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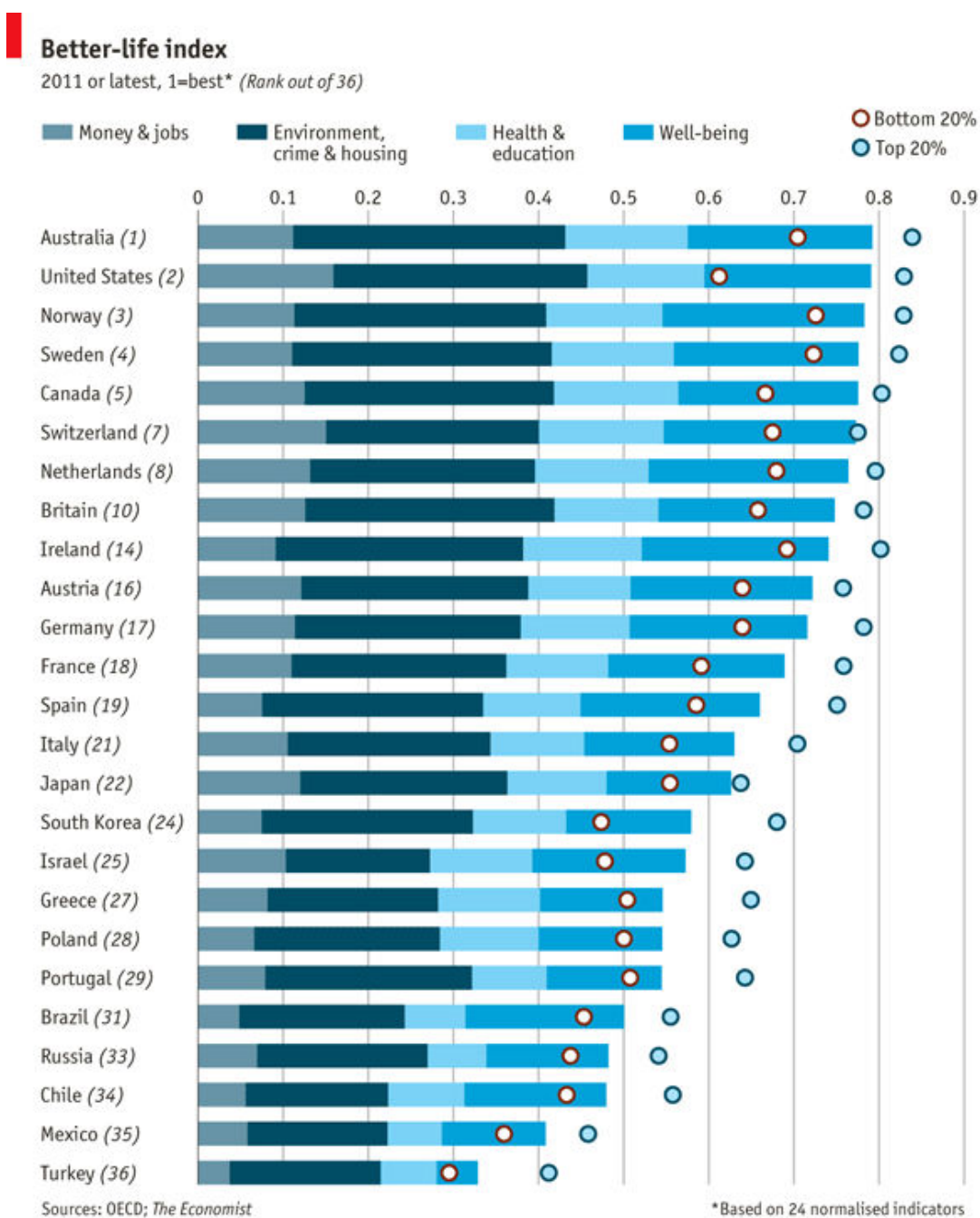
The wealth of nations

Jun 5th 2012, 11:56 by The Economist online

An alternative approach to measuring national well-being

GROSS DOMESTIC PRODUCT, better known by its initials, GDP, has been economists' chosen measure of a nation's well-being for over 70 years. But it has limitations; it takes no account of environmental degradation and excludes unpaid services such as volunteering and housework, for example. In the words of Bobby Kennedy, [speaking \(http://www.jfklibrary.org/Research/Ready-Reference/RFK-Speeches/Remarks-of-Robert-F-Kennedy-at-the-University-of-Kansas-March-18-1968.aspx\)](http://www.jfklibrary.org/Research/Ready-Reference/RFK-Speeches/Remarks-of-Robert-F-Kennedy-at-the-University-of-Kansas-March-18-1968.aspx) in 1968, "it measures everything...except that which makes life worthwhile." In an attempt to address these shortcomings the OECD, a mainly rich-country think-tank, has created the "[Better-Life" index \(http://www.oecdbetterlifeindex.org/\)](http://www.oecdbetterlifeindex.org/). Now in its second year, the index uses 24 variables (which include both hard data and survey data) across 11 sectors to create a measure of welfare for 34 of its member countries, plus Brazil and Russia. *The Economist* has grouped these 11 sectors into four broader categories. America excels most in money and jobs, Switzerland in health and education. This year the OECD has adjusted the index for equality to give an estimate for the top and bottom 20% of each country's population. America scores particularly poorly on this account, with

the bottom 20% having an index score some 25% below that of the top 20%.



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