Potential Use of Well-being Indicators for Community Development in Japan
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1. Introduction

This paper discusses well-being indicators and their applicability to community-based development. First, we briefly discuss the concept of well-being and its measures. Then, we examine the association between conventional measures such as Gross Domestic Products (GDP) and other social or subjective indicators such as Genuine Progress Indicator (GPI) and life satisfaction surveyed in Japan. By looking at the association, we discuss (i) whether GDP is a reliable measure of people’s well-being at the community level, and (ii) if not, what kind of measures or approaches would be required to assess well-being in community-based development. Finally, we introduce two cases of community-based development in Japan.

2. Well-being and its measures

Well-being is a concept describing the state of individual’s life situation. During 1940s, well-being conceptualizations were utilitarian and assessment of well-being was based on some measure of national income per capita such as GDP. However, these utilitarian measures were soon criticized since income only catches one aspect of individual’s well-being. Some critics have pointed out that “income is a means, not an end.”

Since 1970s, much more attentions had been paid to a broad range of social indicators covering health, education, employment, housing, environment, and basic human rights. The most influential well-being conceptualization was brought by Amartya K. Sen (1992). Based on his conceptualization, multidimensional measures were produced by combining various kinds of social indicators. The most successful and widely used composite indicator is Human Development Index (HDI), which was developed by the United Nations Development Program (UNDP) in 1990. HDI combines income, life expectancy, adult literacy, and school enrollment.

In addition, recent efforts over human well-being focused on sustainability issues and happiness concern. There are ongoing attempts to incorporate notions of sustainability into well-being measures. One way is to view sustainability in terms of intergenerational equity, which effectively requires that present and future generations should have the same opportunity to achieve basic well-being (Anand and Sen 2000). Others include GPI which, deducts from selected expenditure components of GDP, the depreciation of environmental assets and natural resources, reduction of stocks of natural resources such as fossil fuels or other mineral deposits, and effects of natural resources (Cobb \textit{et al.} 1995).

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A different strand of research is concerned with subjective measures such as self-reported happiness and life-satisfaction. The literature on happiness has grown rapidly in recent years. However, existing literature suggest happiness is not always closely associated with income gains or other objective economic development indicators (Easterlin 1994). The empirical fact supports that happiness levels appeared to remain constant even in light of substantial increase in income, known as “Easterlin Paradox”.

3. Association between GDP, GPI, and life satisfaction

As mentioned above, it has been argued that GDP captures only one aspect of well-being and it is not a sufficient indicator of people’s comprehensive well-being. This section examines such argument by comparing GDP with other indicators such as GPI and life satisfaction surveyed in Japan.

Figure 1 shows trends of both GDP and life satisfaction surveyed in Japan from 1978 to 1999 (Kusago 2008). GDP increased over time while life satisfaction was flat, and the latter seems even declining after 1990. In the survey, the number of people who reported “somewhat satisfied with life” or “satisfied with life” has declined over time from 64.2% in 1984 to 39.4% in 2005, while those who reported “somewhat unsatisfied with life” or “unsatisfied with life” increased from 37.9% in 1978 to 53% in 2005. It is important to note that fewer than one in twenty five (3.6%) Japanese reported feeling satisfied with life in 2005, which had peaked in 1984 with the rate of 13.7%.

The gap between the two lines (GDP and life satisfaction) has widened over time. This means that more people have less satisfied with their overall lives although the average of income level has been on the increase. This finding can be understood as an evidence of the Easterlin Paradox in the highly industrialized nations.

![Figure 1: Trends on per capita GDP and overall life satisfaction in Japan](image)
Figure 2 shows GDP per capita and GPI from 1955 to 1999. Although the GDP growth is traced as an upward-moving curve, the GPI growth is traced as a relatively flat line. This implies that a substantial proportion of GDP growth has been made at the expense of environmental degradation, social instability and increased crime, which raises critical questions about the importance and effectiveness of economic growth in ensuring true social and economic welfare and people’s well-being. Interestingly, unlike GDP, GPI has remained constant much for the last three decades in Japan. This suggests that GDP growth has not incorporated social costs incurred by economic activities aiming at high economic growth performance.

These two figures imply that GDP is not a good measure of people’s well-being. As the large gap between GDP and GPI shows, Japan had achieved high economic growth by paying high social costs such as social instability and environmental degradation. If focusing only on GDP, one might miss these negatives. The comparison between GDP and life satisfaction tells us that income growth is not necessarily important determinant for life satisfaction. After the World War II, the Japanese government has pursuit to increase people’s income level. However, the results here imply that such development policies might not have enhanced people’s life satisfaction.

The central government and many local governments in Japan are still putting their efforts to improve people’s income level. However, after the 1990s, a few local governments began to frame new approaches for community development. The noteworthy features of the new approaches are (i) encouraging people’s participation in social design of own community and its implementation;
and (ii) using their own indicators based on characteristics of each community.

The following two cases illustrate these new efforts at the local level:

(1) **Date-city, Hokkaido: The Wealthy Land Project**

The project’s objectives consist of three-fold: (i) to create good environment for elderly people by fostering new industries in providing services and goods for the elderly; (ii) to promote migration of elderly people from outside of the city to improve the living environment; and (iii) to create job opportunities for younger people by the newly developed industries. In Date-city, the mayor and the private sector collaborates for increase in people’s well-beings. This Date project is a concrete case to respond to emergent needs among the elderly Japanese who search for a place where their well-being could be enhanced.

(2) **Arakawa-ward, Tokyo: GNH-based local governance**

Arakawa-ward has set “happiness” of residents as a main policy outcome. Arakawa-ward’s innovation includes its development of indicator of happiness. The Arakawa ward office has identified the need for quantitative measures to assess and evaluate its operational performance from residents’ well-being perspectives and it has named this as “Gross Arakawa Happiness (GAH).” Currently, the planning section of the ward office has been working on the development of the GAH.

(3) **Minamata-city, Kumamoto: MOYAINAOSHI for community restoration after the crisis**

Minamata-city has been known worldwide due to its industrial pollution problem caused by organic mercury thrown into ocean by one chemical company in Japan from the 1950s to 1990s. The city has suffered its community ties and local well-beings of local people had gone very bad. However, over the last twenty years, Minamata-city, Minamata-disease patients, local NGOs, and local people have started restoration of Minamata-city by mending social ties and by setting a new Minamata-direction as environmental model city. In 2008, Minamata-city was chosen one of the very first environmental model cities in Japan. This process has been called as MOYAINAOSHI, which is one of a clear case for increase in well-being measures by practical application. This Minamata-model has given many communities that have been hit hard by natural calamities or man-made disasters.

4. **Concluding Remarks**

In this paper, we have shown that GDP is not a sufficient measure of people’s well-being mainly because GDP captures only income level and it does not incorporate social costs such as environmental loss and other social costs well. On the other hand, GPI, developed to take those costs into account, shows totally a different picture of social progress from that of GDP’s. It has
also become clear that life satisfaction does not accord with the attainment of high income level. This suggests that ideas and efforts to develop new measures of well-being and life satisfaction are needed so that policy makers could formulate policy effective to improve people’s well-being than sole gains in GDP. Also, real cases should be found and shared by many to take a quick action to introduce changes in development/selection of measures and relevant policy choice to improve people’s well-beings.

References


