DEFINING PROSPERITY

A definition of prosperity as the basis for its measurement

Inclusivity Project
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This paper sets out a proposed definition for Prosperity, as the basis for its measurement to assess the effectiveness of society's output.

Prosperity describes the quality of life society delivers to its members. Quality of life is subjective and intensely human, which can only be measured by reference to human experience. The level of prosperity in society, and its measurement, is accordingly a construct based on human experience.

Background

A society's economic success has traditionally been assessed by reference to its economic outputs measured in monetary terms. Limitations of this approach were brought into sharp relief with the Financial Crash of 2007, and the trauma of the global recession that followed.

Economists have been developing new economic models that recognise the limitations of monetary measures in measuring human experience. In addition to monetary measures, they suggest supplementary measures of success that are better suited to assessing the wellbeing experienced by members of society.

This new social consciousness is spreading through emerging business models that focus on the social impact of corporate activity. The models have a dual focus: on the impact on sustainability and the environment; and on the net contribution to human prosperity.

In this emerging field, a number of different words are used to describe the outputs of society in terms of human experience. They include wellbeing, prosperity, quality of life and happiness. It is expected, in time, that a standard term will emerge. the meantime, the term prosperity is largely interchangeable with each of the others.

This paper proposes an overarching definition of prosperity. The appendices contain some examples of national and global indices that adopt the new principles.

Definition

Prosperity is an assessment of the cumulative gap between each individual's motivators for particular outcomes of life and the actual outcomes delivered by society.

This definition is explained in the following section.

Defining Prosperity

There are different ways to define and measure quality of life. This model ascribes quality of life by reference to society's ability to satisfy the cumulative needs, desires and aspirations of each of its members for particular life outcomes.

Human motivation is bestowed by evolution. It is a fully integrated network of preferences and aversions that encourage behaviours that offer to each person the best outcomes from life. In the hugely complicated natural ecosystem in which we live, there is rarely a single choice of response to any given situation that is assured to be the best. Outcomes are usually a matter of chance, with the tiniest variation in inputs creating potentially dramatic variations in output. Walking on a mountain ledge, for example, has profoundly different outcomes depending on where the foot is placed relative to an invisibly crumbling ledge. So nature endows humans with a wide variety of instincts and calculations in order to assure variations between individuals in our approach to life. Successful evolution itself is dependent on these variations. Where one person will be cautious, another will be bold. The alternate success of each outcome depends on the specific set of circumstances. Our instincts, personality types, experience and learned behaviours will determine how we perceive and respond to any individual circumstance.

In this model, we categorise the drivers of our array of responses into three human motivators. They provide us with the opportunity to define and measure prosperity. The categories of motivator are:

- needs
- desires (or wants)
- aspirations (or hopes)

An individual's level of prosperity is a measure of the extent to which each sphere is satisfied.

Defining Life Outcomes

For the purposes of measuring prosperity, there are five categories of outcomes sought by individuals:

Personal	Societal
• Physical (eg. health, shelter)	• Environmental (eg. park space, pollution)
• Emotional (eg. sense of contentment with life, sense of security)	• Communal (social cohesion, human rights)
• Social (eg. quality of relationships, sense of belonging)	

An individual's motivators can be mapped to life's outcome as follows:

|	Needs	Desires	Aspirations
Physical	XXXX	XXXX	XXXX
Emotional	XXXX	XXXX	XXXX
Social	XX	XXXX	XXXX
Environmental		XXXX	XXXX
Communal		XXXX	XXXX
	Priority	Quality of Life	

The Prosperity Gap

Where society delivers all the outcomes that meet all of an individual's needs, it is prosperous. Where it falls short, the extent of the shortfall is a measure of lower levels of prosperity.
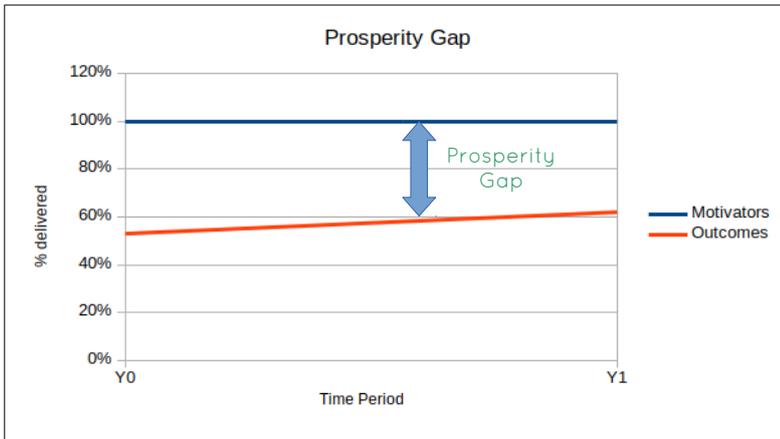
The chart on the left plots the extent to which an individual's motivators are satisfied by their life outcomes over time, measured as a percentage of their motivators. The shortfall is referred to as the "Prosperity Gap", which is the difference between motivated and actual outcomes.

The chart on the right maps how prosperity increases as the prosperity gap falls. At the start of the chart, where the Prosperity Gap is 100%, none of the individual's basic needs are met. Prosperity does not increase significantly until the basic needs for sustainable living are met.
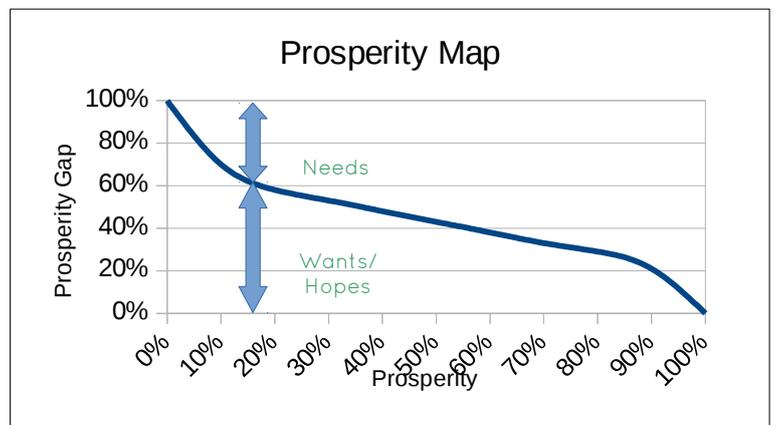
Once the threshold has been reached, an individual's level of prosperity rises rapidly, as their wants/hopes are increasingly likely to be met.

As an individual becomes prosperous, the rate of increase in prosperity slows down, until the prosperity gap is eliminated and the level of prosperity reaches its limit.

The Prosperity Lifecycle

Prosperity changes during a person's lifecycle, depending on circumstances.

In the illustration on the right, person 1 has a neglected childhood and fails to develop relationship skills. This impacts his ability to feel connected, which impairs his prosperity.
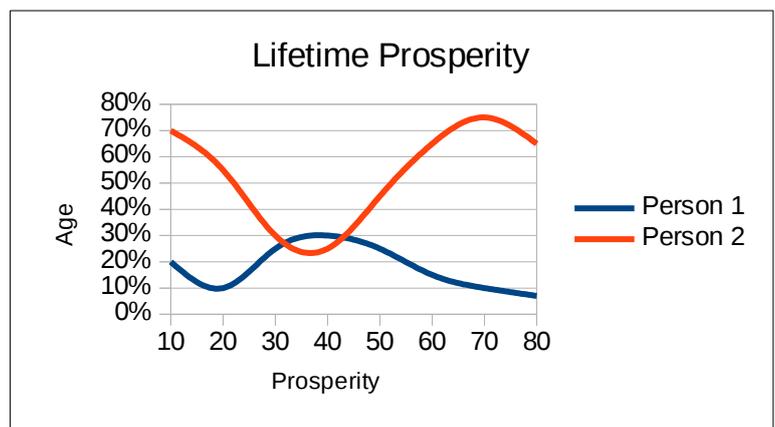
Person 2 has a comfortable upbringing, has a career and family which creates maximum

financial stress around the middle of her life. She flourishes once the kids become independent.

Measuring Prosperity

An individual's prosperity is the gap between each individual's motivators of needs, desires and aspirations for particular life outcomes and actual life outcomes. For the foreseeable future at least, it is unlikely we will ever be able to reliably define and measure individual motivators and related outcomes. So we look for proxy measures.

The proxies we use to define prosperity come in two forms. Absolute measures provide direct insight into an individual's sense of what is missing in their lives. Instrumental measures focus on the means and barriers to achieve fulfilment in life, some of which are based on individual capacity and some on societal structures.

Absolute measures

- **Gap markers**. These are statistics that indicate the likelihood of individual motivators being met. Examples include crimes against the person (relating to the physical security motivator) and life expectancy (relating to health)

- **Satisfaction/Happiness surveys**. These are surveys that establish people's reported happiness, either generally or in response to specific motivators. The more advanced surveys around happiness gather considerable ranges of additional data, such as life expectancy, gender, age and education, and look for correlations with individual motivators.

Absolute measures are currently of limited value because self-reporting of happiness is subjective and subject to natural human imprecision. It is likely we will develop in future more and improved methods to establish the absolute sense of the prosperity gap. Potential examples include techniques that involve genetics, interpretation of brain activity, measures of stress levels and analysis of health/illness data.

Instrumental measures

In respect of the individual's capacity to provide for their own needs:

- **Functional markers**. These are proxy measures that indicate an individual's experience of what they need. Examples include income levels, rates of poverty and indebtedness.

- **Skills/Capacity markers**. These are data that indicate an individual's skills or capacity to achieve what they need. Examples include levels of education (relating to earning capacity) and levels of emotional intelligence (relation to relationship skills).

In respect of society's structural capacity to provide for the needs of its members:

- **Structural health markers**. These are markers that indicate the effectiveness of society's structures. Examples include the percentage of the population who vote (relating to fair representation) and press freedom (relating to human rights).

- **Markers of structural barriers**. These are barriers to individuals achieving their motivated outcomes. Examples include wealth distribution (relating to equal opportunities) and air pollution (relating to health and sustainability).

The appendices illustrate several measures of prosperity, each with its own distinct perspective and purpose. They identify measurable components of human life relating to needs, desires and hopes, and largely draw from psychological understanding of human motivation and fulfilment. The principles behind the measurements are described in Appendix VI.

Commentary

The Relationship Between Personal and Societal Prosperity

The success of a society consists of the cumulative prosperity of its members. Every member's prosperity is of equal significance to the total. Every person who lives in society and who is subject to its laws is a member of society.

Prosperity is a human construct. It is not society itself that prospers, but its members. Prosperity is the state of members of society, not of society itself. Society is successful when it creates the environment that releases the gains of collaboration, and which empowers people to realise their potential to flourish.

Prosperity is a composite measure. The significance of each component varies from person to person, depending on their circumstances, culture and worldview. Prosperity indices assign arbitrary weightings to the components they track, to the extent that some components can dominate all others, such as lack of access to food or physical security. They are guidelines to prosperity rather than measures of an absolute state.

Subjectivity and Prosperity

A major challenge in measuring prosperity relates to its subjective nature. The challenge arises because human evolution makes it difficult for individuals to report on their levels of satisfaction in ways that are sufficiently objective. The Stockholm Syndrome describes the perverse bond that arises between a torture victim and the torturer. Dan Gilbert's "psychological immune system" describes a mindset that returns people to their base level of happiness following traumatic changes in their lives. Cognitive bias favours an evaluation of circumstances that can easily be delusional. These examples illustrates how personal assessments of outcomes can be undermined in particular circumstances

Yet prosperity is the gap between an individual's motivators (needs, desires and aspirations) for particular outcomes and the outcomes they experience. Until we find a reliable and objective way to measure sentiment, the individual is the only person capable of assessing the level of their prosperity.

The conundrum is resolved by working with both personal and independent assessments. Wellbeing puts a greater focus on a person's subjective self-evaluation of their quality of life. If someone feels happy or sad, they are happy or sad regardless of their personal circumstances. Prosperity puts a greater focus on objective, external evaluation of quality of life. If someone has access to everything they need to survive, their self-assessment of satisfaction relating to that need will not be influenced by personal jealousy of a neighbour who appears to have more.

Aspirations

Aspirations are needs and desires in the future.

The level of someone's hope may be unduly optimistic, pessimistic or irrational. Yet it is a significant factor in self-assessment of quality of life. Generally, the major indices do not measure Aspirations in the breadth and depth they measure Needs and Desires. The irrationality of hope accounts for some of the deviation between self-evaluated wellbeing and externally evaluated prosperity.

Prioritising Needs

Maslow's five hierarchy of needs forms the basis of much of our understanding of human motivation. It does not distinguish needs from wants, which makes it easier to categorise. Nutrition, for example, is a "need" where calory intake is inadequate. Going to a restaurant is a "want", because the more expensive eating out is not a necessity where eating in is likely to be the cheaper option.

We refer to "need" as the outcomes that are essential to sustain life. We need a minimum level of food and water to survive. We need protection from attack by people and animals, and we need shelter from nature. It is less clear whether the motivator to feel a sense of belonging to a community is a need or a want. Humans are social animals. We may not need social contact for survival in the short run, but we do need to belong in order to participate in society.

Although the delineation between needs and wants is blurred, it has implications for prosperity. An individual's level of prosperity is always low where their survival is not assured for the foreseeable future, regardless of any other markers of or personal capacities for prosperity. Someone who has a terminal disabling illness experiences a low level of prosperity even when they are well educated, wealthy and with a good support network of family, friends and community.

The major indices we use today do not sufficiently reflect the overriding bias of needs over wants in their measurement of prosperity.

Appendices

Appendix I
Inclusivity Project's Model of Prosperity

Physical Wellbeing

- Physical security
- Physical health
- Life expectancy
- Access to subsistence living
- Access to fair share of resources
- Financial security

Emotional Wellbeing

- Purpose/Meaning
- Fulfilment (sense of contentment with life)
- Level of stress/anxiety
- Degree of resilience
- Emotional security (self-esteem/self-worth/self-confidence)
- Self-awareness/Self-leadership (self-motivation, and extent of personal freedom)
- Availability of leisure time

Social Wellbeing

- Quality of relationships
- Sense of belonging
- Relationship capacities (for collaboration, inter-personal relationships)
- Engagement within society (work, play, sense of achievement)

Environmental Wellbeing

- Access to space/green space/nature
- Freedom from pollution

Communal Wellbeing

- Social cohesion within local community
- Access to fair opportunities to live/work as desired
- Human and protective rights
- Extent of freedom of movement, belief and behaviours
- Level of representation in governmental policy and actions

Appendix II
Office for National Statistics (UK)

Individual Wellbeing

- Satisfaction with life overall
- Sense that life is worthwhile
- Level of happiness yesterday
- Level of anxiety yesterday

Relationships

- Satisfaction with family life
- Satisfaction with social life
- Access to people to reply on in a crisis

Health

- Life expectancy at birth
- % of people with long-term illness/disability
- % of people satisfied with their health
- % of people with evidence of psychological disturbance

Social Engagement

- Unemployment rate
- Level of satisfaction with job
- Level of satisfaction with leisure time
- Level of satisfaction with use of leisure time
- Level of voluntary work

Local Community

- Crimes against the person
- Sense of safety walking alone after dark
- Use of green space (more than one time per week)
- Sense of belonging to neighbourhood

Personal Finance

- % of households with less than 60% of the median income
- % of households with less than 60% of the median wealth
- Level of satisfaction with income
- % of people finding it difficult to get by financially

Education and Skills

- Value of skills in the marketplace
- Number of people with qualifications
- Level of qualifications

The Economy

- Real household income per head
- Real net income per head
- National debt as a percentage of Gross Domestic Product

Governance

- The percentage of registered voters that voted
- The percentage of people who trust the national parliament
- The percentage of people who trust the national government

Natural Environmental

- Level of greenhouse gasses
- Level of air pollutants
- Extent of protected areas
- Energy consumed from renewable sources

Appendix III
OECD

- Safety
- Housing
- Income
- Jobs
- Community
- Education
- Environment
- Civic Engagement
- Health
- Life Satisfaction
- Work/Life Balance

Appendix IV
Gross National Happiness

Health

- Mental health
- Self-reported health
- Healthy days
- Disability

Education

- Literacy
- Education level
- Knowledge
- Values

Living Standards

- Assets
- Housing
- Household income per capita

Time Use

- Time spent working
- Time spent sleeping

Ecology

- Ecological issues
- Environmental responsibility
- Wild life damage
- Urbanisation

Good Governance

- Government performance
- Fundamental rights
- Government services
- Political participation

Psychological wellbeing

- Life satisfaction
- Positive emotions
- Negative emotions
- Spirituality

Communal Vitality

- Donations (including time)
- Community relationships
- Family
- Safety net

Cultural Diversity

- Native language
- Cultural participation
- Artisan skills
- Conduct

Appendix V
World Happiness Index

The index is based on a single measure

Life Satisfaction

- How satisfied are you with your life these days?

The outcomes are then evaluated against a number of factors that affect life satisfaction, to present a model of the impact of policy, culture and personal circumstance on prosperity.

Economic Factors
- Income (GDP per capita)
- Employment
- Perceptions of corruption

Social Factors
- Education
- Family Life
- Freedom to make life choices
- Generosity

Health
- Positive affect
- Negative affect
- Healthy life expectancy at birth

Appendix VI
Measures of Prosperity by Technique

This appendix sets out examples of measurements of prosperity used in some of the major indices, whose abbreviations are noted. They are: The Inclusivity Project (IP), the Office for National Statistics (ONS), the Organisation for Economic Co-operation and Development (OECD), the Gross National Happiness Index (GNH), the World Happiness Index (WHI). The mapping of items from each index to the individual categories below is intentionally loose, in order to simplify this illustration of how the techniques work.

Absolute Measures

Gap markers

- Level of stress/anxiety (IP, ONS)
- Level of satisfaction with job/leisure time (ONS)
- Spirituality (GNH)

Satisfaction/Happiness surveys

- Sense of purpose/meaning/fulfilment (IP)
- Sense of belonging (IP, ONS)
- Satisfaction with life (ONS, OECD, GNH, WHI)

Instrumental Measures - Individuals

Functional markers

- Physical security (IP, ONS, OECD, GNH)
- Housing (OECD)
- Crimes against the person (ONS)
- Physical/Mental health (IP, ONS, GNH)
- Life expectancy at birth (ONS)
- Subsistence living (IP)
- Availability of leisure time (IP)
- Quality of relationships (IP, ONS)
- Satisfaction with family life (ONS)
- Access to green space (IP, ONS)
- Household income per head (ONS, OECD, GNH)
- Housing (GNH)

Skills/Capacity markers

- Degree of resilience (IP)
- Relational capacities (IP)
- Education, Level of qualification (ONS, OECD, GNH)
- Values (GNH)

Instrumental Measures - Societal

Structural health markers

- Level of engagement in society (IP, OECD, GNH)
- Social cohesion (IP, OECD)
- Human and protective rights (IP, GNH)
- Level of political representation (IP, ONS, GNH)
- Level of trust in government (ONS)
- Independence of judiciary (IP)
- Press freedom (IP)
- Unemployment rate (ONS, OECD)
- Work/live balance (OECD, GNH)

Markers of barriers

- Earnings inequality (IP)
- Wealth distribution (IP)
- Corruption (IP)
- Prejudice against minority groups (IP)
- Environment, Pollution (ONS, OECD, GNH)