

New evidence on education-happiness quality of life among OECD countries: non-parametric treatment of ordinal data

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Abstract

The last few years have witnessed an increasing emphasis on going beyond GDP per capita when measuring a nation's quality of life (QoL). Countries (e.g. UK, France, Canada, Germany, Italy, Japan, Korea, Spain) and international organizations (e.g. OECD) have been developing methods suitable for non-income indicators. However, this involves serious measurement challenges due to: (a) multidimensionality, and (b) ordinality (i.e. unlike income these indicators do not have a natural scale). We rank OECD countries in terms of welfare and inequality in education and happiness using newly developed methods in economics to deal with these challenges. When dimensions are analysed separately, welfare dominance is frequent (42% of all comparisons in education and 31% in life satisfaction). The number drops to only 4, 4% for bivariate dominance, which highlights the empirical relevance of multidimensional analysis. Greece, Portugal and Hungary feature the lowest joint welfare. Northern European countries are most often dominating and Southern European countries are most often dominant in both inequality and welfare analyses.

Keywords: ordinal data, quality of life, inequality and welfare, education-happiness gradient

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