

Improving quality of life through inclusive growth in Asia and the Pacific

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Outline

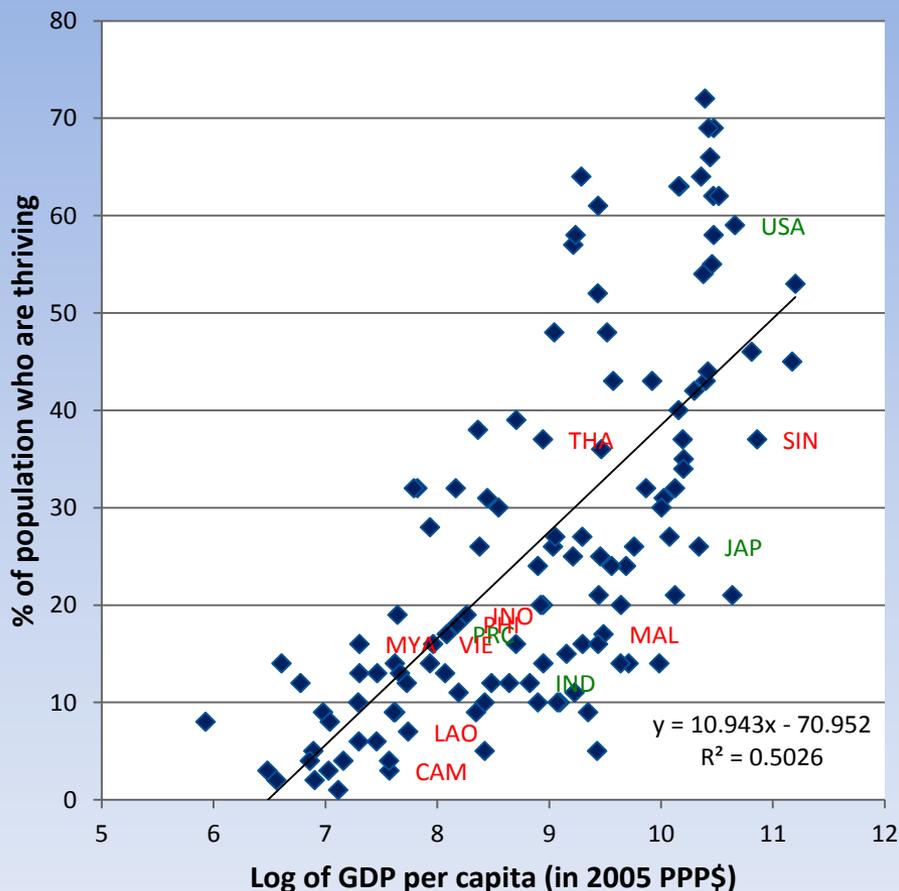
- Why income growth alone is not sufficient for improving quality of life
- How developing Asia fares in key aspects of quality of life
- How inclusive growth can improve quality of life
- Policy agenda for improving quality of life in Asia
- Take-away messages

I. Why income growth alone is not sufficient

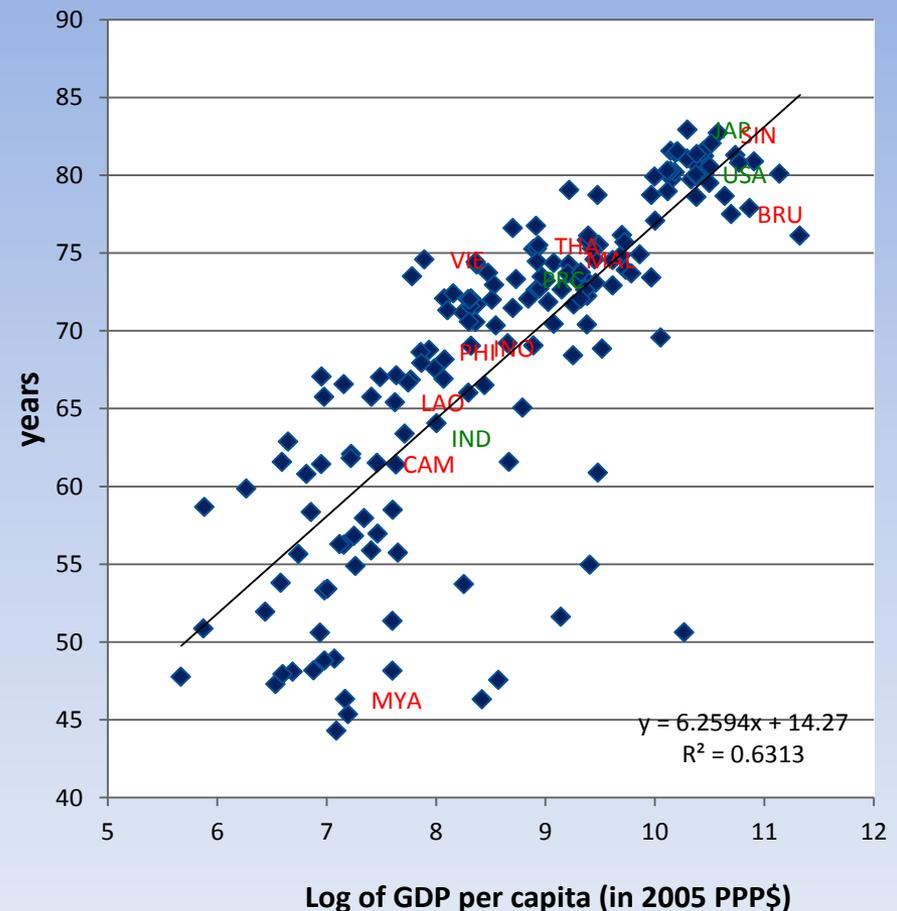
- Quality of life (QoL) is about human well-being, that is, the state of being happy, healthy, and prosperous.
- Well-being is traditionally measured in terms of economic resources such as income. But there is increasing recognition that these are inadequate:
 - Resources are means that are transformed into well-being; and ability to do so varies among individuals.
 - Many determinants of human well-being are not monetary resources (such as air quality, social networks, fairness, trust), and many resources are not allocated through the market.

Empirically, income level only explains half of cross-country variations in the subjective measure of happiness, and about 60% of the variations in life expectancy at birth.

Happiness vs GDP per capita (2010)



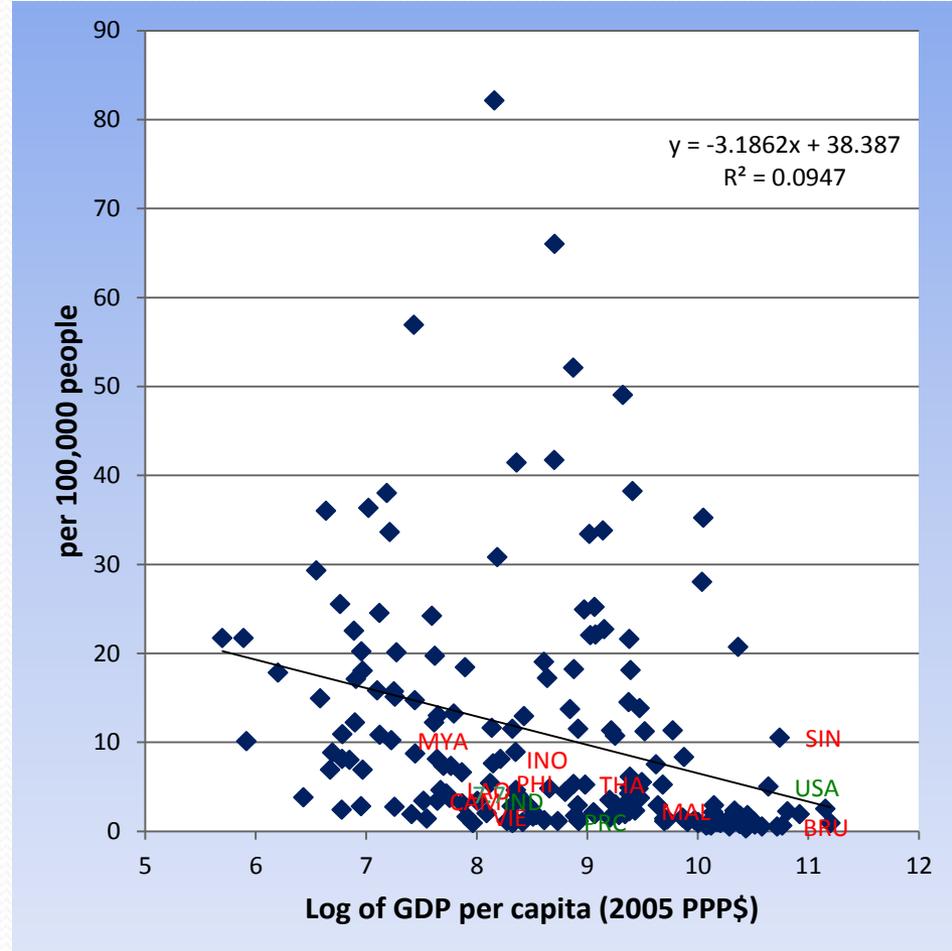
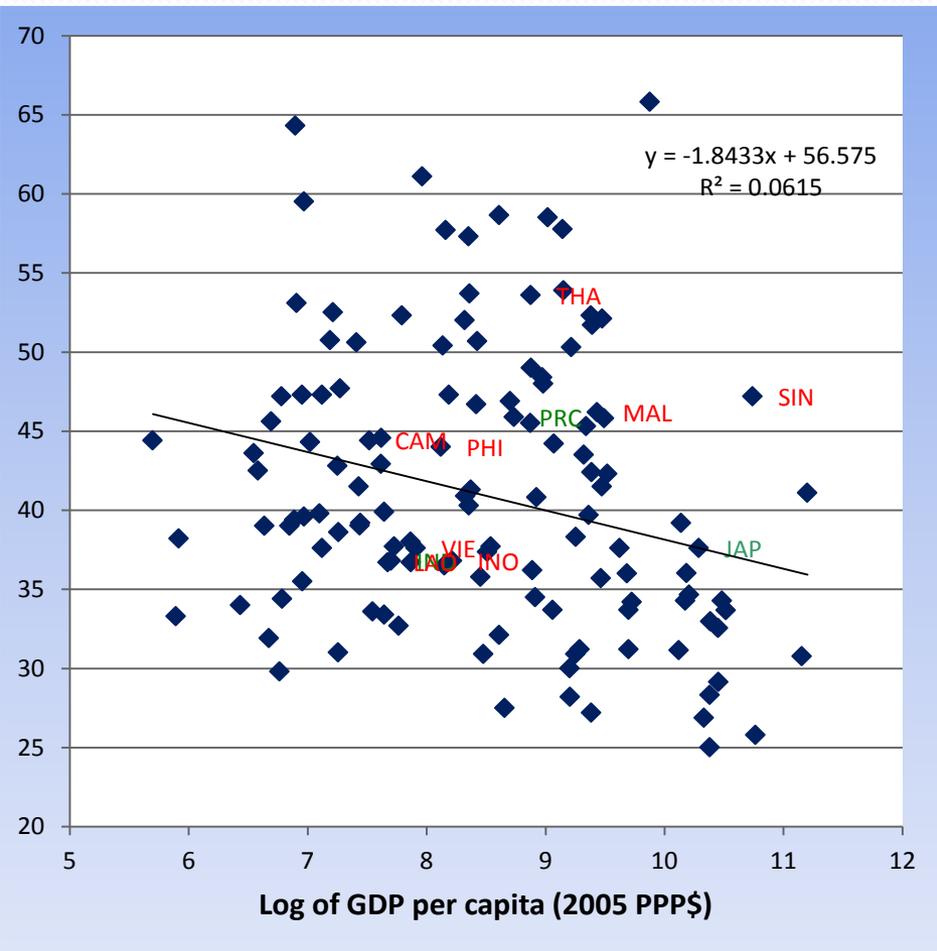
Life expectancy at birth vs GDP per capita (2009)



Note: happiness is % of people reporting “thriving”. The other two choices are struggling and suffering.
 Source: For happiness, Gallup World Poll 2010; others , World Bank, World Development Indicators.

And income has very limited power in explaining cross-country variations in income inequality and in measures such as physical security.

Gini coefficient (2005-2009) vs GDP per capita (2009) Homicide rate (2005-2010) vs GDP per capita (2009)



Source: For Gini coefficients and GDP per capita, World Bank, World Development Indicators; intentional homicide rate, UN Office on Drugs and Crimes.