

Quality of Life: Issues and Challenges in Measurement

Suresh Chand Aggarwal (University of Delhi, India)

Paper Abstract:

Questions have always been raised about the measurement of National Income and its use as an indicator of economic welfare. These questions were referred in 2008 by President of France to the commission on the Measurement of Economic Performance and Social Progress headed by Prof Stiglitz for their recommendations. Among many other issues, the commission did focus on a better measure of economic performance and well-being. It emphasized the importance of shifting from measuring economic production to measuring people's well-being and recommended that while evaluating material well-being we must look at consumption and income rather than production; distribution of income and consumption; and inclusion of non-market activities. The commission also looked at the definition and the importance of the measurement of quality of life, which was described to be broader than the concept of economic production and well-being. They discussed different approaches and different measures of quality of life including the objective features; e.g. health, education, political voice and governance, etc.

National Accounts then has to move away from its traditional role of measuring only production and has to evolve a methodology wherein some of the issues raised by the Stiglitz-Sen-Fitousssi report could be addressed. It has become all the more important as the focus of all policies in every country of the world is now more on improving the quality of life of its citizens. Therefore the questions related to the measurement of quality of life are very pertinent. The role of quality of life in measurement of economic performance is important and similar to the role quality of labor and capital played in the role of productivity in production.

The issue of quality of life has also assumed importance due to the emergence of 'new consumerism' as a result of (i) rise in levels of incomes leading to 'affluence and luxury', (ii) increased inequalities of income and consumption, and (iii) decline of 'neighborhood's, all of which has contributed to causing 'aspirational gaps' thereby reducing savings; increasing debts; increase in working hands and hours. As a result there is an increase in 'work and spend' cycle causing stress and worry and adversely affecting the quality of life. The consumer up-scaling has also led to disastrous consequences for the natural environment. It is thus possible that despite increase in national income, the quality of life may have deteriorated.

The paper argues that since the objective of calculating National income is gradually shifting from a pure measure of production to a measure of well being; there is thus a case for inclusion of those factors in National income measurement which affect the quality of life. The paper would examine the extent to which the recommendations of Stiglitz committee related to quality of life have been incorporated by some of the selected countries. It would also try to find out the underlying issues in the measurement of quality of life and the challenges in incorporating it in National income.