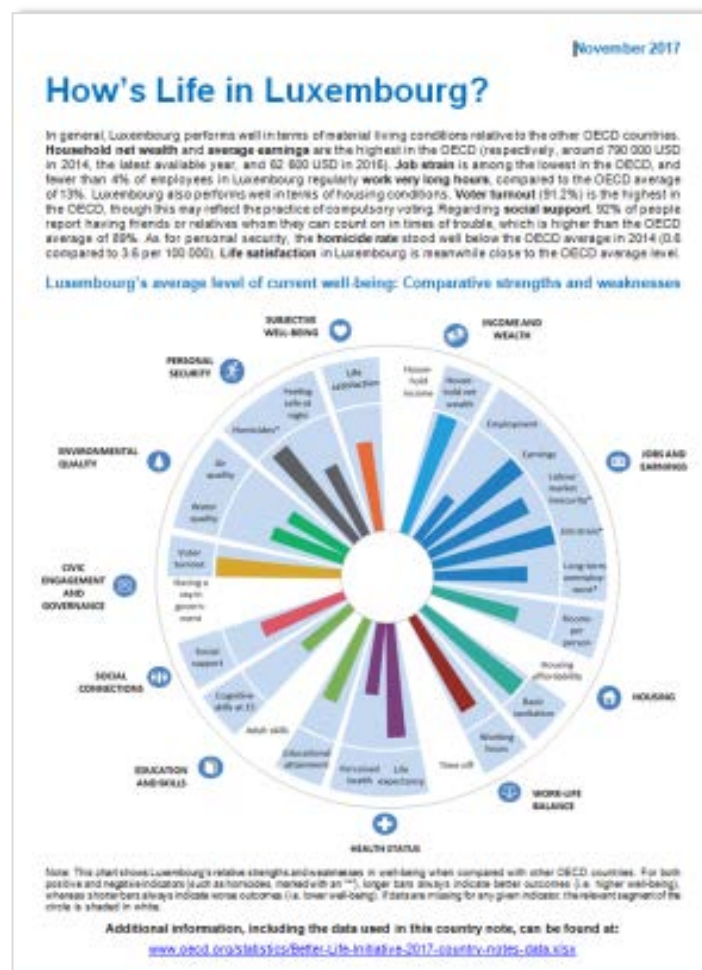


Both **voter turnout** and **trust in government** have fallen in more than half of all OECD countries since 2005.

# How's Life? in Luxembourg?

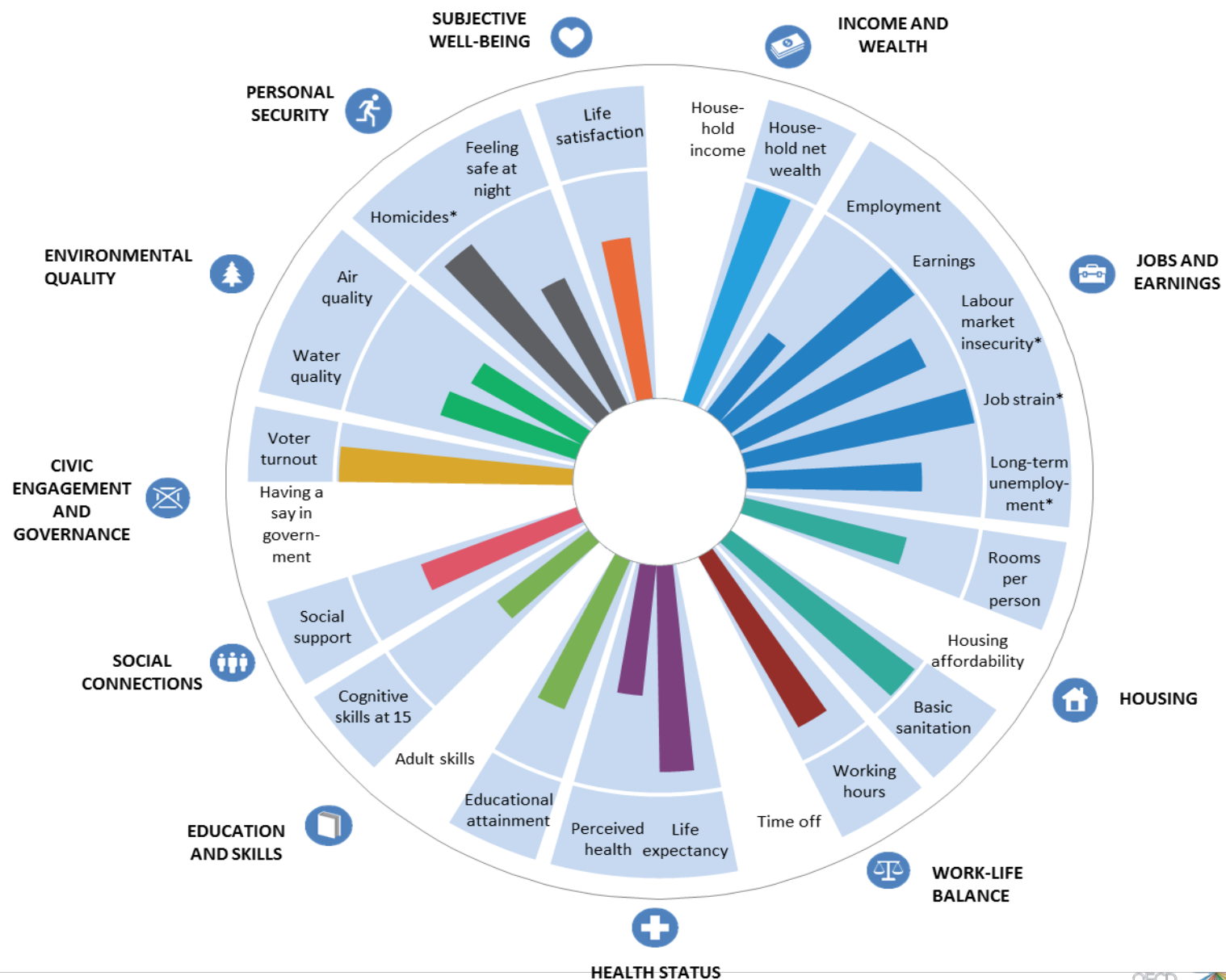


Drawings by Giulia Sagromola





# Luxembourg's comparative strengths and weaknesses in average well-being





# How large are well-being inequalities in Luxembourg?

**Diagnostic dashboard** shows the size of well-being divides in Luxembourg, relative to other OECD countries

e.g. **Cognitive skills at 15** are unevenly distributed overall, differ a lot depending on parents' level of education, and have high deprivation rates... but relatively equal for girls and boys.

**Household income** is more evenly distributed than in the OECD on average – overall, by age, and in terms of deprivation rates

		Vertical inequality	Horizontal inequality by			Deprivation
			Gender	Age	Education	
			Women relative to men	Young relative to middle-aged	Secondary relative to tertiary	
<div><div></div> top third of OECD countries</div> <div><div></div> middle third of OECD countries</div> <div><div></div> bottom third of OECD countries</div> <div><div></div> data gaps</div> <div><div></div> no measures</div>						
	Household income	<div></div>		<div></div>		<div></div>
	Household net wealth	<div></div>		<div></div>	<div></div>	<div></div>
	Earnings	<div></div>	<div></div>	<div></div>	<div></div>	
	Low pay		<div></div>			<div></div>
	Employment		<div></div>	<div></div>	<div></div>	
	Unemployment		<div></div>	<div></div>	<div></div>	<div></div>
	Housing affordability					<div></div>
	Rooms per person					<div></div>
	Life expectancy	<div></div>				
	Perceived health		<div></div>	<div></div>	<div></div>	<div></div>
	Working hours	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
	Time off		<div></div>	<div></div>		
	Educational attainment		<div></div>	<div></div>		<div></div>
	Cognitive skills at 15	<div></div>	<div></div>		<div></div>	<div></div>
	Adult skills	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
	Time spent socialising		<div></div>	<div></div>		
	Social support		<div></div>	<div></div>	<div></div>	<div></div>
	Voter turnout		<div></div>	<div></div>	<div></div>	<div></div>
	Having a say in government	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
	Air quality					<div></div>
	Water quality		<div></div>	<div></div>	<div></div>	<div></div>
	Homicides		<div></div>			<div></div>
	Feeling safe at night		<div></div>	<div></div>	<div></div>	<div></div>
	Life satisfaction	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
	Negative affect balance					<div></div>

# Migrants' well-being in Luxembourg

## Comparison of migrants' and native-born well-being in Luxembourg

	Migrants have a worse situation	Same situation	Migrants have a better situation
Household income	▲		
Wealth		▲	
Physical health risks at work		▲	
Atypical working hours	▲		
Cognitive skills at age 15	▲		
Perceived health	▲		
Social support	▲		
Housing conditions	▲		
Environmental conditions	▲		
Perceived safety			▲
Trust in political system			▲
Life satisfaction	▲		
Feeling depressed	▲		

# How's Life? 2017: The bottom line

- How's Life? 2017 shows the **many faces of inequality**  
→ where you were born, the country you live in, your gender, age and education are crucial factors affecting well-being
- **Migrants usually experience lower well-being** than the native-born, but there are some exceptions... **however**, the most vulnerable migrants are hard to reach in surveys, and we are probably overestimating how well-off the average migrant is
- Many people in OECD countries **feel distant from the public institutions that serve them**
- Since 2005, some aspects of well-being have improved, but **some elements (and some countries) are getting left behind**

# THANK YOU

[wellbeing@oecd.org](mailto:wellbeing@oecd.org)

[www.oecd.org/howslife](http://www.oecd.org/howslife)

[www.oecd.org/measuringprogress](http://www.oecd.org/measuringprogress)

[www.oecdbetterlifeindex.org](http://www.oecdbetterlifeindex.org)