

Comments on Wolfson: Beyond GDP:
Recalling and Rejuvenating Sir Richard
Stone's System of Social and Demographic
Statistics (SSDS)

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Details (Great paper, fascinating and important issue).

- This paper contributes by articulating a new framework for tracking economic well-being in a multi-dimensional manner. ...It builds on and brings together three major life domains or attributes, the confluence of good health, adequate income, and the time to enjoy them. The result is a coherent set of indicators all derived as decompositions of the widely used life expectancy indicator into portions of the life cycle at various levels of GLT.
- Brings together into one framework these three otherwise disparate socioeconomic domains: good health, having adequate income, and having sufficient time to enjoy.
- A principal conclusion is that for most people, the periods of the life course when they have the most leisure time, for example, they typically have either lower incomes or poorer health (e.g. the elderly). This kind of result points to possibly important gains in social welfare from a more fundamental re-examination of the way societies structure work and leisure over the life course.

The Process.

- ? How to amalgamate them?. There are obvious complementarities here.....here's an irony... Stone - Geary preferences (what Stone used for his Linear Expenditure System), are no good (they don't admit complementarities).
- For purposes of the GLT estimates assumes perfect complementarity i.e. no one thing is any good absent the others. Defines $t \Rightarrow 1 - I(x_i > 6 \text{ hours leisure per day})$ and $T \Rightarrow I(x_i > \text{hours leisure per day})$; $m \Rightarrow 1 - I(y_i > 0.67 \text{ median income})$ and $M \Rightarrow I(y_i > 0.67 \text{ median income})$; $h \Rightarrow 1 - I(z_i > 0.9 \text{ health index})$ and $H \Rightarrow I(z_i > 0.9 \text{ health index})$.
- $GLT =$
- $\sum_i I(x_i > \text{hours leisure per day}) I(y_i > 0.67 \text{ median income}) I(z_i > 0.9 \text{ health index}) / n$;
- Concludes "Unfortunately, the periods of the life cycle with adequate income are those with inadequate leisure, and vice versa. As a result, GLT as measured in this very simple way is quite low about 20% for women have all of adequate time, money and health most of their lives, and up to 30% for men."

My Concerns.

- **Like the paper especially because it qualifies the obsession with increased life expectancy (i.e. its only useful if accompanied with adequate income and adequate time to enjoy).**
- **The Problem with “perfect complementarity” approach => ignores information on degree of deprivation. Maybe think about “partial complementarity”?.**
- **As a wellbeing measure its based upon the extent of the “best off” people.**
- **What would John Rawls think (he’d be interested in BLT i.e.: $BLT = \sum_i (1 - I(x_i > \text{hrs leisure pd})) (1 - I(y_i > 0.67 \text{ med inc})) (1 - I(z_i > 0.9 \text{ health})) / n;$)**
- **See the following example.**

An Example. (From Table 9 of paper). Consider an “Adequacy Incidence” index.

	Basic pdf		Adequacy Incidence				Adequacy Incidence		Perfect complements pdf	
			Ordered pdf		Ordered cdf					
Status	Females	Males	Females	Males	Females	Males	Females	Males	Females	Males
t m h	3.2	2.1	(2.0)	3.2	2.1	(2.0)	3.2	2.1		
t M h	9.2	9.5								
t m H	8.8	6.2	(19.7)	23.2	19.8	(21.7)	26.4	21.9		
T m h	5.2	4.1							76.9	72
t M H	30.4	27.3								
T M h	10.4	13.1	(55.4)	50.5	49.9	(77.1)	76.9	71.8		
T m H	9.7	9.5								
T M H	23.1	28.0	(23.1)	23.1	28.0	(100)	100	100	23.1	28

• Males FOD females i.e. women uniformly worse of. But suppose women were () then no FOD and poor women < poor men but this is not revealed by GLT.