How's Life in 2020?

Highlights
Better policies for better lives should be the ultimate goal of policymaking. Public policies will only be truly efficient and effective in delivering upon this promise if they go beyond supporting the economy, to focus on improving people’s well-being, both “here and now” and for generations to come.

“What you measure affects what you do” (Stiglitz, Fitoussi and Durand, 2018) and thus, high quality data on well-being is crucial to inform policy action. To obtain a balanced view of well-being, we need comprehensive dashboards of statistics that reflect what matters to people, covering wide-ranging outcomes such as people’s income, health, social connections, safety and the environment. We need to look beyond country averages to understand not only whether life is getting better, but also for whom. Finally, we need to not only measure well-being today, but also the resources that help to sustain it into the future (Box 1).

Concerns around data gaps, and the absence of statistics which speak to the full range of people’s living conditions, were already evident during the decade of moderate GDP growth and low inflation prior to 2007. The 2008 financial crisis and the ensuing political disruptions, social dissatisfaction and civil unrest in several OECD countries that make headline news today have further amplified the need for better information about people’s experiences and circumstances. Similarly, the United Nations Sustainable Development Goals have brought new impetus to policy efforts to put people, their prosperity, peace, partnerships and the long-term health of the planet at the forefront.

This is a timely agenda and one on which several OECD countries are taking action. The importance of well-being is increasingly being recognised by national governments, several of which have designed well-being frameworks similar to the OECD’s (Exton and Shinwell, 2018; Exton and Fleischer, 2020). Some OECD governments have also started to develop tools for integrating people’s well-being into their strategic objectives and agenda-setting, policy analysis and budgetary processes (Durand and Exton, 2019; OECD, 2019; Fleischer, Frieling and Exton, 2020).

How’s Life? 2020 aims to enrich these policy discussions by charting whether life is getting better for people in 36 OECD countries and Colombia, as well as 4 partner countries. It shows that life has generally improved for many people over the past 10 years but also that inequalities persist and that insecurity, despair and disconnection affect significant parts of the population. Crucially, different OECD countries face very different realities, and sometimes diverging trends over time. Countries where average well-being is generally higher also tend to feature relatively lower inequalities and fewer deprivations. The Nordic countries, the Netherlands, New Zealand and Switzerland all enjoy both comparatively higher levels of well-being and lower inequalities across the headline indicators in Chapter 1 of the report. Weaker levels of well-being are found in eastern Europe, Latin America, Turkey and Greece, countries where inequalities are also more marked. However, the greatest number of gains in our headline indicators of current well-being have often been in countries that had weaker well-being at the start of the decade. How’s Life? also points to emerging risks across natural, economic and social systems that threaten well-being in the future.
In many ways, life is getting better...

The good news is that well-being has, in several respects, improved relative to 2010 – a year when the impacts of the financial crisis continued to be deeply felt in many OECD countries (Figure 1). Life expectancy has increased by more than one year, with the average baby born today expected to live to over 80 years of age in OECD countries. **Income and jobs are on the rise** – household disposable income and adult employment rates both picked up between 2010 and 2017, increasing by approximately 6 and 5 percentage points, respectively. Today, almost eight in every ten adults aged 25-64 are in paid employment, and the average annual household income in the OECD is approximately USD 28 000. Overall, 7% of paid employees routinely work very long hours (i.e. 50 hours or more each week), almost 2 percentage points lower than in 2010. One in eight households live in overcrowded conditions, 3 percentage points fewer than almost a decade ago. The OECD average homicide rate has fallen by a quarter since 2010, currently standing at 2.4 per 100 000 people. And while eight in ten men and six in ten women say they feel safe when walking alone at night in the neighbourhoods where they live, this gender gap has narrowed by 3.5 percentage points on average. Surveys meanwhile suggest that people are more satisfied with their lives, relative to how they felt in 2013: when asked to rate their lives on a scale from 0 (not at all satisfied) to 10 (completely satisfied), the average evaluation in OECD countries has risen from 7.2 to 7.4.

Figure 1. Important aspects of well-being have improved for most OECD countries since 2010

Number of OECD countries experiencing different trends for selected headline indicators of current well-being since 2010

![Graph showing the trends of various indicators](image)


...but insecurity, disconnection and despair affect some parts of the population

Despite gains in current well-being since 2010, there is room for much more improvement (Figure 3). 15 year old students’ skills in science have declined overall. And, despite rising household incomes, little progress has been achieved since 2010 with respect to reducing income inequality or improving housing affordability. Households in OECD countries continue to spend just over 21% of their disposable income on housing, and this share has increased in roughly as many OECD countries (9) as it has fallen (11). Similarly, the 20% of people at the top of the distribution still have an annual income which is 5.4 times higher than that of people in the bottom 20%, little change from 2010. In addition, improvements are not always occurring where they are needed the most. For example, air quality is getting better...
Box 1. The OECD Well-being Framework

*How’s Life?* provides comparable statistics on whether life is getting better for people living in OECD and selected partner countries. In the OECD Well-being Framework (Figure 2), current well-being includes 11 dimensions, covering outcomes at the individual, household or community level, and relating to:

- material conditions that shape people’s economic options (*Income and Wealth, Housing, Work and Job Quality*)
- quality-of-life factors that encompass how well people are (and how well they feel they are), what they know and can do, and how healthy and safe their places of living are (*Health, Knowledge and Skills, Environmental Quality, Subjective Well-being, Safety*)
- how connected and engaged people are, and how and with whom they spend their time (*Work-Life Balance, Social Connections, Civic Engagement*)

![Figure 2. The OECD Well-being Framework](image)

As national averages often mask large inequalities in how different parts of the population are doing, the distribution of current well-being is taken into account by looking at three types of inequality:

- gaps between population groups (e.g. between men and women, old and young people, etc.)
- gaps between those at the top and bottom of the achievement scale in each dimension (e.g. the income of the richest 20% of individuals compared to that of the poorest 20%)
- deprivations (i.e. the share of the population falling below a given threshold of achievement, such as a minimum level of skills or health)

The resources that underpin future well-being are grouped into four types of capital:

- **Economic Capital**, which includes both man-made and financial assets
- **Natural Capital**, encompassing natural assets (e.g. stocks of natural resources, land cover, species biodiversity) as well as ecosystems and their services (e.g. oceans, forests, soil and the atmosphere)
- **Human Capital**, which refers to the skills and future health of individuals
- **Social Capital**, addressing the social norms, shared values and institutional arrangements that foster co-operation

In contrast to measures of current well-being, these capitals refer to the broad systems that sustain well-being over time. They often relate to public goods, rather than outcomes for individuals. Sometimes, their reach also extends beyond national boundaries: for example, greenhouse gas emissions in one country influence the world’s overall climate. In addition to considering capital stocks and flows, *How’s Life?* also highlights some key risk and resilience factors. For example, a high level of threatened species poses risks to biodiversity, while the inclusiveness of decision-making in politics can be a protective factor that strengthens social capital.

**How’s Life? over time**

*How’s Life? 2020* is the 5th edition in the series, which began with the launch of the OECD’s Better Life Initiative in 2011. Since then the OECD’s work on well-being has evolved significantly, with improvements in data availability, and a thorough review of the Well-being Framework and indicators was undertaken in 2019 (Exton and Fleischer, 2020). These developments are reflected in *How’s Life 2020* and include a cleaner distinction between well-being today and the resources needed to sustain it in the future (i.e. the indicator overlap that existed between these two categories has been eliminated). Some dimensions of current well-being have been renamed to better reflect their scope and content. And the well-being dashboard has been extended to over 80 indicators, including new data on the environment, mental health, time use, unpaid work, and satisfaction with personal relationships and with how time is spent.
for the OECD on average, but in 10 countries (the Czech Republic, Greece, Hungary, Israel, Korea, Mexico, the Netherlands, Poland, the Slovak Republic and Slovenia) almost the entire population continues to be exposed to dangerous levels of particulate matter in the air they breathe, as defined by World Health Organisation thresholds.

**Figure 3. There has been little progress on other aspects of well-being**

Number of OECD countries experiencing different trends for selected headline indicators of current well-being since 2010

![Graph showing different trends](image)


**Life remains financially precarious in many places.** 12% of the population across OECD countries live in relative income poverty (based on a threshold of half of national median income), while the share of those reporting difficulties making ends meet in European OECD countries is almost twice as high, at 21%. One in five low income households spend more than 40% of their disposable income on rents and mortgage costs (Figure 4). And more than 1 in 3 people in OECD countries are financially insecure, meaning they lack liquid financial

**Figure 4. Nearly 1 in 5 lower income households in OECD countries spend more than 40% of their income on housing**

Housing cost overburden, share of households in the bottom 40% of the income distribution spending more than 40% of their disposable income on total housing costs, percentage

![Graph showing housing cost overburden](image)


wealth to support their household at the income-poverty line for more than three months in the event of a shock. The protective buffer that household wealth provides has also been eroded since 2010: among the 15 countries with available data, median household wealth fell by 4% on average, now standing at around USD 162 000.

Quality of life is also about relationships. Across OECD countries, people spend around six hours per week interacting with friends and family – a tiny fraction of the time they spend working, particularly when unpaid household work is factored in. Only seven OECD countries (Belgium, Canada, Italy, Korea, Japan, Turkey and the United States) have conducted at least two time-use surveys over the past two decades, making it difficult to assess trends in these aspects of well-being. However, the available data show that, among these countries, people’s time off for leisure and personal care has not increased since the mid-2000s. Meanwhile, the average time spent in social interactions has fallen by around half an hour per week in Canada, Italy and the United States, and by a little more than 40 minutes in Belgium. Across OECD countries, 1 in 11 people say they do not have relatives or friends they can count on for help in times of need. People aged 50 and over are almost three times more likely to lack social support, relative to younger people, underscoring the importance of addressing old-age loneliness.

Far too many people also struggle with low emotional well-being and despair: while life satisfaction has improved on average since 2010, 7% of the population in OECD countries report very low levels of life satisfaction, and approximately 1 in 8 people experience more negative than positive feelings in a typical day. In European OECD countries, almost 1 in 15 adults say they experienced depressive symptoms within the last two weeks, such as having little interest in doing things, feeling tired, overeating or having no appetite. Finally, while they represent a small share of overall deaths (at just under 2%), “deaths of despair” from suicide, acute alcohol abuse and drug overdose have risen in some countries, and have increased for women in more than one-third of the OECD. The OECD average toll of such deaths is three times higher than for road deaths, and six times higher than deaths from homicides. Overall, suicide is the most common type of death of despair (Figure 5).

Figure 5. Suicide is the most common death of despair, followed by alcohol-related fatalities

Deaths from suicide, acute alcohol abuse and drug overdose, per 100 000 population, 2016

Note: Data for the Russian Federation refer to suicides only.

Access key statistics on how your country is performing on well-being at http://oecd.org/howslife
...and inequalities persist

*How’s Life?* highlights enduring differences in well-being by gender, age and education. Women in OECD countries have more social connections than men, and close to one-third of OECD countries made consistent progress in reducing the gap between men's and women's earnings between 2010 and 2017. However, the average gender wage gap shrank by only 1.2 percentage points over this period and, at nearly 13%, remains far from parity. Men are more likely to be employed – the OECD average employment rate is 83% for men and 70% for women – and also more than twice as likely to work very long hours (50 or more per week) in their paid jobs. By contrast, **when both paid and unpaid work (e.g. routine housework and care work for children and adults) are taken into account, women work longer hours than men in almost every OECD country** (Figure 6). The average difference in total work is almost 25 minutes more per day for women, or 12.5 hours per month. Indeed, while in every OECD country men spend longer hours in paid work than women do (90 minutes more per day, on average), even in the most gender equal countries, women systematically spend longer hours than men in unpaid work (around 2 hours more per day for the OECD average).

**Figure 6. On average, women work 25 minutes a day more than men**

Difference between women and men aged 15-64 in the total time spent working (paid and unpaid), minutes per day, latest available year.

People who completed tertiary education fare better in virtually all areas of well-being, except for long working hours, compared to those with only an upper-secondary qualification (Figure 7). For example, voter turnout is more than 6 percentage points higher, and 43% of people with a tertiary degree feel they have a say in what their government does, compared to only 32% among their less educated peers. Strikingly, in 18 OECD countries for which data are available, 25 year-old men and women with tertiary education can expect to live 3.7 years and 1.6 years longer, respectively, than those with upper secondary education. This gap rises to 7.6 years for men and 4.8 years for women when university-educated and those with only primary education are considered.
Risks across natural, economic and social systems threaten future well-being

Looking forward, there is no room for complacency: All OECD countries need to take a more future-oriented approach in order to sustain the well-being of people and the planet in the longer run. This is critical given the challenges that OECD governments are currently facing, in particular warnings of prolonged economic stagnation are even more relevant today given the Covid-19 epidemic, and there is potential for further natural and social disruptions ahead (OECD, 2019). There are clear warning signs with respect to both Economic and Natural Capital, and there has been virtually no progress with respect to Social Capital since 2010 (Figure 8). Household debt in almost two-thirds of OECD countries exceeds annual household disposable income, and this has deepened in a third of member states since 2010. Climate change poses a formidable threat to future well-being. On a per capita basis, OECD average greenhouse gas emissions (GHG) have fallen by around one tonne since 2010, to 11.9 tonnes annually in 2017. However, these reductions are far from sufficient to meet international climate policy goals and global GHG emissions from energy use reached their highest level

Figure 7. More educated people do better in most areas of life

OECD average education ratios (distance from parity)

<table>
<thead>
<tr>
<th>People with tertiary education doing better</th>
<th>No clear difference</th>
<th>People with only upper secondary education doing better</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings</td>
<td>0.54</td>
<td></td>
</tr>
<tr>
<td>Lack of social support</td>
<td>0.76</td>
<td></td>
</tr>
<tr>
<td>Having no say in government</td>
<td>0.77</td>
<td></td>
</tr>
<tr>
<td>Employment rate</td>
<td>0.89</td>
<td></td>
</tr>
<tr>
<td>Voter turnout</td>
<td>0.92</td>
<td></td>
</tr>
<tr>
<td>Life expectancy at age 25 (male)</td>
<td>1.01</td>
<td></td>
</tr>
<tr>
<td>Life satisfaction</td>
<td>0.99</td>
<td></td>
</tr>
<tr>
<td>Feeling safe</td>
<td>0.95</td>
<td></td>
</tr>
<tr>
<td>Life expectancy at age 25 (female)</td>
<td>0.97</td>
<td></td>
</tr>
<tr>
<td>Satisfaction with personal relationships</td>
<td>0.99</td>
<td></td>
</tr>
<tr>
<td>Satisfaction with time use</td>
<td>1.02</td>
<td></td>
</tr>
<tr>
<td>Long hours (paid work)</td>
<td>1.25</td>
<td></td>
</tr>
</tbody>
</table>

Note: Values below 1 indicate higher relative well-being for those with a tertiary education.
Source: OECD calculations, based on the sources listed in Reference Chapters 2 to 12 of How’s Life? 2020.

Figure 8. Progress in resources for future well-being is mixed

Number of OECD countries experiencing different trends for selected headline indicators of resources for future well-being since 2010

ever in 2018. OECD countries are consuming more of Earth’s materials than in 2010 - the total OECD material footprint increased by 1.2 tonnes per capita to 25 - and in almost half of OECD countries, more species are at risk of extinction. While trust in government has improved by 3 percentage points on average since 2010, less than half of the population across OECD countries trust their national government (43%), and only 1 in 3 people feel they have a say in what the government does. Inclusive decision-making also remains a distant goal, with women holding just one-third of all seats in OECD national parliaments.

Different OECD countries face very different realities

How’s Life? 2020 also shows that ‘OECD averages’ hide as much as they highlight: what is true on average is not always true for every member country - and even less so for different population groups within those countries. Even the most consistent “good news story” in this report - the rise in longevity – has been faltering for some OECD countries: Iceland, Germany, Greece and the United Kingdom are beginning to plateau, having gained fewer than 9 months of additional life expectancy between 2010 and 2017. In the United States, which is already below the OECD average at 78.6 years, there have been no net gains in life expectancy over this time. Relative income poverty, voter turnout, and social support have each worsened in roughly as many OECD countries as they have improved. Colombia, Portugal and Turkey have bucked the general trend of worsening scores in PISA science tests among 15 years-old students.

OECD countries with higher average levels of well-being tend to have greater equality between population groups and fewer people living in deprivation (Figure 9). On the whole, people in OECD countries traditionally associated with high well-being, such as the Nordic countries,

Figure 9. OECD countries with greater average well-being are also more equal

Comparative performance on headline indicators for current well-being, averages and inequalities, 2018 or latest available year

![Performance headline inequalities](image)

Note: OECD countries’ performance in terms of average well-being levels is based on 12 headline indicators: household disposable income, household median wealth, housing affordability, employment rate, life expectancy, 15 years old students’ skills in science, access to green spaces, life satisfaction, homicide rate, time off, social interactions and voter turnout. Performance in terms of inequalities in current well-being is based on 12 headline indicators: S80/S20 income ratio, overcrowding rate, gender wage gap, long hours in paid work, gap in life expectancy by education among men at age 25, 15 years old students with low skills, exposure to air pollution, negative affect balance, gender gap in feeling safe, gender gap in hours worked, share of the population lacking social support and share of the population feeling they have no say in what their government does. To assess relative performance, OECD countries are “scored” based on the values of each indicator in 2010 or the earliest available year (0 for the bottom third of the OECD league, 5 for the middle third and 10 for the top third). Scores are then averaged within dimensions (applying equal weights to each indicator), and then averaged across dimensions (applying equal weights to each dimension). Missing data points are excluded from each country’s score, implying that scores may be under- or over-estimated in the case of data gaps.

the Netherlands, New Zealand and Switzerland, enjoy both higher levels of well-being and lower inequalities across the headline indicators discussed in Chapter 1 of How’s Life? 2020. Yet some of the most equal countries have experienced little change, or even widening inequalities, in the last decade. Sweden and Denmark, renowned for their high quality of life, have recently experienced higher income inequality, lower social support and an increase in time off.

Figure 10. OECD countries with lower average well-being in 2010 have been catching up, while some of the most equal countries have experienced widening inequalities

A. Comparative performance on headline indicators for current well-being averages in 2010 (or earliest available year) and trends since then

B. Comparative performance on headline indicators of inequalities in current well-being in 2010 (or earliest available year) and trends since then

Note: To assess relative performance, OECD countries are “scored” based on the values of each indicator in 2010 or the earliest available year (0 for the bottom third of the OECD rankings, 5 for the middle third and 10 for the top third). To assess trends since 2010 (or the earliest available year), countries are “scored” with 0 when indicators have been consistently deteriorating, 5 in the case of no clear change and 10 when indicators have been consistently improving. See How’s Life? 2020 for details on how trends are assessed. Both comparative performance and trend-over-time country scores are first averaged within dimensions (applying equal weights to each indicator), and then averaged across dimensions (applying equal weights to each dimension). Missing data are excluded from the analysis, implying that scores may be under- or over-estimated in the case of data gaps.

A. OECD countries’ performance in terms of current well-being levels are based on 12 headline indicators: household disposable income, household median wealth, housing affordability, employment rate, life expectancy, 15 years old students’ skills in science, access to green spaces, life satisfaction, homicide rate, time off, social interactions and voter turnout. Time series since 2010 are available for all indicators except access to green spaces.

B. OECD countries’ performances in inequalities are based on 12 headline indicators: S80/S20 income ratio, overcrowding rate, gender wage gap, long working hours in paid work, gap in life expectancy by education among men aged 25, 15 years old students with low skills, exposure to air pollution, negative affect balance, gender gap in feeling safe, gender gap in hours worked, share of the population lacking social support and share of the population feeling they have no say in what their government does. No time series to determine trends since 2010 are available for the gap in life expectancy by education among men aged 25, the gender gap in hours worked, 15 years old students with low skills and share of people feeling having no say in what their government does.

the share of people reporting very low life satisfaction. On the other hand, the greatest number of gains across the headline measures of current well-being have often been concentrated in countries that had weaker well-being at the start of the decade, many of them in eastern Europe (Figure 10).

In contrast to the convergence in well-being outcomes today, resources for future well-being — such as Economic, Natural and Social Capital — have often seen a widening of the gap across OECD countries since 2010, with top-performers pulling further ahead, and problems deepening in countries that are already struggling. For example, in countries already below the OECD average, household and government debt have generally deepened since 2010, material footprints and threats to biodiversity have grown, and distrust in government has become more widespread (Figure 11).

Figure 11. Several resources for future well-being have further deteriorated in OECD countries where they were weak to begin with

<table>
<thead>
<tr>
<th>Economic Capital</th>
<th>Header indicator</th>
<th>OECD average and range, 2018 or latest available year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Financial net worth of general government (percentage of GDP)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Household debt (as a share of household net disposable income)</td>
<td></td>
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<tr>
<td>Natural Capital</td>
<td>Material footprint (used raw material extracted to meet the economy’s final demand, tonnes per capita)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Red List Index of threatened species (0 = all species extinct; 1 = all species qualifying as least concern)</td>
<td></td>
</tr>
<tr>
<td>Social Capital</td>
<td>Trust in government (share of the population responding positively)</td>
<td></td>
</tr>
</tbody>
</table>

Note: The snapshot depicts data for 2019, or the latest available year, for each indicator. The colour of the circle indicates the direction of change relative to 2010, or the closest available year, with consistent improvements shown in blue, consistent deteriorations in orange, no clear trend in grey, and insufficient time series to determine trends in white. For each indicator, the OECD country with the lowest (on the left) and highest (on the right) well-being performance are labelled, along with the OECD average or total (shown in black, and detailing the number of countries included in the average unless data are available for all 37 members).


Recent gains in current well-being have sometimes been achieved at the cost of making fewer gains in the resources needed to sustain well-being over time, and vice versa (Figure 12). Some OECD members, such as Ireland, Switzerland and the United States achieved improvements in a higher number of indicators for future resources, relative to the number of improvements made in headline indicators of current well-being. By contrast, Colombia, Turkey
and the Slovak Republic experienced more gains in headline indicators of people’s well-being today, and far fewer across the headline measures of future resources. In order to balance well-being between generations, countries need to look beyond maximising well-being today and consider current and future aspects of well-being separately. This will be key in ensuring that countries meet the needs of the present without compromising the ability of future generations to meet their own needs.

Figure 12. Gains in well-being today and resources for the future are not always balanced

Share of headline indicators of current well-being (left-hand side) and future well-being (right-hand side) consistently improving since 2010, out of 24 and 12 possible indicators, respectively

Note: Missing indicators have been deducted from the total number of indicators available for each country. Countries are classified as having achieved stronger gains in current well-being/future resources if the difference in improvements between each is greater than 10%. Headline indicators with sufficient information on trends since 2010 for current well-being (averages and inequalities combined) are household income, household median wealth, housing affordability, employment rate, life expectancy, student skills in science, life satisfaction, the homicide rate, leisure and personal care time, social interactions, voter turnout, S80/S20 income ratio, overcrowding rate, gender wage gap, long working hours in paid work, exposure to harmful air pollution, negative affect balance, gender gap in feeling safe and the share of the population lacking social support. Headline indicators with sufficient information on trends since 2010 for future well-being are produced fixed assets, financial net worth of government and household debt for Economic Capital; greenhouse gas emissions (from domestic production) per capita, Red List index of threatened species and material footprint for Natural Capital; educational attainment of young adults, labour underutilisation rate and premature mortality for Human Capital; and trust in government and gender parity in national parliaments for Social Capital. Information on trust in others does not allow assessing trends over time for any country.


References


Access the report online: www.oecd.org/howslife

With additional information, including:

» An exploration of each well-being dimension, showing averages, inequalities and changes over time, indicator-by-indicator

» Well-being profiles for all OECD countries

» Key findings, brochure, video and more

» A comprehensive well-being database with statistics since 2005
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Questions? Write to us at wellbeing@oecd.org

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