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ABOUT WELFARE IN CULTURAL CONTEXT

Viewpoint and literature reviews

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Abstract

This article aims to briefly analyze the research efforts on measuring welfare indices in terms of cultural relativism. It presents the limitations of GDP and some of the proposed alternatives over time, to understand the wideness and interest in this topic, but also the consequences of imposing a certain type of indicators to reflect the progress and welfare of a country. To provide a coherent overview on the proposed subject, the approach starts with the presentation of general acceptation of the welfare concept. Further, the literature review reveals many concerns about the welfare and progress, but also the difficulties associated with this effort. Critical comments generally reflect the need to consider the culture factor in the debate on welfare.

Introduction

More and more documents, statistics and EU and/or international directives refer to the concept of welfare. Sometimes it is about comparative analyses that place countries according to the scores of indices considered to reflect welfare quite accurately; sometimes there are references regarding improvement measures or ideologies where welfare is seen as in itself scope-value (final value) or as an instrumental value that leads to happiness.

Regardless of the approach to the subject, there is a certain perspective imposed by Western theories about the meaning assigned to welfare, as well as on other meanings disseminated in the scientific world, by official documents and literature. Analyzing the definitions of welfare and other related indices, we note a certain importance assigned to material values, although culturally speaking, welfare and happiness have an extremely varied content. This inclination to influence through something specific and lead unilaterally to a sense wanted to be assimilated globally reflects the ethnocentrism wisely hidden and the aspiration of economically developed countries to perpetuate the considered "justified" hegemony, by reflecting a type of superiority in relation to other parts of the world.

Given these inconveniences, less developed countries in terms of economic (and not only) conditions have raised awareness and proposed a series of measures where contextual and cultural differences should be considered in dealing with this concept. Otherwise this concept can not apply to the whole world. Welfare is a concept with a strong cultural and / or emotional meaning; therefore it must be treated as such.

Based on these considerations, in this paper we proposed to provide an overview of the subject by: inventory and description of indices that measure well-being, considering various aspects (economic, social, environmental, legal ones, etc.); analysis of the influence of culture on the meaning given to the welfare term; analysis of the impact using indices that measure welfare.

What is welfare?

There is no consensus regarding the concept of welfare. The context where the subject is placed requires a certain connotation. We may talk about welfare in economic, social, political etc. terms; we may take into consideration the micro- or macro- level, a collective or individual approach, or different "components" which it is associated with, as well as the manner which the concept evolved in over time. However, we provide some definitions to approach the meaning given to *welfare*:

„Welfare is the highest possible access to economic resources, a high level of well-being, including happiness, of the citizens, a guaranteed minimum income to avoid living in poverty, and, finally, having the capabilities to ensure the individual a good life" (Greve, 2008).

"Welfare is an essential component of human circumstances; it reflects a system of needs correlated with the socio-economic context that fits everyone, in terms of ownership, level of consumption, material and financial status, social and cultural hierarchy. Thus, the welfare appears as an optimum status an individual aims, by his way to produce, save and consume"(apud CERES - Resource Center for Social Economics).

More generally, welfare can be viewed *as an access to income and services from a variety of sources: market, family, governments, community* (Jenson, 2003).

Analyzing the indicators that refer to well-being, we noticed that it is extremely difficult to monitor and measure all aspects that can be considered in defining welfare, not to mention the variability of importance awarded by the cultural impact. Therefore, despite the efforts, we may not speak of a proper composite index in order to measure what really needs to be measured. Moreover, in some cultures, welfare and happiness are not necessarily related to how much it can be achieved in relations with the exterior; the human being himself is important as a source of his own destiny, and his making.

About GDP and Gross National Happiness

Since 1934, Kuznets warned that evaluations that take into account only GDP cannot measure the welfare of a nation; they only indicate an economic situation. Annual changes in real GDP reflect only differences in the amount of goods and services from year to year. Therefore, the decision to increase the welfare cannot be based solely on this indicator (Kuznets, 1934, Bagstad *et al.*, 2014, Lawn, 2003).

In time, deficiencies of GDP were highlighted in numerous studies, and researchers were becoming more and more interested in finding viable alternatives for measuring welfare. Many of their studies start with the limits of GDP as indicator of welfare, as such (Fender *et al*., 2011, Bagstad et al, 2014, Oehler, 2014):
- It measures only the market value of goods and services;
- It does not measure sustainable economic welfare because it does not include depreciation of capital stock used in the production process;
- It does not reflect the negative "externalities" of economic growth ("costs" such as pollution, massive deforestation, wars, etc.);
- It excludes a number of determinants of well-being that are not included in the productive sector (e.g. production for domestic use, leisure and quality of social relations, health and longevity, quality of institutions) etc.

Also as a reaction to the phenomenon observed in the early 70s, the fourth king of Bhutan, Jigme Singye Wangchuck, introduced the idea of Gross National Happiness (GNH). It has become a philosophy of development although it has not been used as a principle of government until much later, being firstly mentioned in the country's development plan for the period 1997-2002. Several countries have expressed their adhesion and intention to be guided by this concept. It is based on four pillars: sustainable and equitable development, environmental conservation, preservation and promotion of culture and heritage and good governance (Brooks, 2013).

With Gross National Happiness, Bhutan hopes to achieve a balance between the material aspects of life (economic development) and the spiritual ones (happiness and peace). It prioritizes the latter ones even to the detriment of the first ones, which cannot be considered as a scope in self (*idem*). A powerful vision dominated by the cultural values of Bhutan, a relatively feminine society, where the sense of "living" becomes important, with extremely profound leader (*apud* The Hofstede Centre), but also by the religious landmarks of *Mahayana Buddhism*, of Tibetan type, which is the state religion.

About welfare indicators

Although we have provided Bhutan's example, we should mention the effervescence of "elaboration" of indices over time, to reflect the welfare at community, regional, national etc. level. Many researchers have assumed this mission, on their own name or on behalf of more or less political organizations. Without proposing a complete inventory, we describe some of these indices below, to observe the variability of their content and the criteria considered important in reflecting human welfare.

Measure of Economic Welfare - MEW was proposed by Nordhaus and Tobin in 1972, as an alternative response that eliminates some of GDP deficiencies. The authors assumed that the consumption must be measured and not the production, and not any type of consumption, but consumption that generated wealth. In this respect, in income's calculation they excluded many values considered as having no contribution to the consumption, or they included others considered to contribute to its growth (Hect, 2002). As a result, MEW adjusted Gross GDP by considering the value of lesure time, the value of unpaid workload in an economy and the value of environmental damage. It may be viewed as a forerunner of later attempts to create a complex index that reflect sustainable development (*apud* Economics online). It has a rather limited effect in relation to the intended goal.

Index of the Economic Aspects of Welfare (IEAW) was developed by Xenophon Zolotas in 1981. It combines the economic problems measured by MEW with some social concerns, having also personal consumption as a starting point (Hect, 2002). IEAW focuses more on the current flow of goods and services and it mostly ignores capital accumulation and sustainability issues. It rather considers changes on an aggregate national welfare level than welfare per capita (Daly, Cobb, 2005).

Human Development Index (HDI), proposed by the United Nations Development Programme (UNDP) in 1990, is an index designed to assess a country's development beyond economic growth. It is based on the assumption that people and their potential should be considered as criteria for this type of evaluation, taking into account key-dimensions (long and healthy life, access to information through a proper education, decent living - in *Human Development Report 2014*). This composite index can be used in building national policies, by analyzing different human development outcomes between countries with similar scores on growth. It was criticized for not taking into account a number of dimensions related to environment, political freedom, cultural values etc., rather hard to formalize / measure, although new variables were introduced in order to remove some of these deficiencies in the last years. However, it is appreciated because it provides a merger between economic and social indices, being more comprehensive than GDP.

Index for Sustainable Economic Welfare (ISEW) was developed by Daly and Cobb in 1989. It provides a more complex view on social welfare as it addresses important issues such as income distribution and environmental issues. However, there is not an indicator that accurately reflect welfare, raising many critics (Neumayer, 1999, 2000 *apud* Pulselli *et al.*, 2005; Dietz, Neumayer, *op. cit.*) as: arbitrary selection of variables that must be included in the index, calculation method, methodological contradictions (it cannot measure economic welfare and sustainability simultaneously, it does not make a clear distinction between national and natural capital, it does not distinguish between forms of natural capital - renewable and non- renewable resources, etc.).

Index of Economic Well-Being (IEWB), proposed by Lars Osberg in 1985 and developed with Andrew Sharpe in 1998, was designed to overcome the challenges of GDP in assessing the economic welfare, raising appreciation at that moment. Its method of calculation has the following advantages over GDP: focus on results, taking consumption into consideration rather than production; it addresses issues of distribution, integrating "inequality of income and poverty"

dimension; it includes "stock" dimension. In addition, it embraces the "economic security" dimension. However, the quantification generates divergences that reflect different values and political ideologies. The lack of adhesion, but also some problems caused even by the design of this index, and the lack of global coherence raise other critics (Thiry, 2011).

Genuine Progress Indicator (GPI) is actually the Index of Sustainable Economic Welfare (ISEW), renamed as GPI in American studies in 1995. Daly and Cobb's model was updated by Anielski and Rowe in 1999. This indicator originally appeared as an important monetary mean of economic welfare measurement. It was an alternative of GDP whose use was considered inappropriate for the reasons already provided. Genuine Progress Indicator is a multidimensional indicator that provides a suitable framework for estimating both the benefits and costs of economic processes, by incorporating several aspects (social, economic and environmental ones). Criticism of GPI is related to assessment methods, consistency of use and methodological divergences. It is a proof that this indicator fails to provide that degree of compatibility for making comparisons and to ensure consistency over time, even at a state level (Bagstad *et al.*, 2014; Anielski, Soskolne, 2002).

Sustainable Net Benefit Index (SNBI) was introduces by Lawn and Sanders in 1999. They noted that distinctions between costs and benefits did not come out when using GDP as an indicator of welfare. Their proposed index eliminates this inconvenience, being defined by the difference between "un-canceled benefits" and "un-canceled costs" of economic activity. It also allows comparison of benefits and costs of macroeconomic growth (Lawn, 2003, Lawn, 2005).

Green GDP, announced in 2004 by the Chinese Premier (v. SEPA&NBS, 2006, *China Green GDP Accounting Study Report 2004 issued*) as an alternative to GDP was withdrawn shortly due to negative political attractiveness. It is the result of trying to measure the growth of an economy by considering negative consequences of this growth on environment. It is calculated by decreasing GDP with the ecologic damage, developed in a certain period of time. Although it connects the economic sphere with the ecological one, it raises problems because it is difficult and even impossible to quantify present and future damages. Moreover, other shortcomings expressed on GDP remain valid.

Genuine Wealth (GW), developed by Mark Anielski, in 2005, arises from the idea that real, authentic wealth means much more than the material wealth represented by financial indicators (Anielski *et al.*, 2006). Genuine wealth includes human, social, natural, manufactured and financial capital. Therefore, the increase must cover all these aspects for a company or economy, in order to be considered prosperous, stable and sustainable. The distinction between price and value becomes important, the latter being the one that counts. It's about the value for the individual, enterprise, community, nation etc., given that spirituality, affection, cultural values etc. offer different scales of assessment (Anielski, 2003). Thus, the index aims to measure what matters most for a good and joyful life through classical financial-accounting economic analysis and intuitive analysis, based on scientific foundations of human welfare and happiness (*apud* Genuine Wealth Inc.).

Sustainable Society Index (SSI) was firstly published in 2006 by the Sustainable Society Foundation. It measures sustainable development at national level. SSI integrates human and environment welfare, and also economic welfare (the latter is not seen as a goal itself but as a guarantee for welfare). All of them are measured by twenty-one indicators (Waite, 2013).

Happy Planet Index (HPI) was proposed by Nic Marks in 2006 and updated in 2009. It measures sustainable welfare using global data on *life expectancy, experienced well-being and ecological footprint* (*apud* New Economics Foundation). It reflects the degree to which worldwide countries produce a long, happy and sustainable life for the people who live there, but this index is recommended to be used in combination with other indicators because it does not take into account all aspects of welfare.

Better Life Index (BLI) was developed by Organization for Economic Cooperation and Development (OECD), presented in 2011 and released in 2013. It is a tool to compare welfare between countries according to 11 criteria considered essential by the OECD: community, education, environment, civic engagement, health, housing, income, jobs, life satisfaction, safety and work - life balance.

Social Progress Index (SPI) was proposed by Porter and his colleagues in 2013. It is based on the definition of social progress and it involves measurement of 12 components, corresponding to the following three dimensions: basic human needs (food and basic medical care; air, water and sanitation; shelter; personal safety), foundations of wellbeing (access to items that can improve life: education, information, health, sustainable environment) and opportunity (personal rights, access to higher education, freedom and individual choice, equality and inclusion). Scaling allows tracking the absolute and relative performance of a country. It is an index that aims the sustainable and inclusive increase, which brings real progress in people's lives. Unlike previous efforts to measure welfare, this index distinguishes through: it measures only non-economic indicators;

it relies on outcome indicators exclusively (intentions are not taken into consideration); it considers enough variables to get an aggregate score indicating social progress; it is based on a model structured to allow empirical investigation of relationships between dimensions, components and indicators; the breadth of indicators makes the model relevant for countries, regardless of their income level (Porter *et al.*, 2013, Social Progress Imperative, 2014).

Holistic Progress Index (HPI) integrates economic, social, ecological and legal aspects. It was elaborated to be more comprehensive, less subjective and easier to evaluate. In its calculation it takes into account the Net GDP per capita ("Demilitarized" GDP or "Peaceful" GDP), Socio - Ecological Progress Index (SEPI) that reflects quality of life and ecological aspects and Socio – Political Progress Index (SPPI) that expresses freedom of citizens of a particular country (Prakash, 2013).

Here we conclude the inventory of welfare measurement instruments presented in a variety of forms, considering this stage of data collection quite a consistent one for the analysis and interpretation phase, in relation to the research objectives.

About culture and measure welfare

Studying the list of the instruments proposed for measuring welfare and/or human happiness, we notice the cultural dominants of those who have proposed them, as a sign of *ideological focus*, of the *cultural unconsciousness* that limit the vision on the investigated issues.

Analyzing the views on human welfare quantification, we notice that they generally favor the material and the economic (in terms of utility or earnings), or specific values of individualistic societies. Although models state that socio-cultural, psychological and ecological factors are important, including the perspective they are analyzed in, they experience cultural myopia. The same cultural dominants reflect on them also because they need to argue / support the thesis they approach, with subsequent influence on social policy (introducing a new universalist discourse that refers, inter alia, to inclusion, equal opportunities, ethics social etc., without considering cultural diversity, even if they promote it).

The categories of indicators largely reflect Western "globalizing" culture on what welfare means, omitting Oriental values, beliefs and ethical principles. Basically, the oriental "something" that reveals a different kind of perception of the world is not taken into consideration. But what may signify "nothing" gains consideration for these cultures with a holistic vision of the universe that integrates life and death, good and evil, man and nature, body and soul. By this lack of cultural

sensibility and understanding, a part of the highly spiritualized world is left in the shadows, humanity being the one that loses. Guidelines with long-term impact are designed by imposing worldly models. The future won't be complete if these models privilege certain values and neglect others and people won't be reflected in policies that seem to ensure them welfare and happiness.

A large number of indicators (we presented only a part of them) has come into notice, indices that aim to measure welfare and its evolution. That is the reason why interrogations regard also the challenges of this concern. Basically, only certain states may gain by imposing a particular model, obtaining adequate scores on the targeted indicators. In fact, attention is raised on the subjectivity in determining the importance of criteria. As a result, rankings among states and funds allocation for certain policies depend on assigning this importance. This brings us inevitably to a dilemma: who would benefit: human welfare or political interests? The answer depends, of course, by the quality of intentions and values of those in power, by the integration of new variables related to the meaning assigned to welfare elsewhere and resilience of models. Realistically, an indicator (even a composite one) cannot integrate all aspects especially when it comes to culture (meanings given to welfare, good, happiness are strongly contextualized). Solutions could be identified, if cultural specificity is respected. For example, it may be selected a model that would allow adjusting to specific dominants (in clusters). That is a model proposed by multidisciplinary intercultural teams that are very familiar with socio-economic realities in different parts of the world. It should provide the possibility to appreciate what is important for their residents, by the concerned countries, by making corrections on the relevance of some criteria and adding some unconsidered issues. Infrastructure and perfect pitch might not mean anything to people accustomed to see how grass grows naturally, in a world where the perspective of time, space, nature and life in general differs considerably.

Also, the "civilizing effect" conveyed by these models draws our attention again to an unconscious imperialism or a masked one under the illusion of good intentions at a global level. "Good", "welfare" and "happiness" are universally valid only as philosophical categories, in a meta-cultural sense. Otherwise, we find them in connection with a specific context, deriving basically from it. Probably some people do not want to pay the devastating effects (natural, psychological, spiritual ones etc.) of the "civilizing" process (and "alignment" we may say ...).

In conclusion, we highlight the following on the efforts to measure welfare and consequences of imposing a calculation model:

- Constant interest and progress in research on the measurement of human welfare and happiness are obvious and worthy of thought and they reflect the concern of specialists, governments and transnational institutions for improving quality of life;

- The multitude of indices proposed as an alternative to GDP highly reveals the deficiencies implied by its input in assessing a country's progress and, at the same time, it reveals the real difficulties in assessing criteria that "compose" welfare, in an universalist manner;

- The provided solutions reflect the cultural dominants of specialists involved in their identification;

- The high stakes of this process, with implications for policies designed on the values of some indicators, raise ethical and cultural issues, on one hand, by the (un)consideration of relevant criteria, but also as subtle "benefits " on the other hand, that arise just from this (un)consideration.

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