

## **Matt Nolan submission on Indicators Aotearoa**

Here is my official submission to the [Indicators Aotearoa New Zealand consultation](#). For brevity I will call this Indicators below.

### **My understanding of the submission purpose**

The series of submissions in conjunction with other estimates is intended to understand progress/wellbeing in some way, and work out what needs to be measured to create it. The idea is that - in an ideal world - as a society we want something that is conceptually like GDP except about wellbeing.

However, we can't measure wellbeing so we want other heuristics (outcomes) that we can measure that are related to it. By getting the values of New Zealanders on these heuristics we can have an idea about the things NZers think matter, and thereby improve policy/policy investigation.

So since it is like GDP we are interested in two things:

1. The "flow" of wellbeing at a point in time - this is the GDP equivalent view.
2. The "capital stock" that allows for the creation of wellbeing in the future - this is analogous to the stock of factor inputs in national accounts.

As the goal of this submission is only to talk about things I value then only the "flow" concept is relevant. What should be part of this flow so that we can model how it is determined, talk about the current flow, progress on that flow, the sustainability of that flow for future generations, and policy trade-offs regarding that flow.

There are technical issues here - but that isn't what you are asking me about, you just want my values so that is what I will concentrate on here.

In order to explain my values I will have to also explain how I understand the framework and what I am being asked. My apologies for the length.

### **Submission**

I went to use the online submission form to give my view on these indicators and was met by this - followed by a text box to expand one why each mattered:

From the list below, please choose the **five** things you think are the most important for the well-being of New Zealanders.

- ☐ Relationships with friends and whānau
- ☐ Health
- ☐ Housing
- ☐ Neighbourhood and community
- ☐ Access to facilities such as libraries, parks, or green spaces
- ☐ Work, jobs, and career
- ☐ Financial security
- ☐ Trust in government and the public sector
- ☐ Education, skills, and training
- ☐ Leisure and recreation
- ☐ Ability to have a say on local and national issues
- ☐ Cultural identity and expression
- ☐ Personal safety
- ☐ Spirituality or religion
- ☐ Air quality
- ☐ Rivers, lakes, and oceans
- ☐ Wildlife, forests, and the bush
- ☐ Other - Please specify

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Wanting some clarity on what we really mean by wellbeing I went to the documentation - just to see more [text saying that the goal is measuring wellbeing](#). That is all a bit meaningless isn't it? I do appreciate the ease of submission - I really do. But this categorisation feels a bit scatter gun and I didn't really know how to represent my values through it easily. Specifically I have five problems here:

1. A lot of the categories are closely related to each other while others are separate and broad - health is a single category but environmental quality is split into three??
2. There is a mixture of things that may give me satisfaction directly (the outcomes you want my values on) and things that are "capital" for the creation of satisfaction (not the point).
3. How am I supposed to indicate my relative value over issues (other than entering text in a box)? What about the value relative to issues I didn't select?
4. What I report I value often depends on what I *believe is absent*, rather than what is truly important for me when it comes to discerning my life satisfaction. Eg Access to clean

water is one of the most valuable things/outcomes in my life, but it is not something I would consider when faced with a tickbox of values.

5. Finally the question asks what I think matters to New Zealanders - but it should be what I value.

You are asking my personal view on the indicators that influence wellbeing - why not just ask me what things matter to me the most? And what does wellbeing mean - in this context won't my concern lie more with things I think are absent from my life and things that I think other people should change (even though there is no ethical reason why I should have a say in that). So I couldn't fill out that form. Instead I will give a written submission explaining the types of things that matter given my views and values as a New Zealander. They will not be the same as others - I accept that - but it is also the only perspective I can justifiably give.

Armed with our values the purpose of the indicators is to determine what outcomes to measure to evaluate those, and what capitals to calculate to describe how those outcomes are determined.

### **Making wellbeing practicable**

There is no way you can construct a "measure of wellbeing" from this - and neither should you. This [multidimensional view is central](#) to what I believe you are doing after all. Instead the goal is three-fold:

1. To discuss the progress of New Zealand and New Zealanders along measures we believe have value.
2. To discuss the capabilities of New Zealanders now and in the future to *live a good life*.
3. To allow a quantitative framework that allows the comparison of trade-offs from policy.

These are all good goals - and if wellbeing is a term you are using to make this simple for people like me to think about what you are doing that is cool. But it isn't a measure of wellbeing, and shouldn't be.

Looking at why you are interested in this measure gives me a better idea of what you want to know from me! Specifically, what do I see as necessary things New Zealand needs to have and progress upon to ensure a good life for its citizens. It is these *outcomes* you want me to discuss - not intermediate things that might represent part of the process of getting to something we value as part of our core set of capabilities.

Ok, so thank you for asking and here is the way I think.

### **Absolute and relative measures**

When thinking about my own capability to live a "good life" I recognise that there are absolute and relative things that matter to me.

**Absolute measures** are things like whether I have fresh running water, my access to the internet, and my ability to access a social activity like community football.

**Relative measures** are things like whether the quality of clothing I'm wearing compares to that worn by other people, my education level relative to my peers, and how good I am at community football relative to other players on the pitch.

When I think about my capability for these things, it is a matter of whether the social and economic environment provides me the preconditions to meet a basket of absolute and relative things that I see as necessary for meeting the good life. This is hard as what constitutes a good life varies, both in terms of the outcomes that people value and the opportunities people have to achieve these outcomes. So my personal values represent the outcomes I personally see as important for this “good life” characterisation.

So given this what are my personal values? Well I'm quite simple and I understand my own life through the satisfaction of a hierarchy of needs, so using Maslow's form I'd would go from most important to least important values as:

- Am I earning sufficient income to pay for my material necessities (income's ability to buy some basket of goods).
- Am I sufficiently secure that I will be able to pay for the necessities I require in the future (job security, income volatility, treatment if I become ill).
- Do I feel engaged and safe in my community (friendship, safety, and social connections).
- Do I have work and hobbies, or the opportunity to find these, that engage me.
- Do I feel that I am taking part on a level playing field?

Personal responsibility is a central part of growth, no doubt. But this can only occur when there isn't a *deficiency with regards to these needs*. Personally when I am stressed out about whether I will have enough future income to pay my rent, I find it more difficult to concentrate on writing articles and thinking about data projects.

### **But what is in my basket?**

With values you are probably interested in the things I would put in my basket. Now this is a personal question but I will answer.

I enjoy having vegetarian food and clean water, access to nice running trails and paths, an internet connection that lets me watch video, access to health care if something goes wrong, quality coffee and beer, a job that matches the skills I've trained in ...

This is where the tick box is problematic, those categories that you list are both too narrow and too broad to capture values. They are too narrow relative to aggregate wellbeing, but too broad relative to individual values.

If we want to figure out what I value most relative to the cost it takes to produce it, market mechanisms are quite powerful. If we can use market mechanisms to represent these different attributes, then an income measure - and income availability - becomes the core metric for talking about ALL of the issues in the tick box.

This rhetoric isn't some neo-liberal conspiracy ... as people's underlying capability to get hold of this income, their endowment, becomes the core focus of everything. Again everything boils back to people's capability to live a "good life" given diverse endowments and needs! Common and public goods matter here, but these allocative issues are specific, can be improved with the property rights and markets (given an acceptance of endowment effects), and tend to be less far down the hierarchy of needs.

### Putting the person into the society

When I put it this way my personal values are dominated by the ability for individuals to live a good life in terms of their ability to meet needs - needs that are sometimes relative but still needs. What about the values of those in the middle or top of the income distribution? Fundamentally, the *progress of a nation is judged by how it treats the worst off*. Where the worst off are not just those in material need, but those with a lack of access to social services (friends and family), and who lack the opportunity to change circumstances. It is by *identifying measures of those who are worst off regarding outcomes we care about* that we are best placed to judge whether society progresses.

**GDP/income** is one of the few measures where we also care about the level of the distribution as well as characteristics of the distribution/bottom. We know that if we had more consumption goods then all other things equal that is progress - we cannot say the same thing with social connectedness or subjective measures of wellbeing. The issues here are two-fold:

- For something like social connectedness social bonds can be "too strong", and in turn create animosity between groups who identify with a given bond.
- For subjective wellbeing views of life satisfaction can be **reference dependent** implying that past improvements in wellbeing are ignored when reporting such figures.

In this way my values refer to people having the capability to achieve social and material outcomes. I only care about certain things (eg health, environment, financial stability) in so far as these matters influence the capability of people now - and in the future - to achieve their social and material outcomes. In this way I want measures of these outcomes. For me these are:

- The value of material outcomes for households:
  - Average material outcomes
  - The distribution of material outcomes

- The number of people failing to meet a minimum standard for those outcomes
- The value of community and interpersonal engagement.
  - Reporting on people having access to people they can trust.
  - Number of people involved in community activities.
  - Faith in local and central government politics.
  - Number of people who believe that society allows them to *have the capability to be involved in the political process.*

Given this I value a lot of outcomes. However, for many of these things it isn't a matter of wanting more - it is a concern regarding their absence that drives my value. In this way and given the value framework I outlined above I would want to know how many people have material and/or social needs unmet and how this is changing overtime - both with a fixed (absolute) basket of needs and a clearly articulated moving (relative) basket.

Data that tracks households lived experience (time use and material standards) over time - specifically data that tracks the same individuals (panel data) - is necessary to discuss these questions. In order to evaluate the efficacy of policy to represent our values ***we require more household level panel data in New Zealand.***

### **Relative values**

I can discuss valuing these things - but to discuss trade-offs and come up with a policy prescription we need a way of figuring out our willingness to trade between these things right? People may have much stronger feelings than other people on the factors that matter - something we may rule out by treating individuals as anonymous. But even if I ticked five of your boxes, how do you know about how intensely I feel about each category. Fundamentally, what exactly do we know about people's willingness to trade-off between the things that matter to them ...

Add to this the fact that these measures will be packed to the rims with response bias - as people subconsciously signal social worth rather than revealing preferences - and I'm a bit worried about how interpretable this data will be. Still you peeps are the experts here and I'm sure you realise this - so I'll leave it be.

I just wanted to highlight that I view the lack of information of relative values in this to be a significant concern for evaluating the data received from this process.