

Needs for new development measures
: a Japanese research project

Takayoshi KUSAGO

Global Collaboration Center and Graduate School of Human Sciences,
OSAKA University, JAPAN

PARADISO, Brussels

12-13 June 2008

Agenda

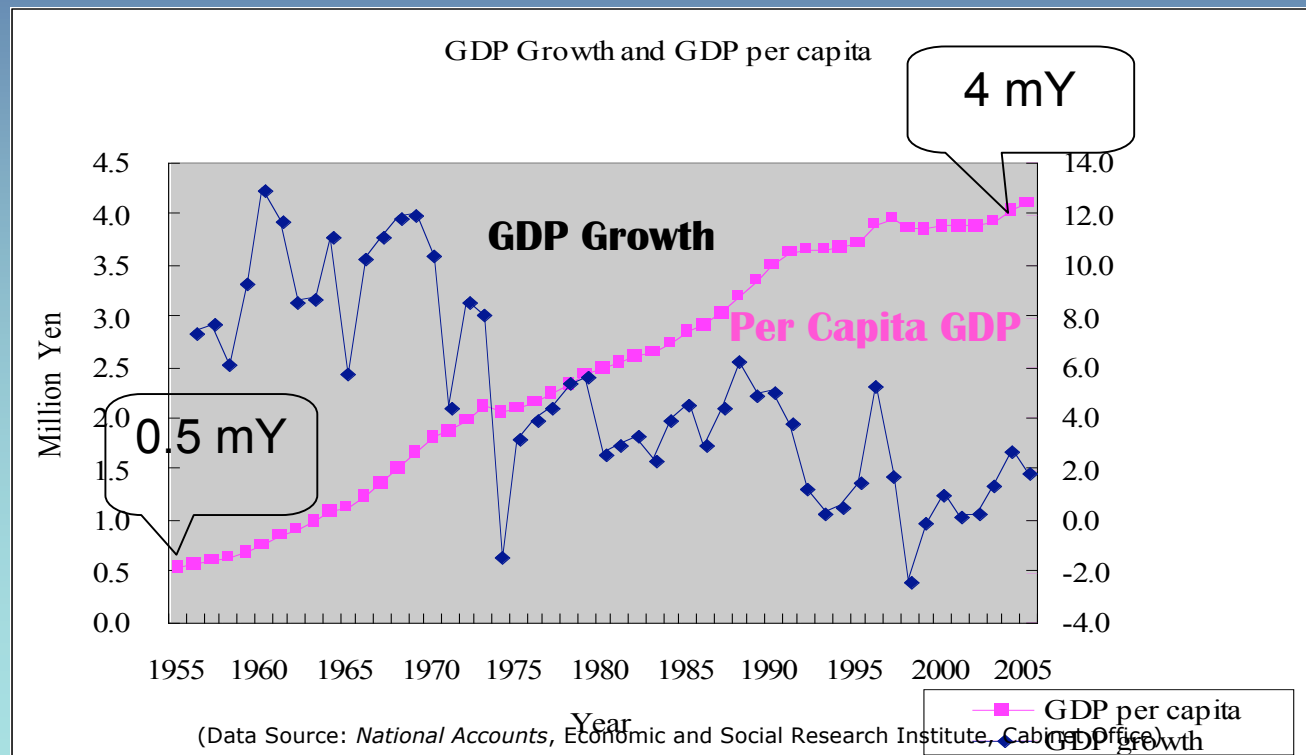
- Part 1: Development indicators
 - A Japanese case study
 - Different measures and different message over development.
- Part 2: Needs and challenges for new indicators development
 - Various indicators development
 - Importance of objective and subjective measures
 - Usage of measures for policy work
 - A new research project on HDI

Part 1: Development Indicators

- Japan's Post-WWII economic reconstruction and development is seen as one of the successful cases in industrial development → by **GDP**
- Human development (economy, knowledge, health) has come to be recognized as a better way to measure some progress in well-being → by **HDI**
- Alternative way to measure well-being through subjective assessment over one's life → by **SWB**
 - *Do different development measures tell us different interpretation over the development path?*
 - *Is there a way to apply the different measures to understand better over the development path and solve social and economic issues?*

By GDP: Japan: successful economic development

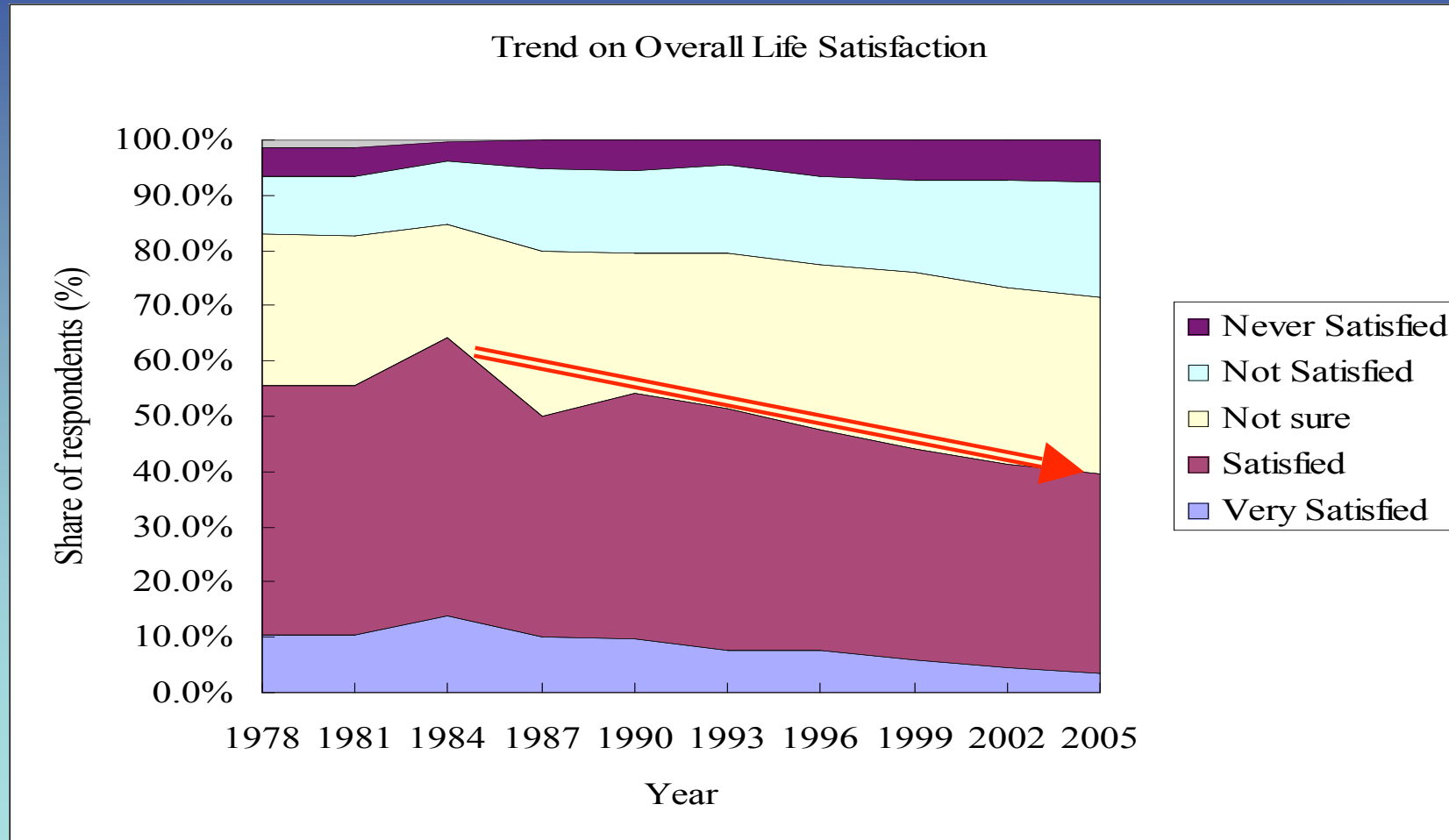
Japan has been highly praised by both development researchers and practitioners in its successful economic development after 1945.



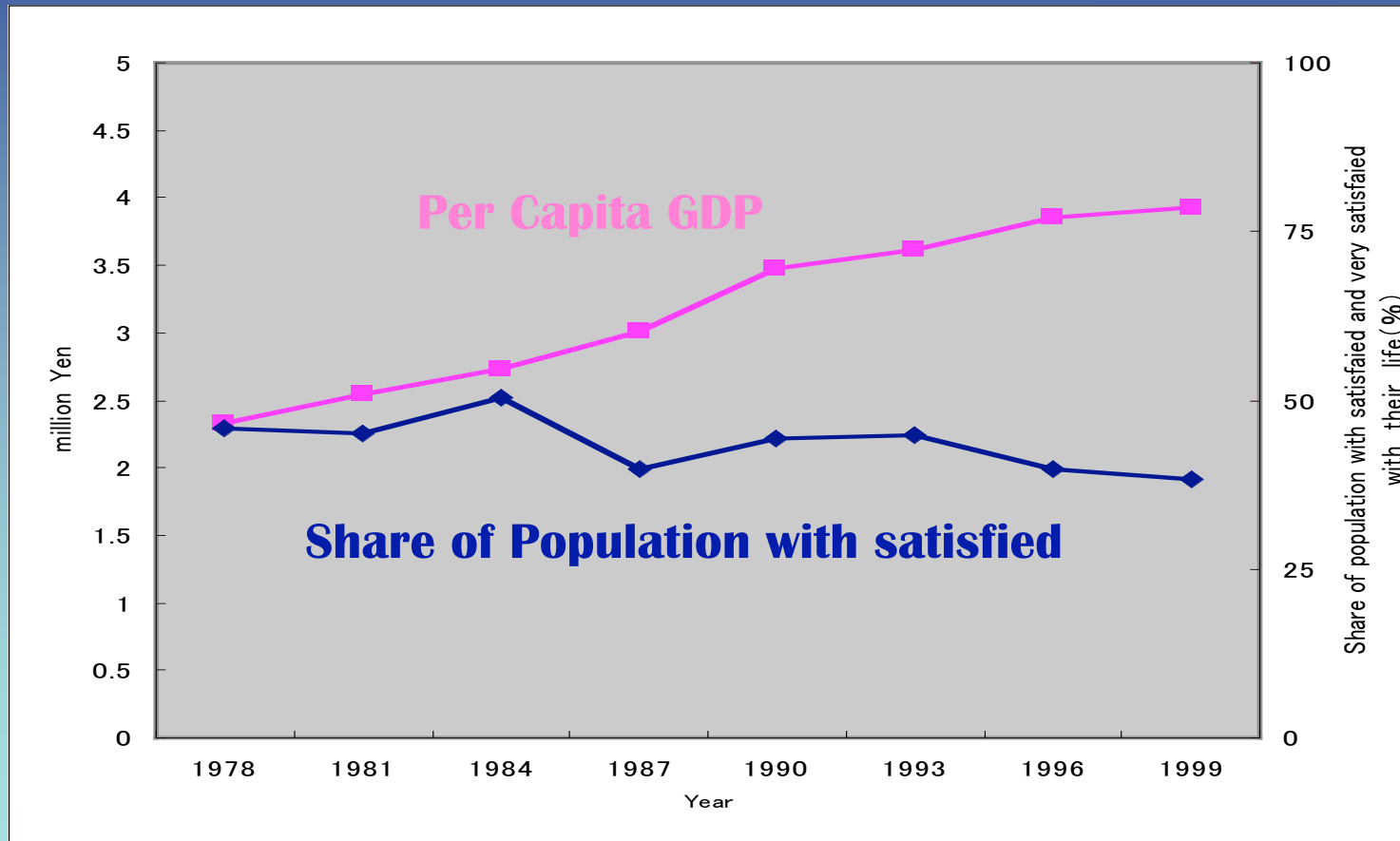
By HDI: Japan's Human Development Index

- Japan is ranked at 8th in the world (UNDP 2007/2008) out of 177 countries.
- Calculation of the prefecture-based HDI reveals distinctive differences across the country.
 - Prefecture-based HDI in 2000
 - Gaps among prefectures is not small.
 - Tokyo (#1 in Japan) > Norway (#1 in the world)
 - Aomori (the bottom in Japan) ≈ Slovenia and Portugal (27th/28th in the world)

By SWB: Life satisfaction among Japanese



GDP vs. SWB trends



Is there a way to apply the different measures to understand better over the development path and solve social and economic issues?

- GDP, HDI and SWB are used to assess development performance of the Japanese prefectures.

Japan's Development: GDP-HDI-SWB Prefecture Level

Top 5 and Bottom 5 prefectures by GDP, HDI and Life Satisfaction

| Ranking | GDP (2000) | HDI (2000) | Life Satisfaction (2002) |
|----------|--------------|-----------------|--------------------------|
| Top 1 | Tokyo | Tokyo | Tottori |
| Top 2 | Aichi | Aichi | Tokushima |
| Top 3 | Osaka | <u>Shiga</u> | Nagano |
| Top 4 | <u>Shiga</u> | Shizuoka | Ishikawa |
| Top 5 | Shizuoka | Fukui | <u>Nagasaki</u> |
| | | | |
| Bottom 5 | Kagoshima | <u>Akita</u> | Hiroshima |
| Bottom 4 | Saitama | Kagoshima | Iwate |
| Bottom 3 | Nagasaki | <u>Nagasaki</u> | <u>Akita</u> |
| Bottom 2 | Nara | Okinawa | <u>Shiga</u> |
| Bottom 1 | Okinawa | Aomori | Kochi |

| | Group 1 HDI>GDP by more than 5 ranks | Group 2 HDI>GDP by 0 to 5 ranks | Group 3 HDI=GDP | Group 4 HDI<GDP by 0 to 5 ranks | Group 5 HDI<GDP by more than 5 ranks |
|---|---|---|--|---|---|
| Prefectures | Kanagawa, Yamanashi, Gifu, Kyoto, Hyogo, Nara, Kagawa | Saitama, Chiba, Fukui, Nagano, Shizuoka, Shiga, Wakayama, Shimane, Okayama, Tokushima, Ehime, Fukuoka, Kumamoto, Okinawa | Tokyo, Toyama, Ishikawa, Aichi, Mie, Hiroshima, Kochi, Nagasaki | Hokkaido, Miyagi, Yamagata, Gunma, Niigata, Osaka, Tottori, Saga, Oita, Miyazaki, Kagoshima | Aomori, Iwate, Akita, Fukushima, Ibaraki, Tochigi, Yamaguchi |
| 45% and more responded Satisfied | 4 (57%) | 3 (21%) | 2 (25%) | 3 (27%) | 1 (14%) |
| 35% or less responded Satisfied | 0 (0%) | 3 (21%) | 2 (25%) | 1 (9%) | 3 (42%) |

Different measures help us to understand...

- **HDI>GDP by more than 5 ranks group:**

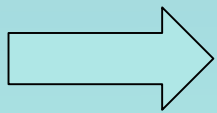
life satisfaction is high (more balanced development)

- Dominated by urban prefectures with higher educational development and health services.

- **HDI<GDP by more than 5 ranks group:**

life dissatisfaction is high (less balanced development)

- Dominated by backward prefectures (rural-based), depending on their economic livelihood by the public works program from the government.



Policy orientation and its impacts over people's livelihood through their own assessment could be grasped systematically. Then, how? Can we gather data?

Part 2: Needs and challenges for new indicators development

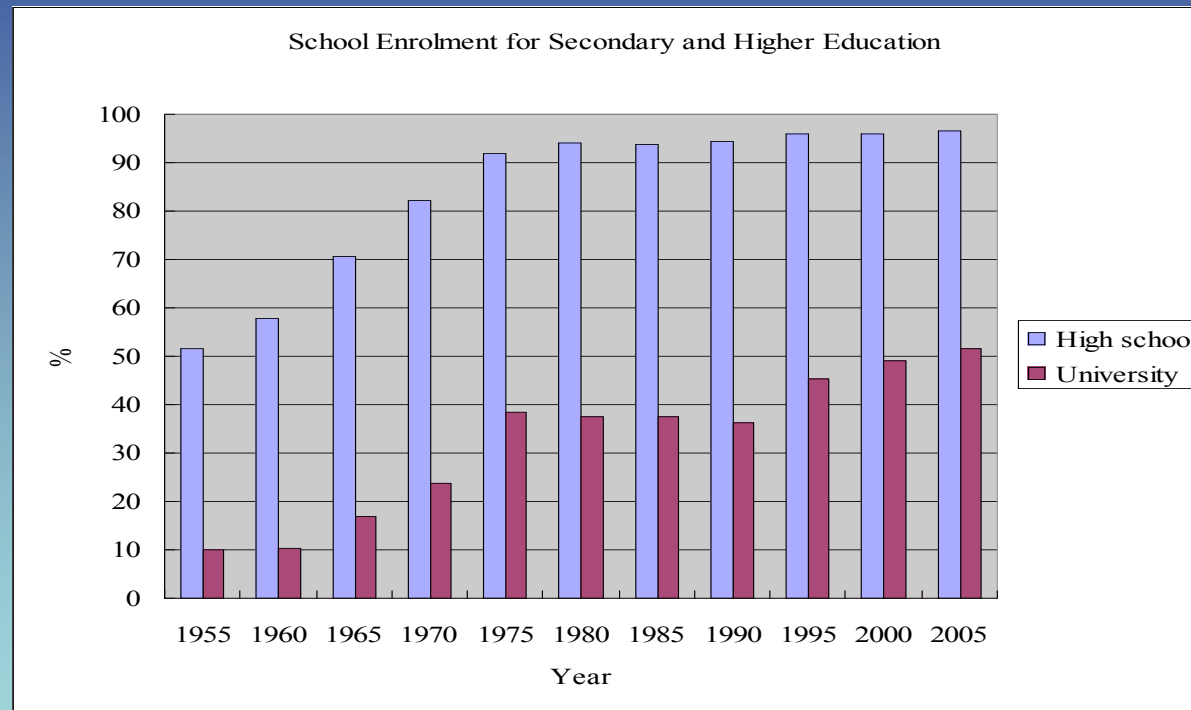
- Recent social and economic issues in Japan
 - Threats for one's well-being: neo-liberal policy
 - Material prosperity and spiritual poverty: gap?
- Can we capture the gap?
 - Measurements revisions
 - Usage of new measures for policy makings

Recent social issues in Japan

- Economy: job losses and economic restructuring after the bubble burst in the 1990s.
- Demographic change: ageing issues and low fertility issues.
- Patriarchal relations and Gender issues are persistent.
- Critical problems: Suicide, crime, NEET, working poor, school bullies and truancy, widening income gaps, government deficits....

Growth Dividend ① Education

School enrollment rates in Japan



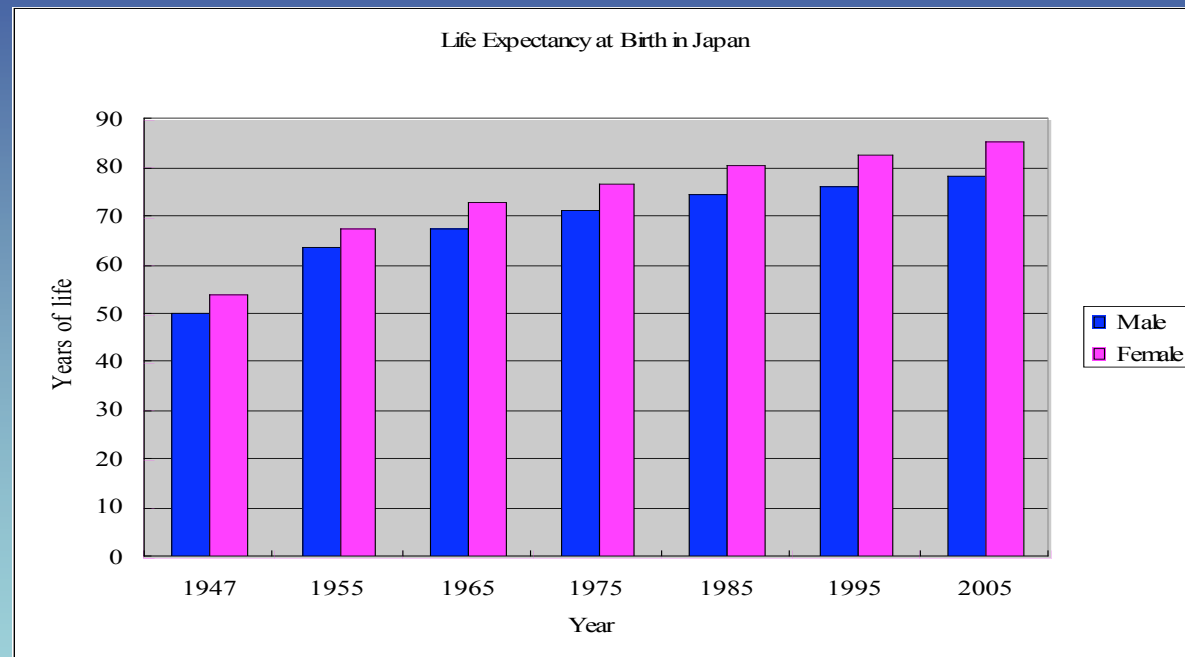
(Data Source: *Basic Surveys on Schools*, Ministry of Education, Culture, Sports, Science and Technology)

Higher secondary and tertiary education

➔ School Enrolment Rate (SER) for University From 10% to 50%;
SER for High School from 50% to more than 95%.

Growth Dividend ② Health

Life expectancy at birth in Japan



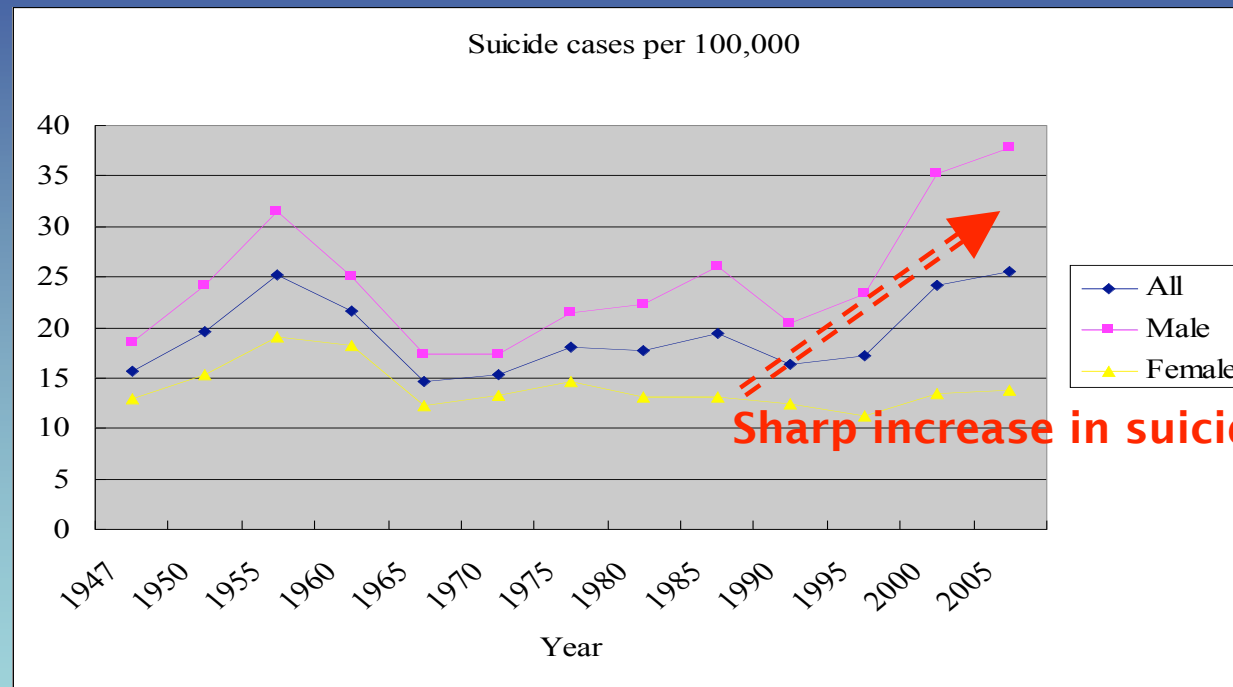
(Data Source: *Life Table*, Ministry of Health, Labour and Welfare)

Health condition and system improved
Expected longevity has been upward-trend.

Male: 50.1 yrs (1947) → 78.6 yrs (2005)

Female: 53.9 yrs (1947) → 85.5 yrs (2005)

Social costs: Suicide Cases in Japan



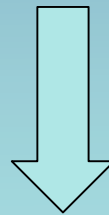
(Data Source: *Criminal Statistics*, Criminal Investigation Bureau, National Police Agency)

Reported suicide cases are on the rise

- ➔ The total number of suicide was 32,552 in 2005. Male: 72.3%
- Health reasons, Economic reasons, family reasons, and others

Recent increase in suicide in Japan

- Annual rate of increase in suicide incidents are high in prefectures where fiscal positions are worsening.
- Income is not the sole reason for committing suicide.
- Change in overall well-being of a person needs to be carefully captured to grasp real cause of the increase.



Reexamination of social and economic well-being measures and its usage become important for finding effective policy intervention/solutions.

Measurement revision: Case of GDP

GDP

Adjustments
(Social Benefits (+) or
Social Costs (-))

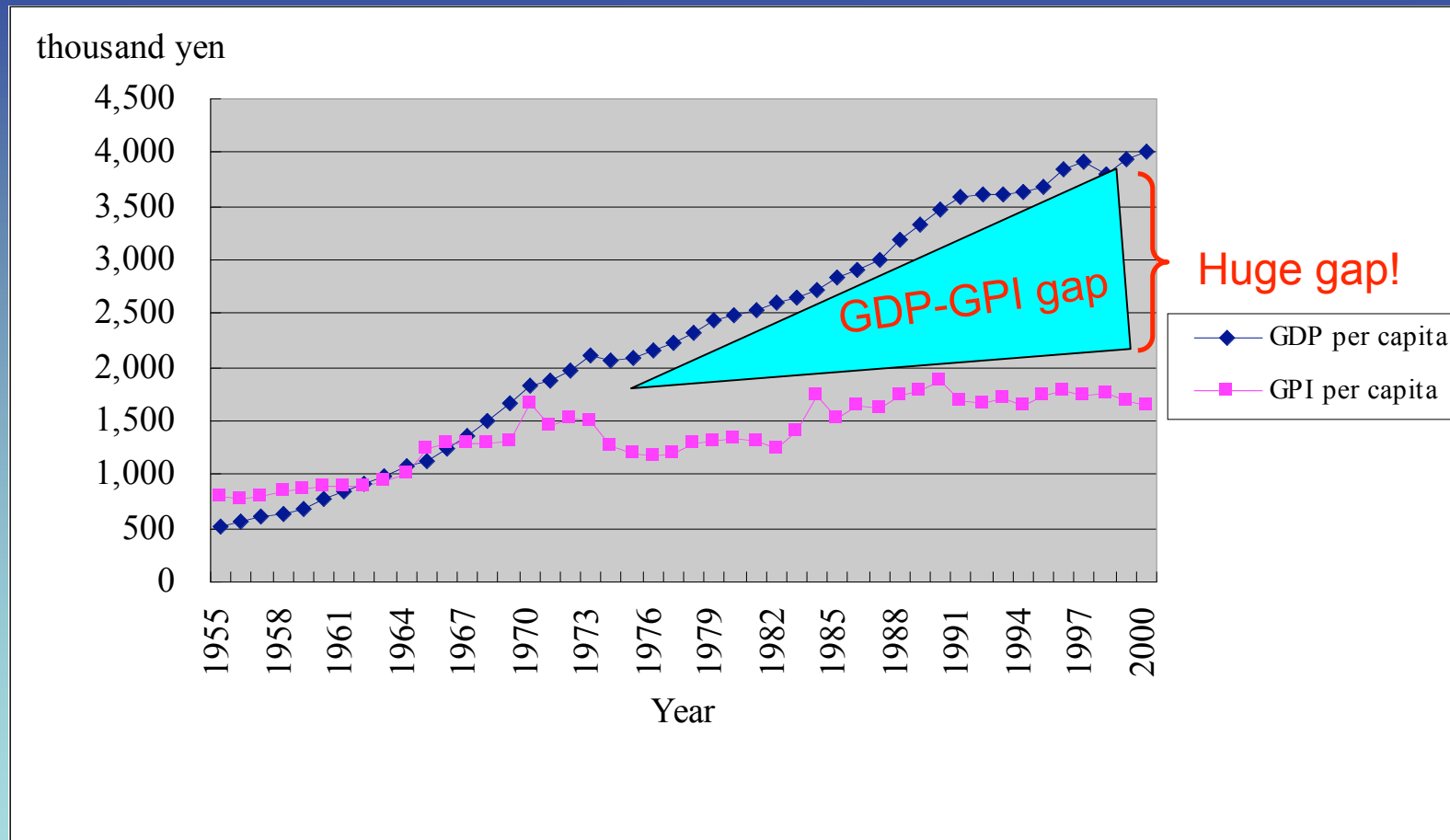
[Adjustment items]

- Household & volunteer work
- Income distribution
- Crime and family breakdown
- Resource depletion
- Pollution
- Long-term environmental damage
- Changes in leisure time
- Defensive expenditures
- Life span of consumer durables and public infrastructure
- Dependence on foreign assets



GPI

GDP per capita and GPI per capita in Japan

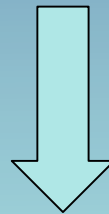


How about HDI?

- Human Development Index: relevancy for OECD countries?
 - The Japanese case reveals that HDI are not much different from GDP since the selected indicators do not tell us much about the regional gaps in education and health.
- Human development => holistic well-being enhancement
 - Economic foundation
 - Skill foundation: schooling and training
 - Healthy environment
 - Social and cultural foundation

Human Development Defined as

- HDR 1990 defines HD as,
“Human development is a process of enlarging people’s choices.” (UNDP HDR 1990, p.10)

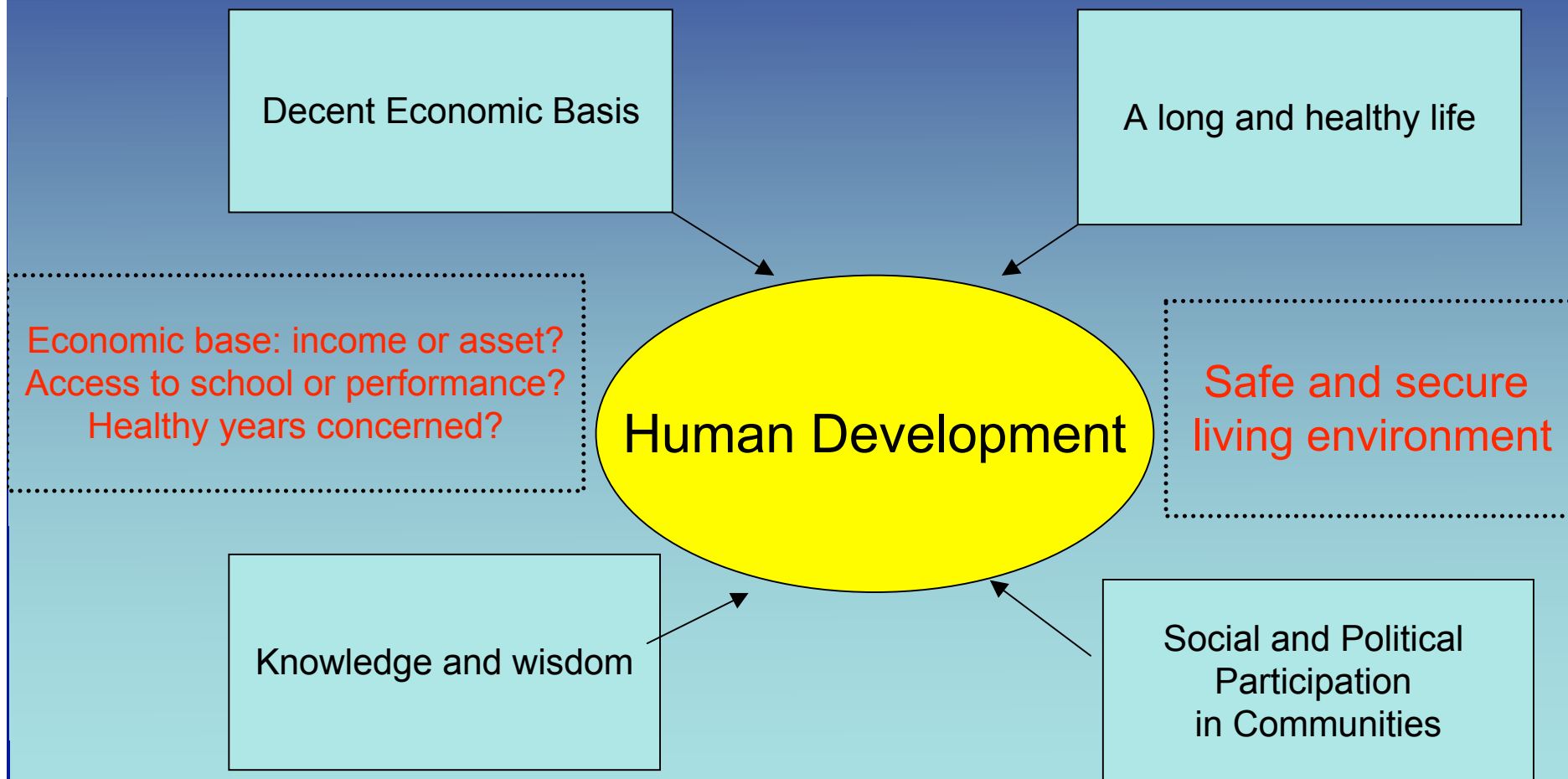


Economy, education and health are chosen.

Are these sufficiently enough to know HD progress of a nation?

How about the selection of indicators?

Human Development → Well-being



Measures and Usage: dual approach

dual approach

Development of Social Progress Measures

GPI
HDI-I
SWB



Usage of the new measures
for public policy makings,
monitoring and evaluation

Participatory M&E mechanism: policy impacts assessment

Objective assessment



Change in well-being
before/after a policy intervention

SWBs

Subjective feedback

HDI-I project

Step 1: HDI-I concept and index building

Step 2: HDI-I calculation for Japan and OECD

Step 3: A small micro-case study on relevance of HD measures: qualitative study at a few municipalities in Japan.

Step 4: HD report for Japan

Transition of Development measures

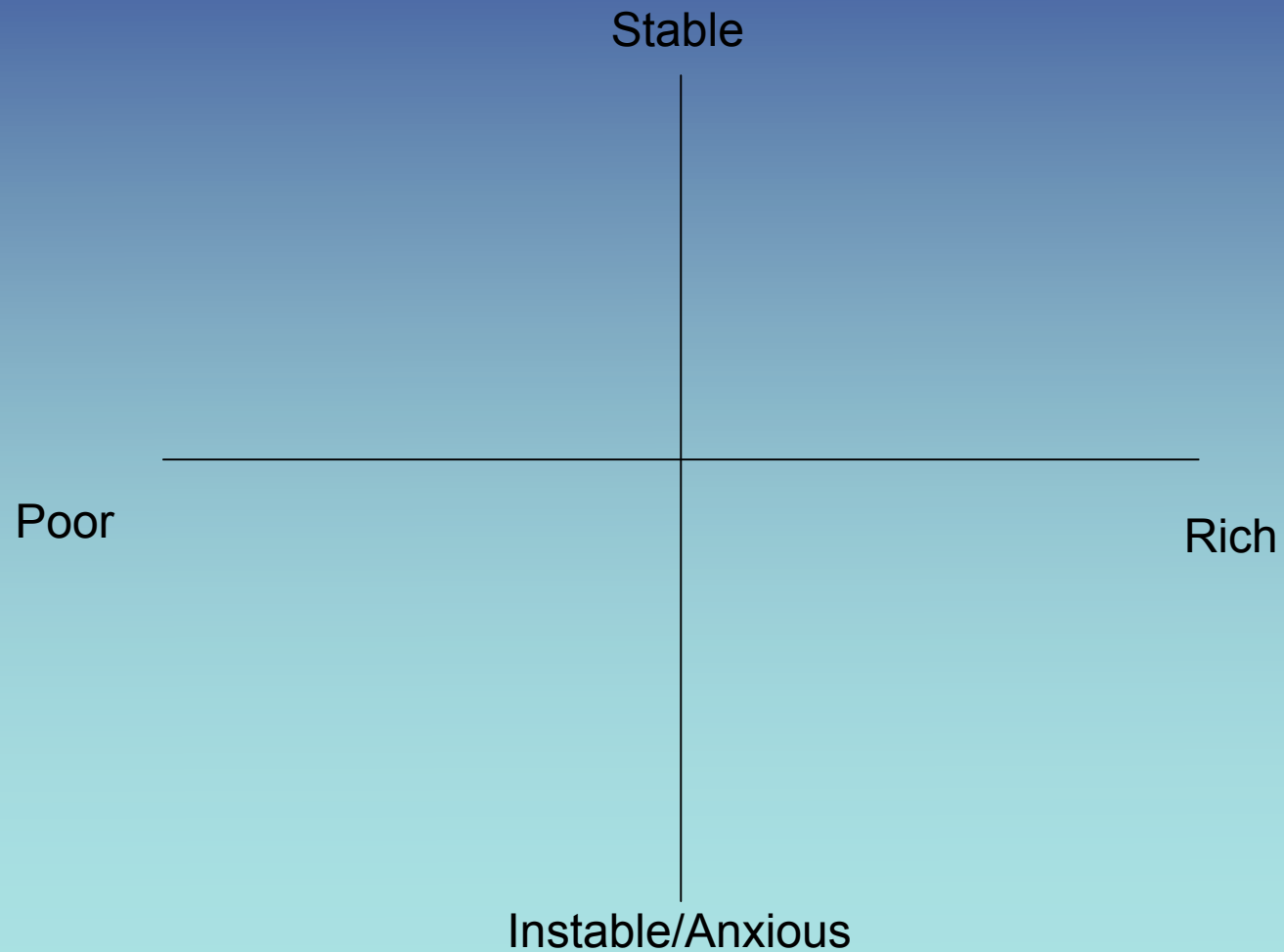
- First stage : Economic development (1950s-)
 - Industrial development and growth
 - GDP
- Second stage : Social development (1970s-)
 - Basic Human Needs
 - Various social development indicators
- Third stage : Human development (1990s-)
 - Capability and human development, environmental aspects
 - Human Development Index
 - Sustainability index
- Fourth stage : ??? Social progress???

Material and Subjective dimensions

| | | Subjective well-being | |
|--------------------|----------------|-----------------------|----------------------|
| | | Stability | Instability |
| Material wellbeing | Over-abundance | Rich and stable | Rich but anxious |
| | Sufficient | Moderate and stable | Moderate but anxious |
| | Scarcity | Poor but stable | Poor and anxious |

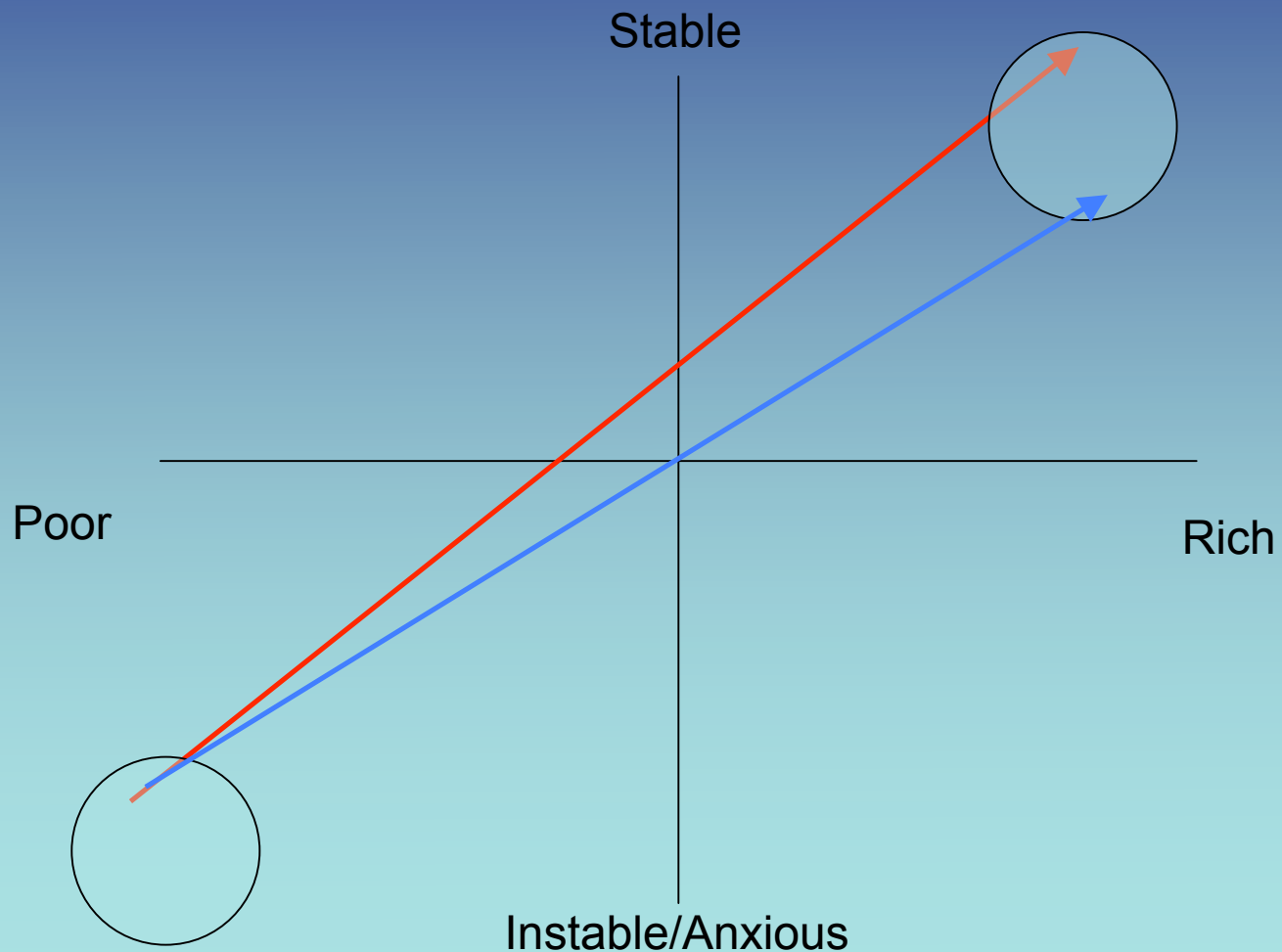
National Development

by Material and Subjective dimensions: a framework



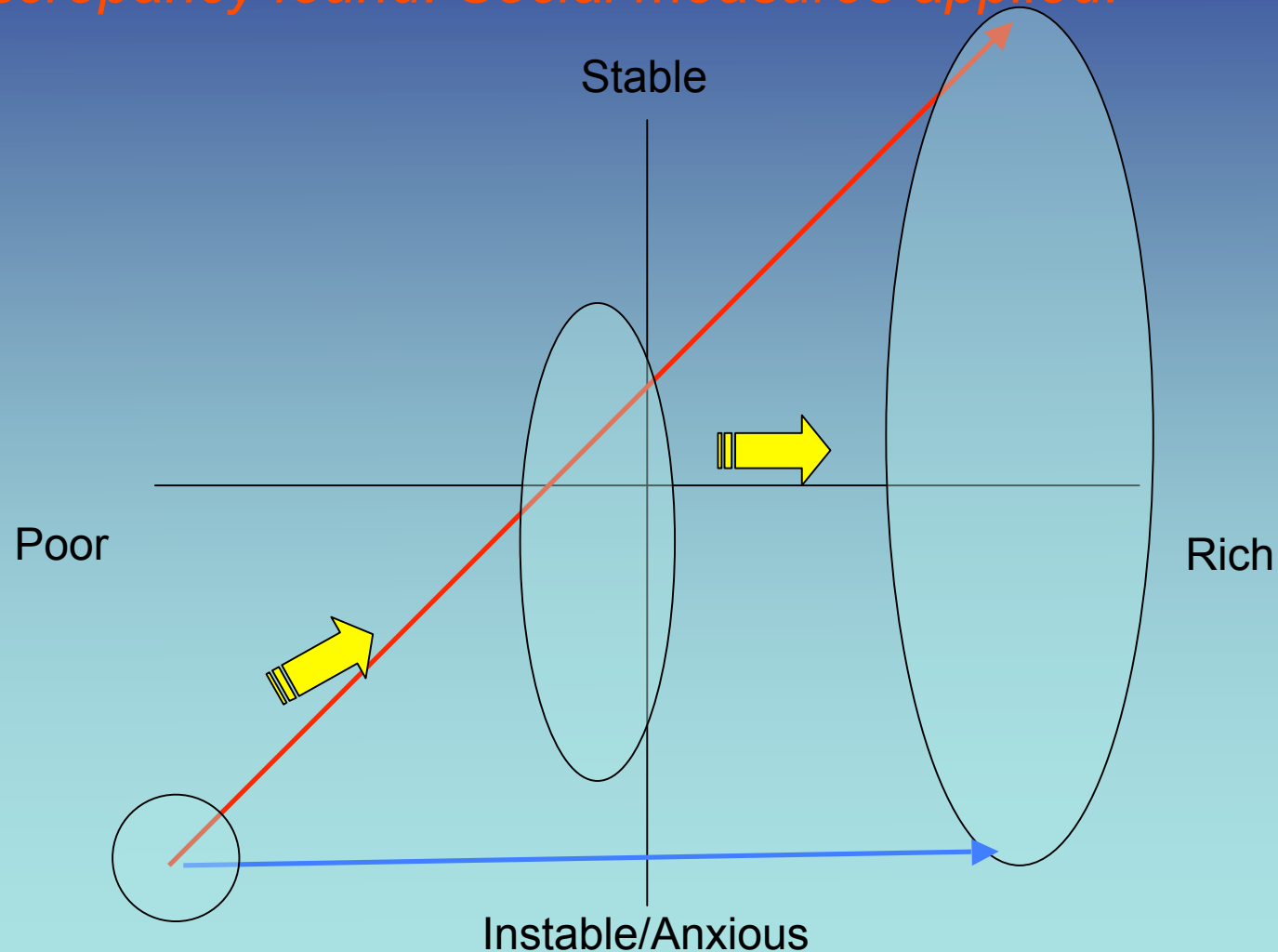
Assumption and Expected Development Path

GDP can measure progress.



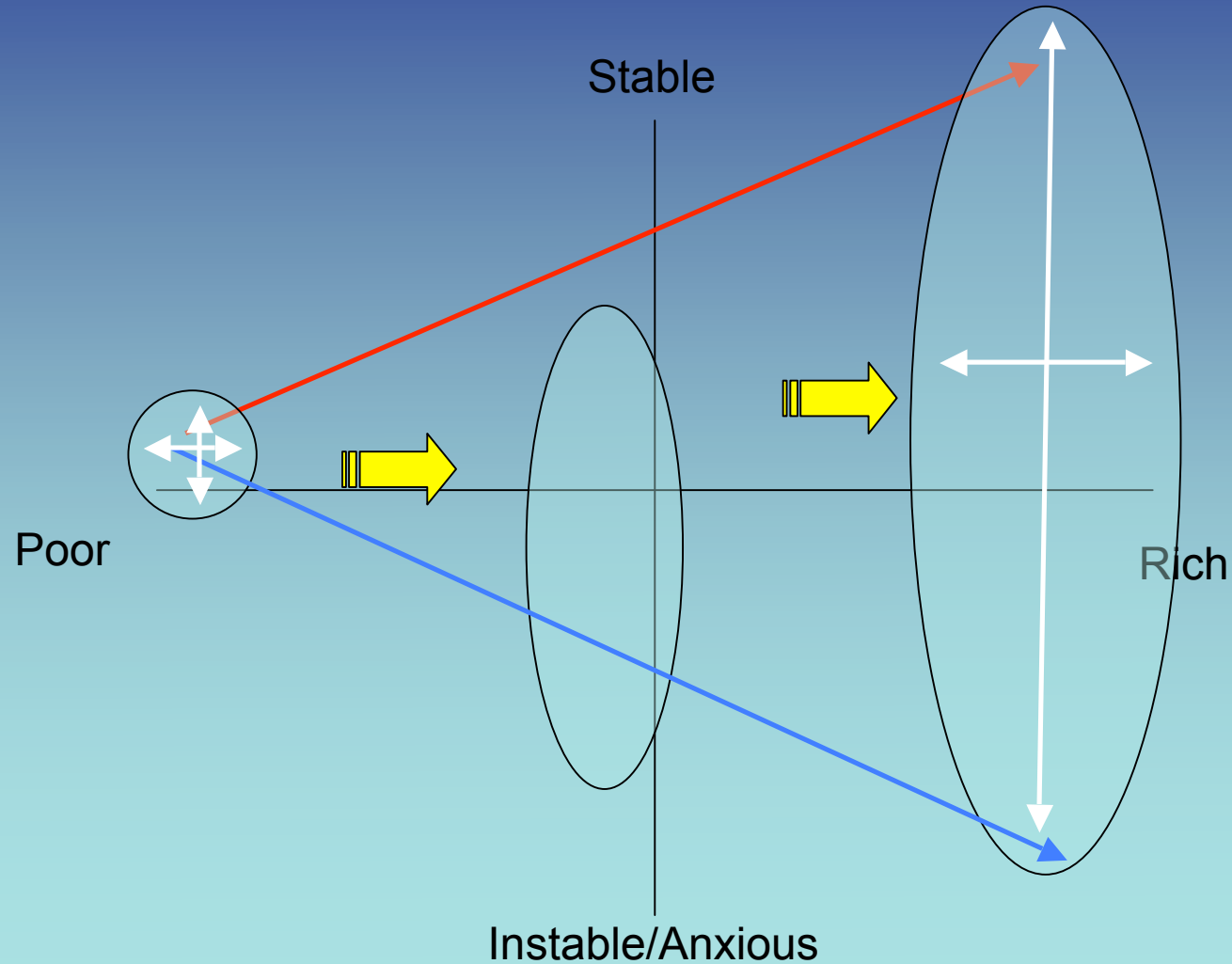
Development Outcome for DCs (1)

But, Discrepancy found: Social measures applied.

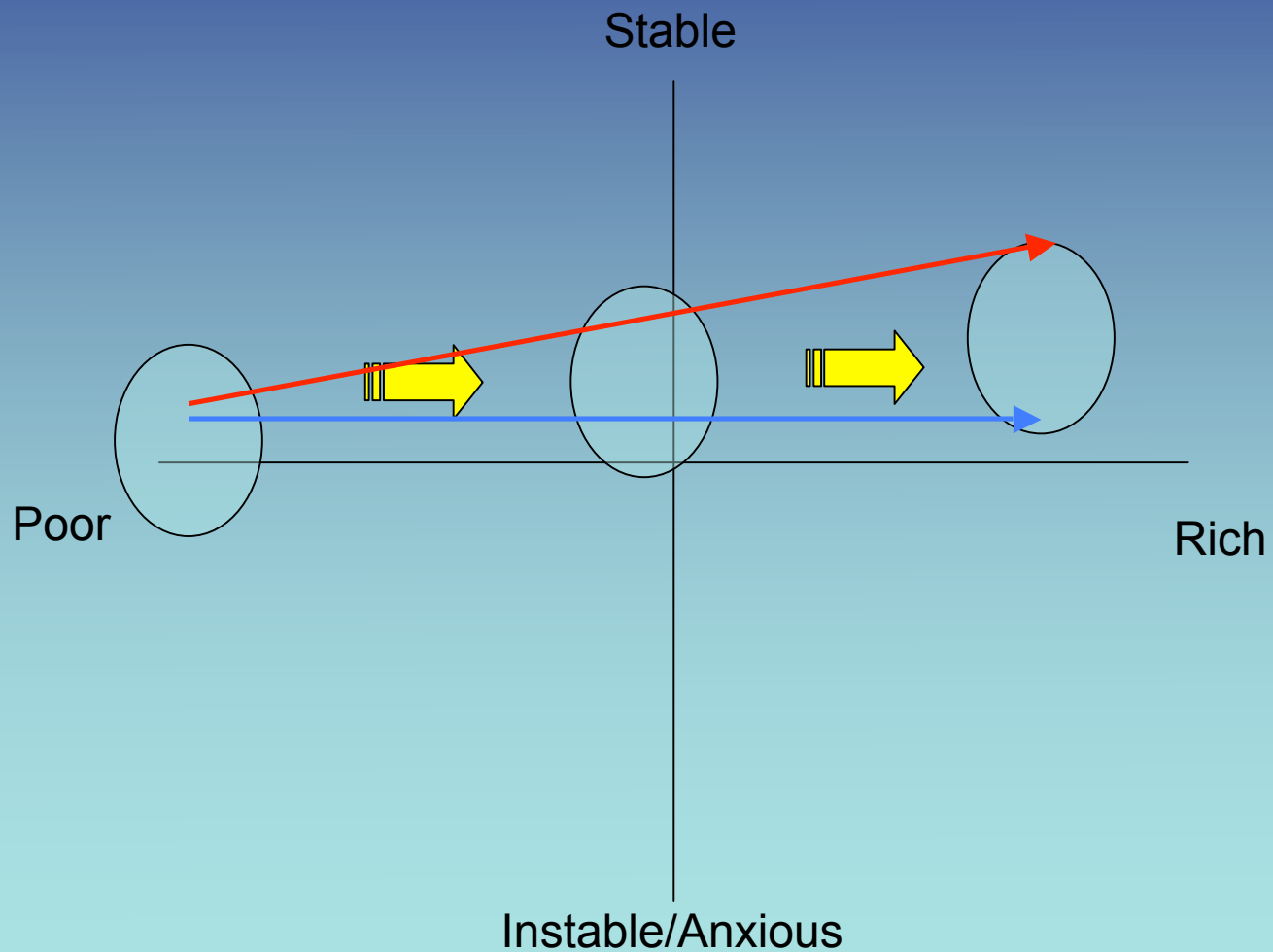


Development Outcome for DCs (2)

Gaps widening bw GDP and SWB.



Vision of Bhutan's GNH



A Development Path

New Progress Measures and Usage
-OWBs (HDI, etc) and SWBs
-Sustainability concern

