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Better Off? Comparing Distributions of Individuals' Subjective Well-Being

Stephen Jenkins

How to undertake distributional comparisons when personal well-being is measured using income is well-established. But what if personal well-being is measured using subjective well-being indicators such as life satisfaction or self-assessed health status? This paper addresses questions such as these, stimulated by the increasing weight put on subjective well-being measures by international agencies such as the OECD and national governments including New Zealand's (which announced a 'Well-Being Budget' in 2019). Making distributional comparisons using subjective well-being measures raises analytical challenges because we have ordinal data. This paper reviews the methods appropriate for distributional comparisons in this case, giving particular attention to dominance tools and to summary inequality indices. I illustrate the methods using data from the World Values Survey about distributions of life satisfaction and self-assessed health, looking at trends over time for New Zealand, and cross-national comparisons for New Zealand, Australia, the UK, the USA, and South Africa. This paper is based on the author's John McMillan Memorial Lecture, presented at the New Zealand Association of Economists Conference, July 2019.