Region and place III: Wellbeing

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Abstract

This paper surveys the growing interest in understanding local and regional development in terms of its contribution to human wellbeing. It highlights the limits of traditional measures of development, notably GDP and its variants, and charts the search of alternatives measures of development. It examines attempts to introduce a concern with wellbeing in local and regional development policy and the political barriers to achieving this.

Beyond GDP

Local and regional development has historically been dominated by economic concerns such as growth, income and employment, with progress assessed through the use of measures such as GDP. Since the early work of Kuznets (1934) – notwithstanding his own doubts about its value in this respect – national income growth has been the main measure of economic progress (Coyle 2014; Demos, 2011) and variants of this measure, such as Gross State Product or Gross Value Added, have been used at the local and regional scale (Pike et al 2006). But as Seers observed “development consists of much else besides economic
growth’ (1969: 1). Easterlin (1974) observed the paradoxical relationship between income and happiness in the United States, suggesting that, “at a point in time both among and within nations, happiness varies directly with income, but over time, happiness does not increase when a country’s income increases” (Easterlin et al, 2010: 22463; see also Kahneman and Deaton, 2010). This relationship has now been observed in Western Europe, post-socialist countries and middle incomes countries in Latin America and Asia (Easterlin et al, 2010; Max-Neef, 1995) and has given rise to “happiness economics” (e.g. Layard, 2005) and to the search for new measures of development (see Constanza et al 2009). Stiglitz et al’s call for measures of development that “shift the emphasis from measuring economic production to measuring people’s wellbeing” (2010: 10). A range of alternative measures have been proposed at the global and national scale – including the UN’s Human Development Index (http://hdr.undp.org/en/content/human-development-index-hdi), Stiglitz, Sen and Fitoussi’s Commission on the Measurement of Economic and Social Progress (Stiglitz, et al 2010), the European Commission’s ‘GDP and Beyond’ project (European Commission 2013) and the OECD’s ‘Global Project on Measuring The Progress of Societies’ which led to the Better Life Index (OECD 2013) and Porter’s Social Progress Index intended to be separate but complementary to the World Economic Forum’s Global Competitiveness Report (Porter et al, 2015). Other alternatives to GDP include the Genuine Progress Indicator (GPI) (Kubiszewski et al, 2013) and Index of Sustainable Economic Welfare (Daly and Cobb, 1989) while Kahneman has proposed the creation of National Wellbeing Accounts (e.g. Kahneman et al, 2004). Such measures have been subject to their own critiques on conceptual and technical grounds (see Neumayer, 2013) and Stiglitz et al consider whether an indicator “dashboard” might hold more promise than a single indicator. Nevertheless, even critics of GPI and ISEW acknowledge their power to trouble
dominant understandings of economic development (Dietz and Neumayer, 2012; see Bagstad and Shammin, 2012) revealed by widening gaps in many countries between GPI and GDP (Victor, 2010). To date, though there has been comparatively little attempt to develop indicators at the local and regional scale (Gray et al 2012).

**Local and regional wellbeing**

Morrison (2014) reviewed papers published in 17 regional science and related journal over the previous 30 years to assess the attention paid to well-being in a regional context. The analysis revealed only about two dozen papers, while the World Database of Happiness, which lists over 10,000 papers disclosed only 74 references. Yet there are very strong reasons for considering the place-based dimensions of wellbeing. Definitions of local and regional economic development are inescapably context-dependent. The well-being target is unlikely to be the same for people living in New York or in Maputo; only the residents of New York or Maputo can define their objectives in the medium and long term (Canzanelli 2001). Moreover, processes of wellbeing, “whether of enjoying a balance of positive over negative effects, of fulfilling potential and expression autonomy or of mobilizing a range of material, social and psychological resources are necessarily emergent in place” (2012: 3)

There are a number of ways in which consideration of the local and regional dimensions might improve our understanding of wellbeing. As Morgan (2005) observes, indicators such as GDP per head can suggest that regions are located at similar points in income-based league tables, but this can mask significant differences in terms of real quality of life, when
we consider different dimensions of wellbeing such as incomes, health or education.

Following Sen (1999), Morgan (2004) calls for a distinction to be made between qualities that are ‘instrumentally significant’, such as jobs and income, and qualities that are ‘intrinsically significant’, such as health, well-being and education in order to better focus local and regional development efforts on matters of well-being and quality of life. Perrons (2011) has argued that indicators such as GDP can also mask significant divergences in position of men and women in regional economies. She too draws on a “capabilities” approach derived from Sen to make the case for broader measures of regional development that are sensitive to gendered nature of economic growth. The OECD (2014) observes that much of the information required to design and implement a well-being strategy is found locally and notes that people generally assess their own sense of wellbeing based on their immediate socioeconomic context.

Perrons and Dunford (2014) have demonstrated how conceiving development in term of wellbeing can produce counter-intuitive understandings. They highlight the gap between London (and the adjacent South East of England region) and other UK regions, as measured by Gross Value Added (GVA) per head which grew significantly from the mid-1990s. Adapting the UN’s Human Development Index, they propose a Regional Development Index (RDI) for the UK which includes measures of a healthy life, knowledge, economic standard of living and employment. Ranked in this way, London falls from first place (when measured by GVA per head) to seventh place in the new index. Developing the index further by adding a gender dimension, London falls to the bottom of the rankings suggesting that London’s development is a particular kind and does not necessarily constitute the ideal model for
other places to emulate. According to this index, a region like the North East of England, which has a low rank in relation to GVA per head, is placed highly in relation the Gender-sensitive Regional Development Index (GRDI). The RDI and GRDI pose useful questions about how we should measure economic progress and assess the well-being of communities. For most people in the UK, it is counter-intuitive to place a region like the North East of England at the top of any ranking of development because the region is characterized by problems of unemployment, ill-health and low productivity (Pike et al. 2015). Yet by other measures – such as the participation of women in the workforce – the quality of life is high. Hence, how we define development determines our perception of which territories can be ranked as ‘developed’. Moreover, Higgins et al (2012) use 73 “Quality of Life” indicators, derived from a database of the now defunct Audit Commission in England, to demonstrate wide variations on wellbeing within London. The distribution of wellbeing London is highly uneven, leading Perrons (2010) to view Londons less as a successful region and more as a region where prosperous people and firms reside in the context of high levels of interpersonal inequality.

Contemporary patterns of urban and regional change – and efforts to explain these – have emphasised the growing importance urban agglomerations as sources of GDP growth. Examining the data for New Zealand Morrison (2011) demonstrates economic growth in the largest and densest cities is associated with a relative reduction of a subjective wellbeing, which he describes as a “localisation” of the Easterlin paradox. Similarly, Smarts (2012) notes London accounts for over one fifth (21.5 per cent) of UK Gross Value Added (GVA) despite containing only 13 per cent of the national population. It is highly productive,
dynamic and diverse city, but available evidence suggests that Londoners’ subjective wellbeing has been consistently below that of the UK as a whole (Smarts, 2012). Urban density may underpin agglomeration economies but may also reduce wellbeing, happiness and life-satisfaction. It might be that continued growth of large cities involves trade-offs between income and happiness. Conventional urban economics conceives of wellbeing in terms of measurable trade-offs. Glaeser et al (2014) seek to explain differences in self-reported subjective wellbeing in US cities, focusing on the question of why people continue to move to or live in cities with low levels of happiness. They conclude that “desires for happiness and life satisfaction do not uniquely drive human ambitions”; rather “humans are quite understandably willing to sacrifice both happiness and life satisfaction if the price is right” (2014: 30). Glaeser’s (2012) sees economic agents as mobile and rational actors that act in a “spatially-blind” way and, therefore, place plays no independent role in shaping social and economic outcomes, including wellbeing, which are the product of individual decisions. The OECD (2013) maintains, however, that where people live matters for their wellbeing, reflecting the way personal traits and “place-based” characteristics interact: fundamental aspects of individual wellbeing such as education, skills and motivation arise from conditions in the local labour market.

Thinking about wellbeing in local and regional terms connects to debates about the importance of place attachments in the formation of socio-economic, political and ethical values (see Tomaney, 2014 for a review). Jack (2010) points to a body of research that suggests that the formation of place attachments among children is an important component of their personal identity and wellbeing, while Lager et al (2012: 92) found that
among elderly Antillean migrants to the Netherlands, “Attachment to place contributes to older people’s wellbeing: they derived a sense of autonomy, control, self-confidence and social identity from it”. Elderly migrants reported a sense being culturally grounded in their neighbourhoods which gave meaning to their lives. Research in New Zealand among older people produced similar results suggesting “a strong reciprocal relationship between older people, their social and physical environments, and their health and well-being, most obviously manifest through a strong sense of attachment to place” (Wiles et al, 2009: 666). This suggests that place-making may have important impacts on objective and subjective wellbeing.

A further local and regional dimension of wellbeing arises from the influences of decentralised institutions. Local and regional governance and institutional conditions shape the making of places. Trust in public institutions has a positive impact on well-being and trust in local and regional governments tends to be higher than in national governments (OECD, 2013). There is growing attention on the role played by institutions in shaping patterns of development (see Tomaney, 2014, for a review). Recent research suggests that decentralised political institutions can have impact on levels of subjective wellbeing. For instance, Diaz-Serrano and Rodríguez-Pose (2012) examine how cross-country differences in political and fiscal decentralization affect the level of satisfaction of individuals with democracy, government, the economic situation and life satisfaction by matching data from four waves of the European Social Survey (ESS) with measures of decentralisation derived from the Regional Authority Index (RAI) developed by Marks (2008). Their analysis suggests decentralization matters positively for the satisfaction of individuals with political
institutions not necessarily because it leads to better aggregate economic outcomes, but rather because it contributes to improvements in the delivery of policies and services and to citizen satisfaction. Citizens appear to be more satisfied when decisions are taken by governments closer to them and this contributes to their subjective wellbeing. Similarly, Orviska et al (2014), using data from the World Values Survey, which covers 100 countries, show that regional democratic satisfaction has a positive impact on happiness.

**Measuring local and regional wellbeing**

Stiglitz et al (2010) contend that our theories, the hypotheses we test and the beliefs we have, are all shaped by our systems of metrics. There have been a number of attempts to apply alternative measures of development at the local and regional scale. Clarke and Lawn (2008) review the proliferating use at the local and regional scale of the Genuine Progress Indicator. They note some problems with its application. GPI is analysed in a variety of ways and various and inconsistent spatial scales, typically using non-uniform comparative frameworks. A lack of shared methodologies makes comparison across regions difficult at best. A central difficulty is that while national statistics are collated in a uniform way according to UN sanctioned codified systems, the disaggregation of data to the subnational scale is inconsistent across territories. Kim and Lee (2013) identified 53 indices of local wellbeing in use mainly in the United States, Canada and Australasia. They identify a series of problems with the bulk of such indicators such as the partial nature of indicators used, the focus on “objective” data and the lack of explicit theoretical foundations.
A major research project commissioned by the National Research Foundation of Korea has sought to investigate the nature of community wellbeing. In a key output from the project Kim and Lee (2013) propose an Index of Community Wellbeing (CWB) for Korean metropolitan cities and provinces that is aimed at shaping public policies. The index contains a wide range of both subjective and objective indicators gathered at the local administrative district. Community is defined as group of residents, a political entity and a geographical area, while wellbeing is defined in relation to Aldefers’ ERG (Existence, Relatedness, Growth) theory (itself an elaboration of Maslow’s hierarchy of needs). Different cities and provinces perform differently in relation to the dimensions of wellbeing, but overall the index produces some counter-intuitive rankings. For instance, Jeonnam and Jeju perform well in terms of wellbeing measures although they are relatively slow growing regions. The authors’ attribute this result to strong sense of identity in these places, which underpins a sense of community wellbeing.

The OECD has developed a common framework for assessing patterns of local and regional wellbeing across 362 regions in 34 member countries. The framework draws on the principles of its Better Life Initiative and the indicators developed in the OECD Regions at A Glance series. The framework measures well-being locally where people experience it, focusing both on individuals and on place-based characteristics, as the interaction between the two shapes people’s overall well-being. It concentrates on well-being outcomes that provide direct information on people’s lives rather than on inputs or outputs and is multi-dimensional, including both material and non-material dimensions. It assesses well-being outcomes not only through averages but also by how they are distributed across regions.
and groups of people. The framework assumes wellbeing is influenced by citizenship, governance and institutions and seeks to measure these. It takes account of complementarities and trade-offs among the different well-being dimensions. It looks at the dynamics of well-being over time, at its sustainability and at the resilience of different regions. At the same time, the OECD identifies an agenda of necessary improvements to existing statistics to reflect a concern with wellbeing.

The aim of OECD’s approach is to provide a statistical framework from which localities and regions can draw in order develop a panel of indicators best suited to their conditions. The OECD argues that citizens and stakeholders should be involved in the production of wellbeing indicators, “Democracy is both an outcome (living better lives) and a process (deciding the kind of lives people want to live). Building well-being metrics should therefore be an open and democratic process, rather than a technocratic procedure” (2014: 36).

Although there have been efforts to include non-governmental actors and other groups in the production of local and regional indicators these are still limited. These include the domination of the process by “expert” knowledge and (perceived) technical complexity that inhibits lay inputs, the problems of reconciling different conceptions of wellbeing. The development of local wellbeing indicators is rendered a “site of struggle” between competing discourses (Scott and Bell, 2013; see also Jany-Catrice and Marlier, 2013). Kim et al (2015) note that little explicit attention has been given to different weightings that citizens, public officials and experts assign to aspects of community wellbeing. Based on a survey of citizens, public officials and experts in Seoul they demonstrate differences
between these groups in the importance attached to different dimensions of wellbeing and they call for greater deliberation and citizen participation in the measurement process.

Harari (2014) postulates that “happiness consists in seeing one’s life in its entirety as meaningful and worthwhile. There is an important cognitive and ethical component to happiness” (2014: 437). As Atkinson et al (2012) note, however, there is little sense in contemporary research that local wellbeing is embedded with ethical purpose and value. Stiglitz has complained that, “everybody says, ‘We want policies that reflect our values,’ but nobody says what those values are” (quoted in Gertner, 2010: no page). The local arena is an important scale at which social and political values are produced but this process is not addressed in current research.

**Politics and policy of local and regional wellbeing**

The use of wellbeing metrics is designed to inform better policy-making by highlighting how economic growth translates into improved “non-economic” outcomes and whether development is shared among groups and place. Wellbeing measures can raise broader awareness of policy objectives, by highlighting where policy might improve social and economic outcomes and improve policy coherence by emphasising complementarities and trade-offs of different forms of public action (OCED, 2014).

A number of countries have sought to introduce wellbeing measures to inform regional policy (OECD, 2014). In France, a wellbeing index called the “barometer of inequalities and
poverty”, or Bip40, was first developed in 2002, comprising six major dimensions and 60 variables. The region of Nord-Pas de Calais developed a variant of these indicators using available data. The development of the indicators was accomplished by the Regional Council in collaboration with experts and local NGOs. The resulting Indicator of Social Health has acquired legitimacy and usage in the French context. It is one of the indicators used in the Nord-Pas de Calais regional development plans and French Association of Regions (L’Association des Régions de France) uses the ISH as one of its key indicators of regional conditions (along with GDP and ecological footprint) (Jany-Catrice and Marlier, 2013).

Porter’s Social Progress Index has been used at a subnational scale in a number of places. For instance it has been used in the State of Pará in Brazil to produce IPS Amazônia, an analysis of social conditions (Porter et al, 2015). The State Governor, Simao Jatena, has indicated that the state’s development strategy will be developed in light of the issues arising from Social Progress Index.

The growing use of wellbeing indexes faces political barriers. In the US, two states, Maryland and Vermont, had adopted GPI by 2014 in order to inform development strategies. In the case of Maryland, GPI was introduced though administrative action by then Democratic Governor Martin O’Malley and in Vermont it was enacted in legislation passed by the State Assembly (Daly and McElwee, 2014). In Maryland GPI had a limited impact on economic development policy following its implementation. Moreover, the Maryland GPI became a source of controversy in the 2015 gubernatorial election, which saw the election of the Republican Larry Hogan on a low tax platform. According to Change Maryland, a pro Hogan Political Action Committee, GPI added to the tax burden of households and firms and was.
“pushed by a cadre of left-wing university professors who say that people just need food and shelter for happiness, economies do not need to grow, individuals are interchangeable with one another and that corporations will collapse.” (Pettit, 2012: no page). GPI appears more firmly embedded in policy frameworks in Vermont, probably reflecting the broader consensus about its value to the State. The State of Vermont’s Comprehensive Economic Development Strategy, Vermont 2020, includes a commitment both to raise GDP and increase GPI (Agency of Commerce and Community Development, 2014). A feature of the process in Vermont has been the apparently wide debate and stakeholder involvement that preceded its introduction (Daly and McElwee, 2014).

There has been a surge of interest in the limits of understanding and measuring human progress in terms of economic growth, measured narrowly by GDP. This has led to the search for new approaches to understanding and measuring local and regional development. But as Coyle (2014) has noted the conventional metrics continue to wield extraordinary discursive and material power in public, media and policy debates. Efforts to add a concern with wellbeing to local and regional development policy have been halting and have generated resistance as the Maryland example reveals. In countries where austerity is the order of the day, especially following the recession of 2008, despite some initial enthusiasm there has been a diminishing concern with wellbeing as the focus has turned to public expenditure reductions and the reshaping of the state. In the UK, for instance, early zeal for thinking in terms of wellbeing on the part of the Prime Minister, David Cameron, largely evaporated on attaining office. Wellbeing indexes are especially useful for highlighting local and regional patterns of inequality. Piketty’s (2014) work, draws
attention to the larger macroeconomic forces that shape the conditions for local and regional wellbeing. Recent research coming from the IMF and OECD (Cingano, 2014; Ostry et al, 2014) suggests that high levels of inequality may hinder economic growth – rather than economic growth being the solution to problems of inequality – adds an additional dimension to the wellbeing debate, albeit the urban and regional dimensions of these insights have yet to be developed. In this context the debate about wellbeing is likely to move from the technocratic arena into the world of politics.

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Of course a concern with happiness can be traced back to classical philosophy and its concern with the nature of the good life.