



THE **QOG** INSTITUTE  
QUALITY OF GOVERNMENT

# The Good Society Index

Sören Holmberg

## QoG WORKING PAPER SERIES 2007:6

THE QUALITY OF GOVERNMENT INSTITUTE  
Department of Political Science  
Göteborg University  
Box 711  
SE 405 30 GÖTEBORG

November 2007

ISSN 1653-8919

The Good Society Index  
Sören Holmberg  
QoG Working Paper Series 2007:6  
November 2007  
ISSN 1653-8919

Sören Holmberg  
The Quality of Government Institute  
Department of Political Science,  
Göteborg University  
Box 711  
SE 405 30 Göteborg, Sweden  
[soren.holmberg@pol.gu.se](mailto:soren.holmberg@pol.gu.se)

It feels a bit pretentious to write about the “good society”. Who am I to tell what is a good and what is not a good society? Is that not a task for the big thinkers in human history, from Plato and other ancient writers up through the ages?

Well, so far and until recently writing on the good society has first and foremost been an assignment among philosophers and the results have mostly been theoretical treatises without any short term ambitions to implement or test the ideas in real life situations.

In the last decades, however, that has changed. The advent of the computer and of all kinds of statistics from all over the world has made it possible to start measuring different versions of the good society, not only talk about it. Especially in the health sciences there is now since at least 30 years an established discourse of studies that attempts to measure the quality of life for entire nations as well as for individuals (Hagerty et al 2001). Consequently, if one wants to define a good society in terms of the quality of life of its inhabitants there are plenty of ideas and measurements to be inspired by in the health science literature.

### Three Criteria

The Good Society Index that I will propose builds on three basic premises.<sup>1</sup> First, the index should be rooted in the birth and death of human beings as well as in the quality of the lives people live. This means that we will be out looking for operational measures dealing with infant mortality rates, life expectancy and subjective well-being of living humans; all variables relevant in many indexes of Quality of Life. One consequence of this way of defining the Good Society Index is that very many other desirable values are kept out of the delineation of the good society. Think, for example, of values like democracy, market economy, gender equality, ecological sustainability and economic growth. All of them, it could be argued, or at least some of them, ought to be included as indicators in a good society index. The reason why I do not do that has to do with our second premise.

And that second premise is that the Good Society Index should adhere to *lex parsimoniae*, that is to the principle of Ockham’s razor, which states that “the explanation of any phenomenon should make as few assumptions as possible” (Wikipedia 2007), meaning that a model should use a minimum number of explanatory variables. Applied to the definition of the Good Society that means our indicators (our immediate “causes”) should be kept to a minimum and theoretically be directly related to the quality of life of humans. We want a lean and mean index not a mixed salad of all nice tasting fruits. However, a mixed salad can be appetizing and interesting even it is less useful analytically. A nice example of that is a *Meta Index* constructed by the Swedish Tällberg Foundation from 14 different indicators of most good things, mixing human development, economic performance, economic freedom, democracy, ecological performance, gender equality, corruption measures and more. The outcome is an index with the Nordic countries on top (with Sweden as number 1) and many poor African countries in the bottom (Ekman 2007).

Not refuting the informative usefulness of broad indexes of the Meta Index kind, nevertheless, I prefer a leaner index for analytical reasons. Other desirable societal phenomena that we might value positively– everything from government effectiveness to no

---

<sup>1</sup> I like to thank four persons at The Quality of Government Institute and the SOM Institute at Göteborg University: Naghmeh Nasiritousi for literature search, Mathias Färdigh for data runs, Marcus Samanni for variable hunts and Kerstin Gidsäter for figure editing.

corruption, economic progress, green policies and social welfare – should not overburden the operationalisation of the Good Society Index. Instead factors like that should be treated as explanatory variables, conditioning factors or prerequisites for the emergence and perseverance of the Good Society. Expressed differently, the indicators of the Good Society should be close to what might be called ultimate *outcome* variables (life and death, happiness). *Input* variables (conditions), *throughput* variables (procedures, processes) and *output* variables (policies) should preferably be kept out of the definition of GSI and instead be treated as explanatory factors when analyzing the Good Society (Hagerty 2001, Veenhoven 1998).

Third, the index should measure subjective as well as objective characteristics. Subjective and objective indicators need to be combined, neither is sufficient as of its own. Subjective indicators are most often based on psychological responses to survey questions dealing with job satisfaction, satisfaction with life or personal happiness, while objective indicators usually have to do with physical quantities like standard of living, personal income or medical health status (Hagerty 2001). The problem with subjective measures is the risk of inauthentic self-reports, e.g. instances of false consciousness or the fear of reporting true feelings. Culturally determined response patterns that differ across nationalities or social groups, is another potential weakness with subjective indicators. The drawback with objective indicators is that they may be weakly or not at all correlated with their subjective counterparts. Among individuals, material possessions for example, may not necessarily be related to happiness or a feeling of subjective well-being.

It is a dubious position for a researcher to be in, if her or his indicators in theory is related to quality of life or the good society but in practice are not connected to what people themselves feel. It is difficult to measure the Good Society against the will of the people.

### **Building the Index**

Given these three premises the Good Society Index (GSI) is operationally constructed using WHO data on infant mortality and life expectancy and World Value Survey (WVS) data on life satisfaction. In the good society newborn infants should survive, people should grow old before they die and in between people should be satisfied with their lives. The most similar measure to GSI in the Quality of Life literature is Ruut Veenhoven's index Happy-Life-Years (HLY). It is constructed as life expectancy at birth times life satisfaction scaled 0 to 1. Theoretically the index can vary broadly. As Veenhoven says: "The number of HLY years is zero if nobody can live in a country, and infinity if society is ideal and its inhabitants immortal. The practical range will be between about 25 and 75 years." (Veenhoven 2005: 70). Given that two out of three indicators are the same in the HLY and GSI indexes it is not surprising that the correlation between the two measures is very high (.84)<sup>2</sup>.

For the early 2000s we have relevant data for the GSI from 71 nations. The limiting factor is the subjective indicator of satisfaction with life which has not been measured in more than about 70 countries. As a contrast, data on infant mortality and life expectancy are available for most countries around the globe. The constructed index has a good validity, at least in the sense that our three indicators are strongly related to each other across the 71 countries. The correlation between infant mortality and life expectancy is .90, while the correlations between infant mortality/ life expectancy and life satisfaction are .50 and .55 respectively.

We have chosen not to give the three indicators different weights. All carry the same weight. Furthermore, the index is based on ranks, not on rates, which means that we have

---

<sup>2</sup> Thanks to Mette Anthonen for help in computing this coefficient (Spearman's Rho).

utilized countries' rank orders on the three indicators to build the composite index. Concretely, each country's ranks have been summed and divided by three to yield an index value that in theory can vary between 1 (top nation on the Good Society Index) and 71 (bottom country). Observe that the index is a relative one. A top index value of 1 and a bottom value of 71 tell us that these specific countries are closest and furthest away from the good society among the investigated nations. But the figures do not tell how close or how far away from the maximum good society the countries are. The index is not parametric, it is an ordinal ranked scale.

The variation width is quite impressive – or maybe depressive is a more appropriate word – between the values for the countries at the top and at the bottom of the three indicators. Switzerland (80,3 years), Sweden (79,9) and Italy (79,8) top the Life Expectancy list with Zimbabwe (39,0), Tanzania (43,1) and Uganda (43,1) at the bottom. USA is ranked 19<sup>th</sup> with a life expectancy at birth of 77,2 years. Life expectancy in Russia is 65,9 and the rank is 63.

The Infant Mortality list has Sweden as number 1 with 2,8 deaths per 1000 born infants. Iceland is second with 3,0 and Finland third with 3,1. At the bottom Tanzania has 104, Nigeria 98 and Uganda 81. The rank for USA is 27<sup>th</sup> with a infant mortality rate of 7,0. The comparable figures in Russia is a rank of 40 and a rate of 16,0.

The subjective Life Satisfaction indicator is based on a survey question where people are asked to indicate, on a scale from 1 to 10, how satisfied they are with their own life. Top ranked on the satisfaction list is Colombia (mean 8,3), followed by Denmark (8,2) and Malta (8,2). At the bottom we find Tanzania (3,9), Zimbabwe (3,9) and Armenia (4,3). Sweden has a mean of 7,7 on place number 15<sup>th</sup>. USA also has a mean of 7,7 and is ranked 14<sup>th</sup>. In Russia the mean is 4,7 and the rank 65.

When the three indicators are combined we get the Good Society Index (GSI) with Iceland at the top with a score of 4,3 (ranked fourth on Life Expectancy, second on Infant Mortality and seventh on Life Satisfaction; summed to 13 and divided by 3 to get 4,3). Sweden is number two with a GSI value of 6,0 and Switzerland third with 6,3. The three bottom ranked countries are Tanzania (70,7), Zimbabwe (69,7) and Pakistan (64,7). USA has a GSI score of 20,0 and is ranked 21. The Russian results are a GSI score of 56,0 and a rank of 60.

The full list of all scores for all 71 countries, as well as the scores on the three constituting indicators, are disclosed in Tables 1-4 in the Appendix.

## **Validity**

Before we start analyzing the relationships between GSI and a number of explanatory or conditioning factors we need to somewhat further ponder the validity of our measure. What is especially interesting is the relationship between the objective and subjective indicators. The relationships are positive – countries with high life expectancy and low instances of infant mortality tend to have populations satisfied with their lives. But the relationship is not one hundred percent. There are countries ranked high on the objective indicators and low on the subjective and vice versa. And that is of course as it should be. If the correlations between the objective and subjective indicators were 1.0 we would not need to include all of them. We could, for example, drop the more tricky subjective indicator. But that is not an option since the correlations between the objective and subjective indicators are around .50, which is quite good from a measurement point of view.

But the question remains – is there some pattern across countries in the relationship between the objective and subjective indicators; a pattern that might tell us something about the validity of our GSI-measure. The problem will be analyzed by focusing on the deviant cases. We will perform a kind of outlier study. Specifically, we will highlight countries ranked much higher or much lower on the life expectancy indicator than on the variable for life satisfaction.

In the former case (high on life expectancy, low on life satisfaction) people are less subjectively satisfied than they “objectively” should be. They are not as happy as they ought to be. In the latter case (low on life expectancy, high on satisfaction) citizens are more subjectively satisfied with their lives than is merited given life expectancy. They are happy despite the fact that people in their countries tend to die relatively young.

Looking at the results of the outlier study it is pretty clear that there are distinct patterns. Many former communist countries in Eastern and Central Europe tend to rank much higher on life expectancy than on life satisfaction, for example Armenia (rank 26 vs rank 69), Albania (29 vs 59), Georgia (36 vs 66), Macedonia (35 vs 61), Bosnia (31 vs 48), Lithuania (43 vs 62) and Bulgaria (41 vs 56). People in these countries are less happy than they should be. This diversion, however, is not present in the Russian case (63 vs 65). Russians are as (un)happy as they should be.

Some of the countries in Southern Europe are also characterized by much lower ranks on the satisfaction indicator than on life expectancy. That is for example the case for Spain (5 vs 29), Italy (3 vs 23) and Greece (16 vs 34). Mediterranean people are more gloomy than they should be, given that they grow old.

There are at least three ways of approaching these results. The first is to question the reliability of our indicators, especially the life satisfaction measure. Is there something wrong with how interview studies function in Eastern and Southern Europe (sample selection, refusals) resulting in an overrepresentation of unhappy people in surveys? The answer is in all likelihood no. As far as I know there are no indications that polls in the relevant countries should have these kinds of systematic biases.

The second is to interpret the gloominess of Southern and Eastern Europeans as a cultural phenomenon. Deep down they are as happy as Northern Europeans but on the surface and in their attitudes when talking to pollsters they tend to portray themselves as a little less satisfied with life. It is a pose not a true feeling. If there is something to this cultural explanation then our life satisfaction measurement has a validity problem south and east of the Alps. The indicator does not measure only satisfaction with life. It measures a culturally determined attitude as well. On balance I am inclined not to put too much emphasis on these kinds of cultural explanations. It is a bit farfetched to lump Armenia, Bulgaria, Lithuania, Greece and Spain together and talk about a common cultural pose.

The third take on the results is to accept them as a valid. People in many but not all countries in Southern and Eastern Europe tend to rank lower on the subjective indicator of GSI than on the objective indicators. The reason for this has to do with that they live in countries further away from the Good Society than people who live in countries where the objective as well as the subjective indicators indicate high rankings. The subjective life satisfaction assessments say something real. They are not just superficial statements, not even in Armenia and Spain.

When we turn the table and look at the opposite problem, that is when the objective variables indicate much higher ranks than the subjective indicator, we come across a whole different set of countries. We are talking about nations where people express much higher levels of life satisfaction than is warranted given life expectancy in their countries. Most of these cases are developing and at best semi-democratic countries in the Third World, many in Latin America. The most drastic example is Colombia with a rank of 42 on the life expectancy indicator and a rank of number 1 on life satisfaction. Other examples are: Nigeria (68 vs 33), Dominican Republic (60 vs 25), Brazil (56 vs 24), El Salvador 48 vs 19) and Mexico (34 vs 6).

There is only one developed and democratic country with a similar, although not as drastic difference between how it ranks on life expectancy compared to how it ranks on life satisfaction. That country is Denmark with a rank of 20 on the life expectancy measure and a

rank of 2 on life satisfaction. Danes do not live as long as some other people but they are happy when they live!

As before, there are three ways of looking at the results for these deviant cases. Either we accept them. People really tend to be satisfied with their lives in these mostly poor, undemocratic and underdeveloped countries. And they are happy even if they tend to die young. Or we question them on methodological or validity grounds. In most of these countries, with Denmark as an exception, surveys tend to over represent middle class people and have a serious problem reaching respondents outside the big cities. An effect of this selection bias could well be that persons with a more positive outlook on their lives get to be overrepresented. And as a consequence, life satisfaction results get to be somewhat blown up in these countries, especially in Latin America.

The cultural explanation is of course also an option. Maybe people in Third World countries, especially in South America, tend to put up a happy-go-lucky attitude covering a more negative and real appreciation of their own lives. And perhaps this tendency is especially pronounced when they talk to pollsters?

That surveys in Third World nations tend to over represent city dwellers and the middle class is a reality, and if we to that add the possibility that there also might be a positivist bias in survey responses in many of these countries, then it is obvious that we should handle the results from countries where survey research just recently started with great care.

A simple way of doing this is to test whatever one wants to test in two fashions. One, including all countries. Two, including only those countries where you have a reasonable faith in the validity of survey results. If the test outcomes are about the same all is well, if they differ we have a problem; a problem that we in most cases solve by relying on the outcomes of tests performed among countries with more reliable surveys.

### **Quality of Government**

We will start analyzing the Good Society Index by looking at a long series of bivariat scattergrams and regressions relating GSI as a dependent variable to potential explanatory or conditioning variables. First out are a set of factors having to do with politics and quality of government.

Naturally we begin with democracy. Are more democratic nations also more of Good Societies than less democratic nations? The results in Figure 1 in the Appendix indicate a clear and positive relationship. The higher a country scores on the democracy scale the higher it scores on GSI. The explained variance ( $R^2$ ) is a decent .47. A weakness of the analysis is that the democracy scale constructed from data provided by Freedom House and Polity is not discriminatory enough at the top. Too many Western countries with different GSI values end up with the same top score of 10 on the democracy scale. Prominent outliers are South Africa and India who is scored rather high on the democracy scale but have very low ranks on GSI (66 and 67, respectively). Viet Nam is an opposite outlier with a GSI score somewhat below the middle (rank 43) and a democracy value at the bottom.

The World Bank's government effectiveness indicator is on the face of it one of the best available measures of quality of government. However, it is a rather broad based index which can be problematic if one wants to discern more closely which specific factors are the operating causal factors. The government effectiveness measure combines quality of public services, quality of bureaucracy, competence of civil servants, independence of civil service from political pressures, and credibility of government's commitments. The results in Figures 2-3 demonstrate a very strong bivariat relationship. Top ranked countries on GSI are characterized by high government effectiveness while countries with GSI ranks toward the bottom tend to have a low government effectiveness.  $R^2$  is a strong .71 for all investigated

countries and an even stronger .82 if we restrict the analysis to some 40 countries where we have more faith in results from surveys. The conclusion on the bivariat level is that the World Bank's broadly based government effectiveness index is very much related to the Good Society. And that is of course very positive news since we can do something about government effectiveness. It could be a practical deliverable – by increasing the quality of government we can get closer to the Good Society.

So far so good then, but when it comes to one of political science real pet variables – electoral system - it turns out that it does not matter very much, at least not for the Good Society. The results in Figure 4 show an almost non-existent relationship between election system type and GSI. No matter if nations employ majoritarian, mixed or proportional election procedures, the Good Society score is about the same. R2 is a low .11.

Another political variable that at first glance seems not to have any link to GSI is confidence in parliament (R2=.02). Countries are scattered all over the plot and the regression line is actually somewhat negative (Figure 5). The result is a bit problematic considering all that is said in the trust literature about the importance of institutional trust and how it supposedly lower transaction cost and makes a society more efficient. However, if we look more closely at the results it becomes evident that confidence in parliament measured as it is through surveys is highest in a number of authoritarian and non-democratic countries like Viet Nam, China, Bangladesh, Tanzania, Egypt and Iran. If we do not believe that these results are valid, since it is probably very tough and maybe even dangerous for people in non-democracies to tell a pollster that they do *not* trust the political leaders in parliament, the relevant countries should be excluded from the analysis. When we do that and restrict the test to countries with survey results we rely more on, the outcome completely turns around and becomes more positive (see Figure 6). It turns out that there is a semi-strong relationship between institutional trust in parliament and GSI (R2=.34). Countries where people tend to trust their parliament are closer to the Good Society than countries where people distrust their elected bodies. The operating causal agent might be lower transaction costs and a more efficient rule. Vertical institutional trust matters.

The same can be said for horizontal interpersonal trust. The relationship between person-to-person trust and GSI is clearly visible in the full sample of countries with a R2 of .18 (see Figure 7). If we do the analysis only for the selected group of countries with more reliable surveys the relationship becomes even clearer and R2 jumps to .35. Social capital, that is interpersonal trust, makes most things work smoother in a society and thereby facilitates the Good Society.

Corruption is an obvious topic when analyzing quality of government. Corruption is not a useful societal lubricant. On the contrary, it is gravel. Consequently, there should be a rather strong relationship between low levels of corruption and top rankings on GSI. The result in Figure 8 bears that hypothesis out. There is a distinct positive regression line and R2 is an impressive .70. High to the right in the figure we find countries with top scores on GSI and low levels of corruption – for example Iceland, New Zealand, Finland and Sweden. In the low left corner we notice Nigeria, Bangladesh Zimbabwe and Tanzania – countries at the bottom of GSI with high levels of corruption.

## **Economic Factors**

When asked what was most important for voters James Carville, president Clinton's campaign manager, responded – *It's the economy, stupid!* (Wikipedia 2007). His conviction is shared by many economists and rational choice influenced political scientists. And the conviction of the importance of economic factors is not restrained to behaviors on the individual level. Economic circumstances play an essential role on all levels, including the national level. An

obvious hypothesis is that rich countries have managed to reach higher on GSI than poor countries. The results in Figure 9 prove that to be the case. GNI per capita, our economic measure, discriminates badly among poor countries, but despite that there is a clear positive regression line and a strong R2 of .66. Carville might be right about the Good Society too. It's the economy, stupid!

However, if the economy is important for GSI it is not primarily the distribution of economic resources that matters. Income equality measured through the Gini index is very weakly related to GSI (see Figure 10). There is a positive regression line – the more equality the higher GSI - but R2 is only .10. The socialist idea of the importance of economic equality is obviously not strongly related to how nations are located on the Good Society Index – at least not on the bivariat level.

If economic distribution is less important, maybe economic production systems are of more interest. Heritage Foundation promotes an index measuring what they call economic freedom. It is a composite measure based on ten different freedoms (business freedom, trade freedom, freedom from government, property rights, monetary freedom and so on). Neoliberal oriented market economies score high on the index like New Zealand, Estonia and Great Britain. Low scorers are countries like Belarus, Zimbabwe, Viet Nam and Iran. The results in Figure 11 reveal a very strong bivariat relationship between the Economic Freedom Index (EFI) and GSI. Countries with high EFI tend to rank high on the Good Society Index as well. R2 is also rather strong with a value of .47. Fans of a rather unlimited market economy can rejoice.

The conclusion is evident. There is no doubt that economic factors like richness and maybe also how richness is produced are relevant as well as important explanatory factors behind the Good Society.

## **Welfare Spending**

The relationship between government social spending and human well-being is highly contentious and ideologically loaded. The Left claims there is a strong relation while the Right says there is not. This time the results lean in favour of the Left (see Figure 12). At least on the bivariat level there is a positive correlation between government social spending measured as percent of GDP and GSI. R2 is a decent .40. The more government spending on health, education and social security/ welfare (= our definition of social spending) the higher a country ranks on the Good Society Index. But observe that so far we have only analyzed the effects of social spending without any controls for other potential causal factors like the economy.

Our social spending variable is very broad, maybe too broad. A more relevant variable would perhaps be spending in the health sector taken alone. The results in Figure 13 indicate that such a change does not alter the conclusion. High spending on health is also related to high rankings on GSI (R2=.39). Citizens in countries very health spending takes up a larger share of GDP live closer to the Good Society than citizens living in countries where health spending has a lower priority. Notice also in Figure 13 to what extent USA is an extreme outlier in terms of health spending in percent of GDP. The value for USA is about 15 percent. The next closest countries spend only about 11-12 percent (Switzerland and Germany).

But what about government health spending versus private health spending? Is government spending more strongly related to GSI than private spending, as the Left would like to have it? The answer to that question is a very resounding yes, at least on the bivariat level. Figure 14 reveals a strong positive relationship between government health spending in percent of GDP and how countries rank on GSI. The more countries spend public tax money on health the higher the countries rank on the Good Society Index. R2 is a strong .60.

Turning to private expenditures on health, the relationship is entirely different. The results in Figure 15 do not indicate a positive relationship with GSI. On the contrary a very weak but *negative* relationship is revealed. R2 is only .03. Countries with relatively high private spending in the health sector tend to rank low not high on the Good Society Index. Examples are South Africa, Uganda, Jordan and Zimbabwe. USA, however, is an exception with the highest private spending on health combined with a relatively high rank on GSI. Some of the countries investing little in private health but with high ranks on the Good Society Index are Iceland, Sweden, Luxembourg and Austria. But again, observe that we are dealing with very weak and uncontrolled relationships. Fans of private health need not be too disheartened. Only a little.

### **Ecological Sustainability**

If one wants to compromise somewhat with Ockham and include more indicators in the Good Society Index, the most worthwhile addition would probably be some measure dealing with long term ecological sustainability. A society where people live long and happy lives may well be a Good Society in the short term. But if those societies destroy Mother Earth's climate and natural environment they will not stay Good Societies in the long run.

Our last scattergram shows that there is a rather strong correlation between GSI and environmental sustainability, at least when measured through the crucial variable of water quality (Figure 16). The regression line is positive and R2 is .39. Countries with better water quality rank higher on the Good Society Index than countries with poor water quality. Since bad water is a big killer around the world, in this case we are in all likelihood measuring a real operating causal factor. Bad water kills people and makes them miserable. Hence, pushing the afflicted countries down on the Good Society Index.

### **In Conclusion Some Controls**

So far the analysis has been conducted on the bivariat level. We have studied the relationship between the Good Society Index and a series of potential explanatory variables. Among the chosen variables five are of a special interest for theoretical reasons but also because they tend to show relatively strong relationships with GSI. These variables are Richness (GNI per capita), Government Effectiveness, Control of Corruption, Democratic Rule and Government Social Spending. From the GSI perspective they represent inputs (richness), throughputs (government effectiveness, control of corruption, democratic rule) and outputs (government social spending).

All of them are strongly interrelated with correlations between each other of over .50 in most cases, making it very difficult to discern separate effects in a small sample of 71 cases. However, the outcome of a number of differently specified multiple regressions are always that the effects on the Good Society Index of GNI/capita and Democracy can not be controlled away. Their b-values always remain significant at the .05-level. A good economy and democratic rule are both clear prerequisites for the Good Society. Richness as well as democracy belongs in a baseline model explaining the Good Society.

The results for the other conditioning variables are less robust.<sup>3</sup> The procedural throughput variables (government effectiveness and control of corruption) have strong bivariat relationships with the Good Society Index but do have weaker or no independent effects on GSI after controls for the other variables. This is interesting and challenging news for all of us engaged in the Quality of Government Institute. Maybe the definition of QoG mechanisms

---

<sup>3</sup> Among the variables with relatively strong correlations with GSI, but whose effects on GSI do not stand up after controls are the Economic Freedom Index, Total Expenditures on Health and Water Quality.

should not be 100 percent focused on procedural phenomena like government effectiveness and on how bureaucracies function? Perhaps output variables dealing with enacted policies will be possible and necessary alternatives or complements? One output variable that proved interesting in our test is Government Social Spending. Its effect on the Good Society proved to be almost significant after all controls.

A more focused multiple regression test strengthens our point that output variables like for example government health spending together with a throughput variable like government effectiveness make an independent contribution in explaining how countries are placed on the Good Society Index. In an ockhamian model involving only five explanatory variables, both of these factors have a significant impact on GSI on top of the influence of richness and democracy, the baseline variables (see Table 5). Policy as well as procedure matters.

The bottom line conclusion then is that the Good Society has as the most essential prerequisites an economy that produces rich per capita citizens and a democratic rule with all the associated freedoms and accountability functions. Add to this the condition that a good society devotes a relatively large share of its government resources to the health and welfare of its citizens.

A more controversial way of expressing our results is that the probability of the Good Society to emerge and be sustained is best in rich democracies with fairly large public health and welfare sectors. Examples of such societies are the Nordic countries with top ranks on the Good Society Index – Iceland (number 1), Sweden (2), Norway (4), Finland (5) and Denmark (9).

Manuel Castells once said that the Nordic countries were “the Global Society’s National Park”, where most things are as they could and should be everywhere (Ekman 2007: 1). Castells had a point and his comment squares quite well with our results analyzing the Good Society Index. The small, rich and heavily taxed democratic welfare states up in cold and rainy Northern Europe is closer to the Good Society than any other countries on Earth.

## References

- Easterly; William (2001). *The Elusive Quest for Growth: Economists’ Adventures and Misadventures in the Tropics*. Cambridge, MA: MIT Press
- Ekman , Bo (2007). *Views&News*. Stockholm: Tällberg Foundation
- Hadenius, Axel and Teorell, Jan (2005). *Assessing Alternative Indices of Democracy*. C&M Working Paper 6; IPSA
- Hagerty, Michael et al. (2001). Quality of Life Indexes for National Policy: Review and Agenda for Research. *Social Indicators Research* 2001: 1-96
- Veenhoven, Ruut (1998). Quality-of-Life and Happiness: Not quite the same. In De Girolamo, G. et al. (eds.) *Health and Quality-of-Life*. Rome: Il Pensiero
- Veenhoven, Ruut (2005). Apparent Quality-of-Life in Nations: How Long and Happy People Live. *Social Indicators Research* 2005: 61-86
- Wikipedia (2007). Occam’s razor
- Wikipedia (2007). It’s the economy, stupid and James Carville

**The Quality of Government Institute  
Department of Political Science  
Göteborg University  
Sören Holmberg  
October 2007**

## **Appendix**

# **The Good Society Index**

**Table 1** Life Expecting at Birth

Country	Life Expectancy		Country	Life Expectancy	
	Years	Rank		Years	Rank
Switzerland	80,3	1	Slovakia	73,3	37
Sweden	79,9	2	Serbia and Montenegro	72,7	38
Italy	79,8	3	Hungary	72,4	39
Iceland	79,7	4	Jordan	72	40
Spain	79,2	5	Bulgaria	71,9	41
Norway	78,9	6	Colombia	71,8	42
New Zealand	78,9	7	Lithuania	71,8	43
Austria	78,8	8	Estonia	71,1	44
Israel	78,7	9	Algeria	70,7	45
Malta	78,4	10	China	70,7	46
Netherlands	78,3	11	Latvia	70,4	47
Germany	78,2	12	El Salvador	70,1	48
Finland	78,1	13	Romania	70,0	49
Luxembourg	78,1	14	Peru	69,8	50
Belgium	78,0	15	Philippines	69,8	51
Greece	78,0	16	Vietnam	69,7	52
Ireland	77,7	17	Iran	69,3	53
United Kingdom	77,6	18	Egypt	68,9	54
United States	77,2	19	Turkey	68,7	55
Denmark	77,1	20	Brazil	68,6	56
Chile	76,3	21	Morocco	68,4	57
Portugal	76,0	22	Belarus	68,2	58
Slovenia	75,9	23	Ukraine	68,2	59
Czech Republic	75,3	24	Dominican Republic	67,2	60
Uruguay	75,2	25	Moldova	67,0	61
Armenia	74,8	26	Indonesia	66,7	62
Poland	74,5	27	Russian Federation	65,9	63
Argentina	74,3	28	Pakistan	63,8	64
Albania	74,0	29	India	63,4	65
Korea, South	73,9	30	Bangladesh	62,1	66
Bosnia and Herzegovina	73,9	31	South Africa	46,5	67
Croatia	73,8	32	Nigeria	45,3	68
Venezuela	73,7	33	Uganda	43,1	69
Mexico	73,5	34	Tanzania	43,1	70
Macedonia	73,4	35	Zimbabwe	39,0	71
Georgia	73,4	36			

Source: World Bank 2002; Life expectancy at birth, total years.

**Table 2 Infant Mortality Rate**

Country	Infant Mortality Rate		Country	Infant Mortality Rate	
	Deaths/1000	Rank		Deaths/1000	Rank
Sweden	2,8	1	Belarus	13,0	37
Iceland	3,0	2	Bosnia and Herzegovina	14,0	38
Finland	3,1	3	Ukraine	15,0	39
Norway	3,4	4	Russian Federation	16,0	40
Czech Republic	3,9	5	Argentina	17,0	41
Spain	4,0	6	Albania	18,0	43
Belgium	4,0	7	Venezuela	18,0	45
Greece	4,0	9	Colombia	18,0	42
Portugal	4,0	8	Romania	18,0	44
Slovenia	4,0	10	Vietnam	19,0	46
Germany	4,2	11	Mexico	23,0	48
Switzerland	4,3	13	Jordan	23,0	47
Italy	4,3	12	Peru	26,0	49
Denmark	4,4	14	Moldova	26,0	50
Austria	4,5	15	Philippines	27,0	51
Netherlands	4,8	16	Dominican Republic	29,0	52
Luxembourg	4,9	17	Armenia	30,0	54
New Zealand	5,0	20	China	30,0	53
Israel	5,0	21	Indonesia	31,0	55
Malta	5,0	19	El Salvador	32,0	56
Korea, South	5,0	18	Iran	33,0	57
Ireland	5,1	22	Egypt	33,0	59
United Kingdom	5,3	23	Turkey	33,0	60
Poland	6,0	24	Brazil	33,0	58
Croatia	6,0	25	Algeria	35,0	61
United States	7,0	27	Morocco	36,0	62
Slovakia	7,0	26	Georgia	41,0	63
Hungary	7,7	28	Bangladesh	46,0	64
Chile	8,0	29	South Africa	53,0	65
Lithuania	8,0	30	India	63,0	66
Estonia	8,0	31	Pakistan	74,0	67
Macedonia	10,0	32	Zimbabwe	78,0	68
Latvia	10,0	33	Uganda	81,0	69
Uruguay	12,0	35	Nigeria	98,0	70
Serbia and Montenegro	12,0	34	Tanzania	104,0	71
Bulgaria	12,0	36			

Source: World Bank 2003; Infant Mortality rate per 1 000 live births.

**Table 3 Subjective Life Satisfaction**

Country	Life Satisfaction		Country	Life Satisfaction	
	Mean	Rank		Mean	Rank
Colombia	8,31	1	Vietnam	6,52	37
Denmark	8,24	2	Croatia	6,46	38
Malta	8,21	3	Peru	6,44	39
Ireland	8,15	4	Iran	6,38	40
Switzerland	8,14	5	Poland	6,37	41
Mexico	8,13	6	Korea, South	6,21	42
Iceland	8,05	7	Morocco	6,05	43
Austria	8,02	8	Slovakia	6,03	44
Netherlands	7,88	9	Estonia	5,90	45
Luxembourg	7,87	10	South Africa	5,81	46
Finland	7,87	11	Bangladesh	5,77	47
New Zealand	7,70	12	Bosnia and Herzegovina	5,77	48
Norway	7,66	13	Hungary	5,69	49
United States	7,65	14	Algeria	5,67	50
Sweden	7,65	15	Jordan	5,64	51
Germany	7,61	16	Serbia and Montenegro	5,62	52
Belgium	7,56	17	Turkey	5,62	53
Venezuela	7,52	18	Uganda	5,62	54
El Salvador	7,50	19	Egypt	5,36	55
United Kingdom	7,40	20	Bulgaria	5,34	56
Argentina	7,33	21	Latvia	5,27	57
Slovenia	7,23	22	Romania	5,23	58
Italy	7,17	23	Albania	5,17	59
Brazil	7,15	24	India	5,14	60
Dominican Republic	7,13	25	Macedonia	5,12	61
Chile	7,12	26	Lithuania	5,09	62
Uruguay	7,06	27	Pakistan	4,85	63
Czech Republic	7,06	28	Belarus	4,81	64
Spain	7,04	29	Russian Federation	4,74	65
Israel	7,03	30	Georgia	4,68	66
Portugal	6,98	31	Moldova	4,57	67
Indonesia	6,96	32	Ukraine	4,56	68
Nigeria	6,87	33	Armenia	4,32	69
Greece	6,67	34	Zimbabwe	3,94	70
Philippines	6,67	35	Tanzania	3,87	71
China	6,53	36			

Source: World Value Survey 1999 – 2002; 10 point rating scale; Question: "All things considered, how satisfied are you with your life as a whole these days?" 1 = dissatisfied, 10 = satisfied.

**Table 4 The Good Life Society Index (GSI)**

Country	Good Society Index		Country	Good Society Index	
	GSI	Rank		GSI	Rank
Iceland	4,3	1	El Salvador	41,0	37
Sweden	6,0	2	Serbia and Montenegro	41,3	38
Switzerland	6,3	3	Macedonia	42,7	39
Norway	7,7	4	Albania	43,7	40
Finland	9,0	5	Bulgaria	44,3	41
Austria	10,3	6	China	45,0	44
Malta	10,7	7	Vietnam	45,0	43
Denmark	12,0	9	Lithuania	45,0	42
Netherlands	12,0	8	Dominican Republic	45,7	47
Italy	12,7	10	Philippines	45,7	46
New Zealand	13,0	11	Latvia	45,7	45
Germany	13,0	13	Brazil	46,0	50
Belgium	13,0	12	Peru	46,0	49
Spain	13,3	14	Jordan	46,0	48
Luxembourg	13,7	15	Indonesia	49,7	52
Ireland	14,3	16	Armenia	49,7	51
Slovenia	18,3	17	Iran	50,0	53
Czech Republic	19,0	18	Romania	50,3	54
Greece	19,7	19	Algeria	52,0	55
United States	20,0	21	Belarus	53,0	56
Israel	20,0	20	Morocco	54,0	57
United Kingdom	20,3	22	Georgia	55,0	58
Portugal	20,3	23	Ukraine	55,3	59
Chile	25,3	24	Turkey	56,0	61
Colombia	28,3	25	Egypt	56,0	62
Uruguay	29,0	26	Russian Federation	56,0	60
Mexico	29,3	27	Nigeria	57,0	63
Argentina	30,0	29	Bangladesh	59,0	64
Korea, South	30,0	28	South Africa	59,3	66
Poland	30,7	30	Moldova	59,3	65
Croatia	31,7	31	India	63,7	67
Venezuela	32,0	32	Uganda	64,0	68
Slovakia	35,7	33	Pakistan	64,7	69
Hungary	38,7	34	Zimbabwe	69,7	70
Bosnia and Herzegovina	39,0	35	Tanzania	70,7	71
Estonia	40,0	36			

Source: Holmberg 2007; The Quality of Government Institute; GSI is based on three indicators – life expectancy, infant mortality and subjective life satisfaction. Countries' ranks on three indicators have been added up and divided by three to yield the GSI score which, in theory, can vary between 1 (top) and 71 (bottom).

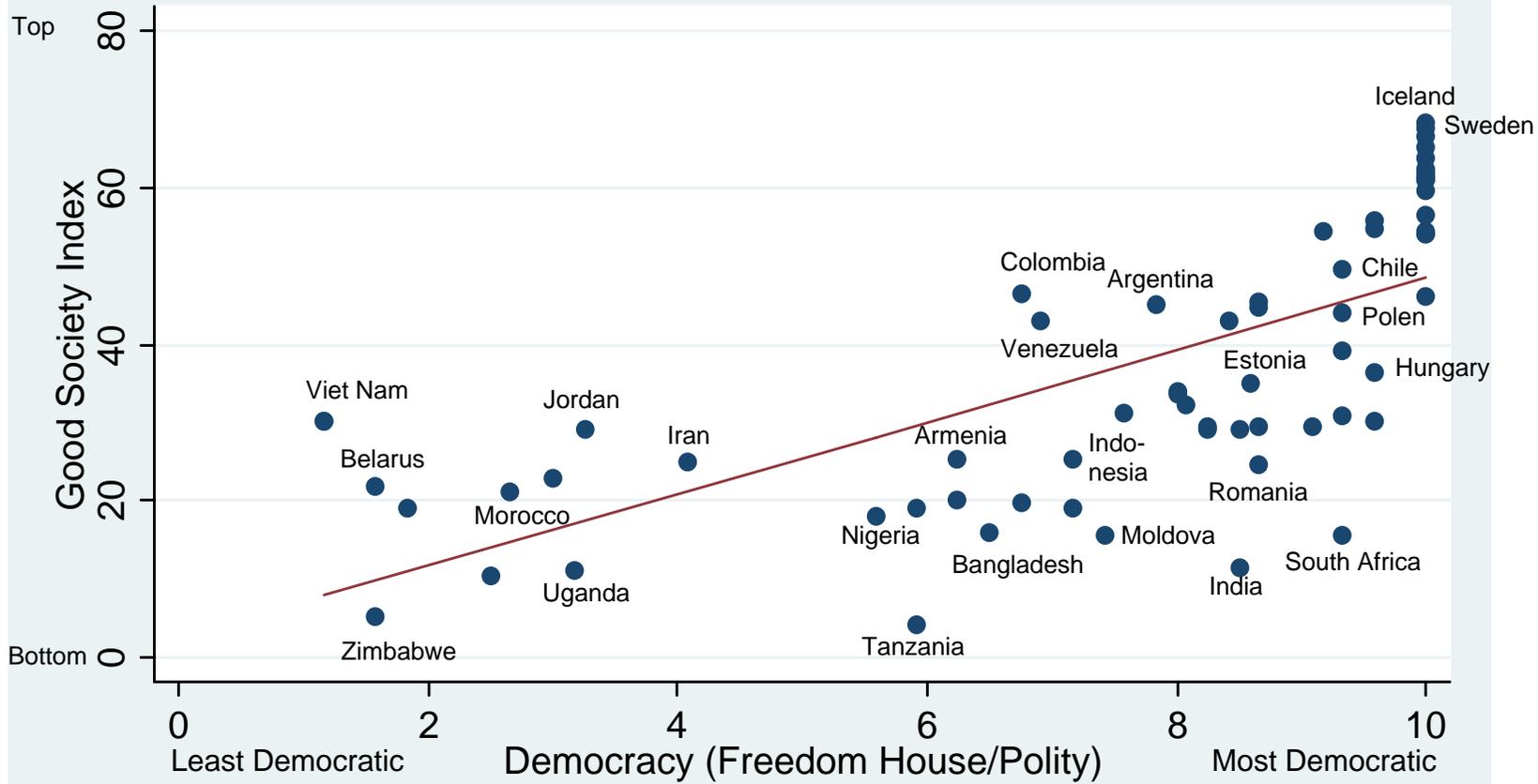
**Table 5      The Good Society Index – Some Multiple Regression Controls**

Variable	Baseline Model	Add Governm. Effectiveness	Add Governm. Health Spending	Add Econ. Inequality	Full Model
Constant	13** (3,5)	22** (7,6)	12** (3,69)	21* (2,7)	8 (1,1)
Government Effectiveness	-	6* (2,5)	-	-	6* (2,2)
Government Health Spending	-	-	2** (3,8)	-	2** (3,1)
Economic Inequality	-	-	-	0 (0,2)	0 (1,1)
Degree of Democracy	2** (3,8)	1,5* (3,1)	1,5* (2,8)	2** (3,7)	1* ((2,0)
Gross National Income per Capita	1** (7,9)	0,7* (2,8)	0,9** (5,4)	1** (6,9)	0,5* (2,0)
R square	.75	.78	.80	.74	.81
Number of Cases	67	67	67	65	65

*Comment:* The dependent variable is the Good Society Index. Absolute t-statistics are in parentheses. All significance scores are calculated with robust standard errors (\* p>0,5, \*\* p>.01). All models are checked for robustness with regional dummies. GNI/Capita is in thousands of US dollars. The Government Effectiveness variable is taken from the World Bank. Economic Inequality is measured as the Gini Index. Thanks to Nicolas Charron for help with model specifications and regression runs.

Figure 1

## Good Society Index vs. Democracy

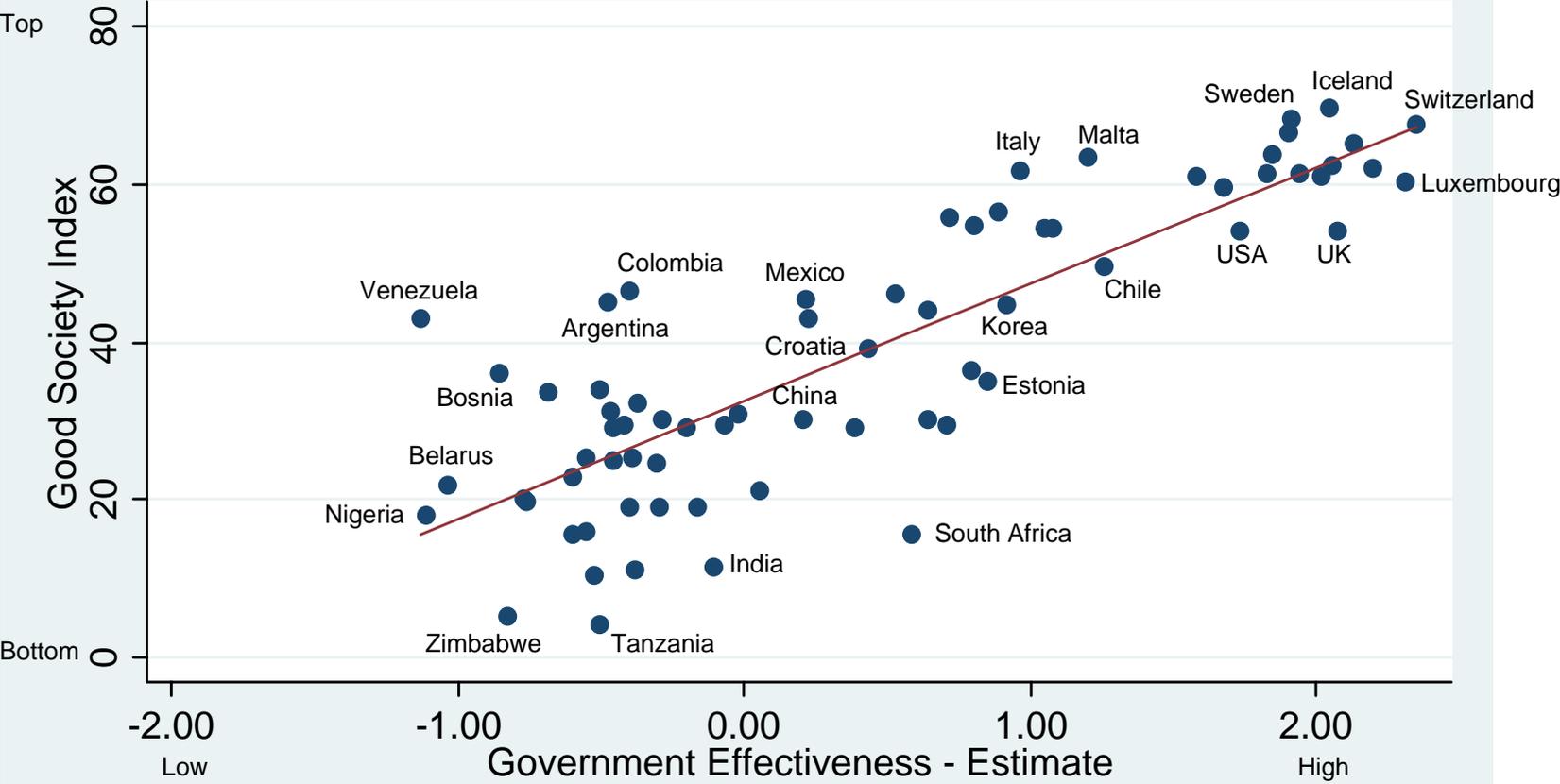


R2=.47

Source: Holmberg, QoG Insitute 2007, Freedom House 2002 , Hadenius and Teorell 2005.

Figure 2

# Good Society Index vs. Government Effectiveness

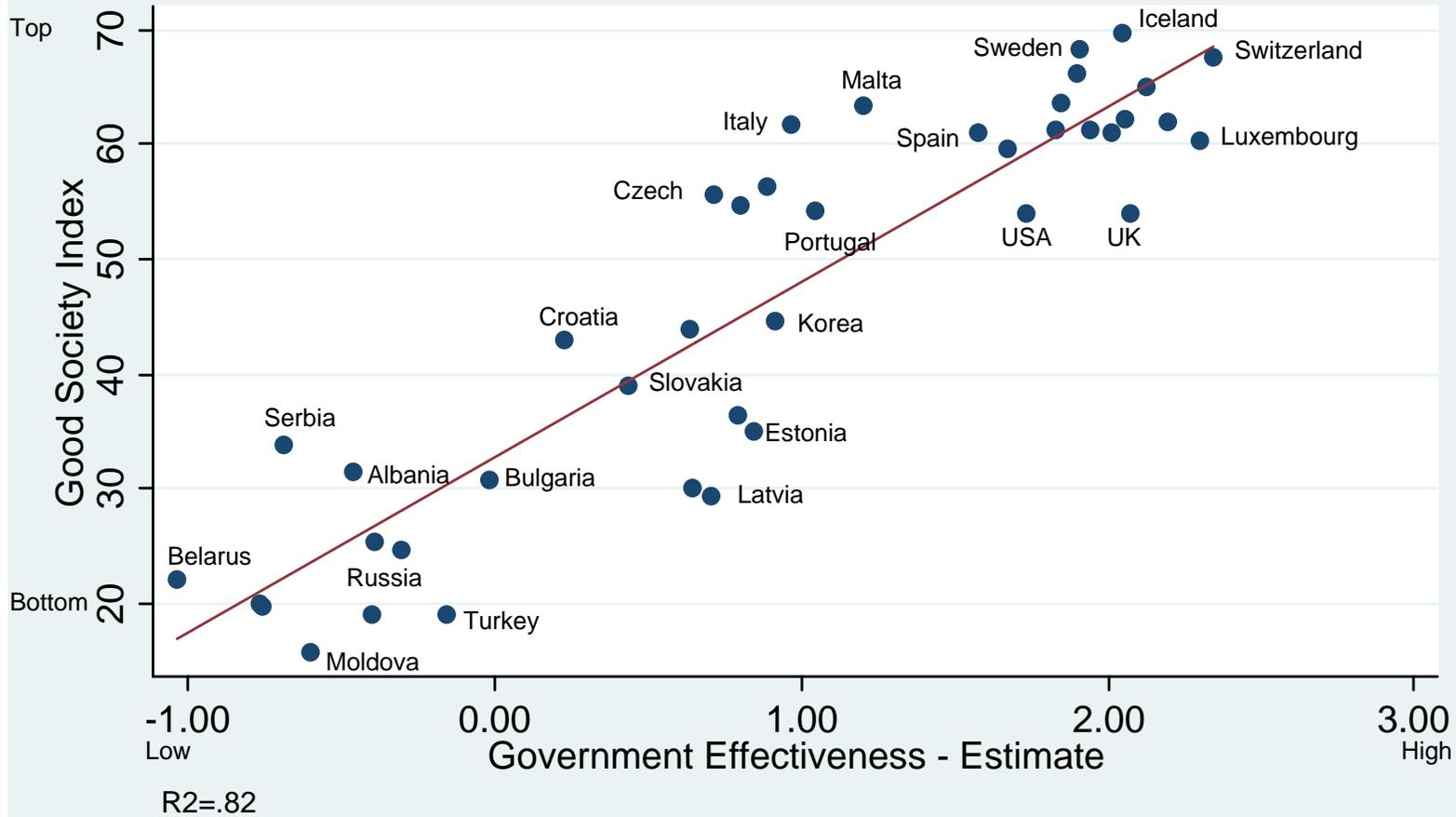


R<sup>2</sup>=0.71

Source: Holmberg, QoG Insitute 2007, World Bank - Governance Indicators 2002

Figure 3

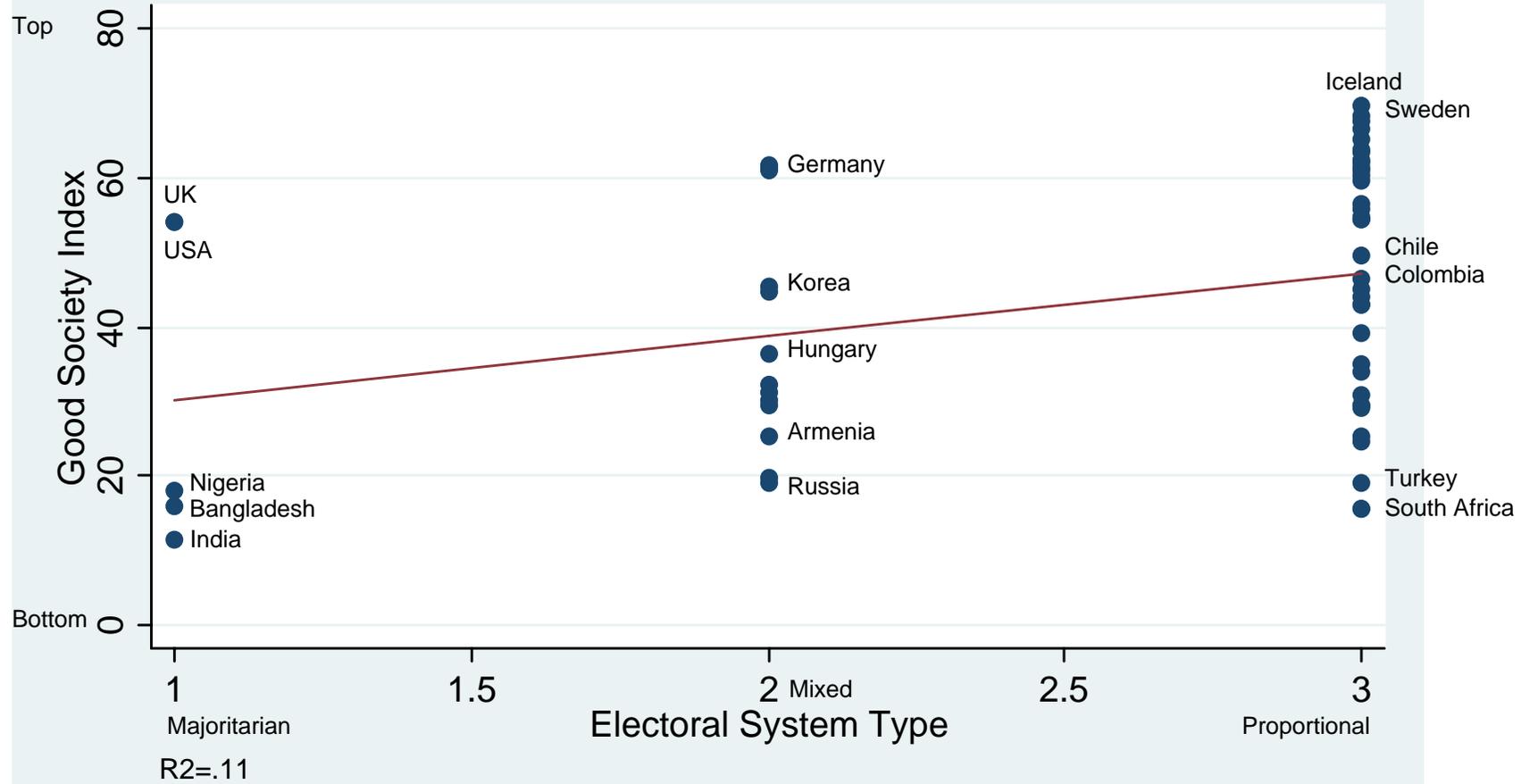
## Good Society Index vs. Government Effectiveness



Source: Holmberg, QoG Insitute 2007, World Bank - Governance Indicators 2002 ; limited number of countries, mostly European.

Figure 4

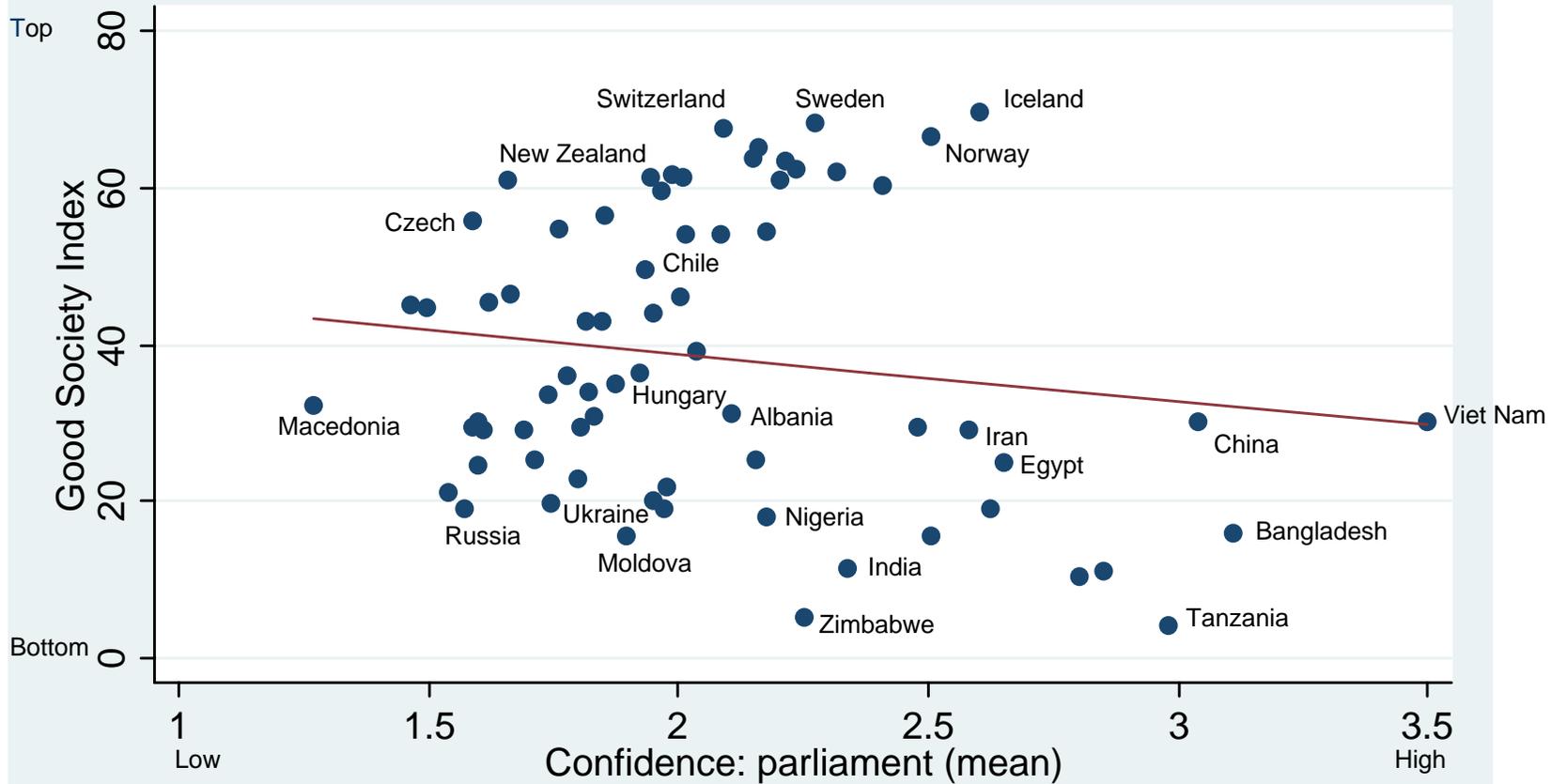
# Good Society Index vs. Electoral System Type



Source: Holmberg, QoG Insitute 2007, Golder 2000

Figure 5

# Good Society Index vs. Confidence in the Parliament

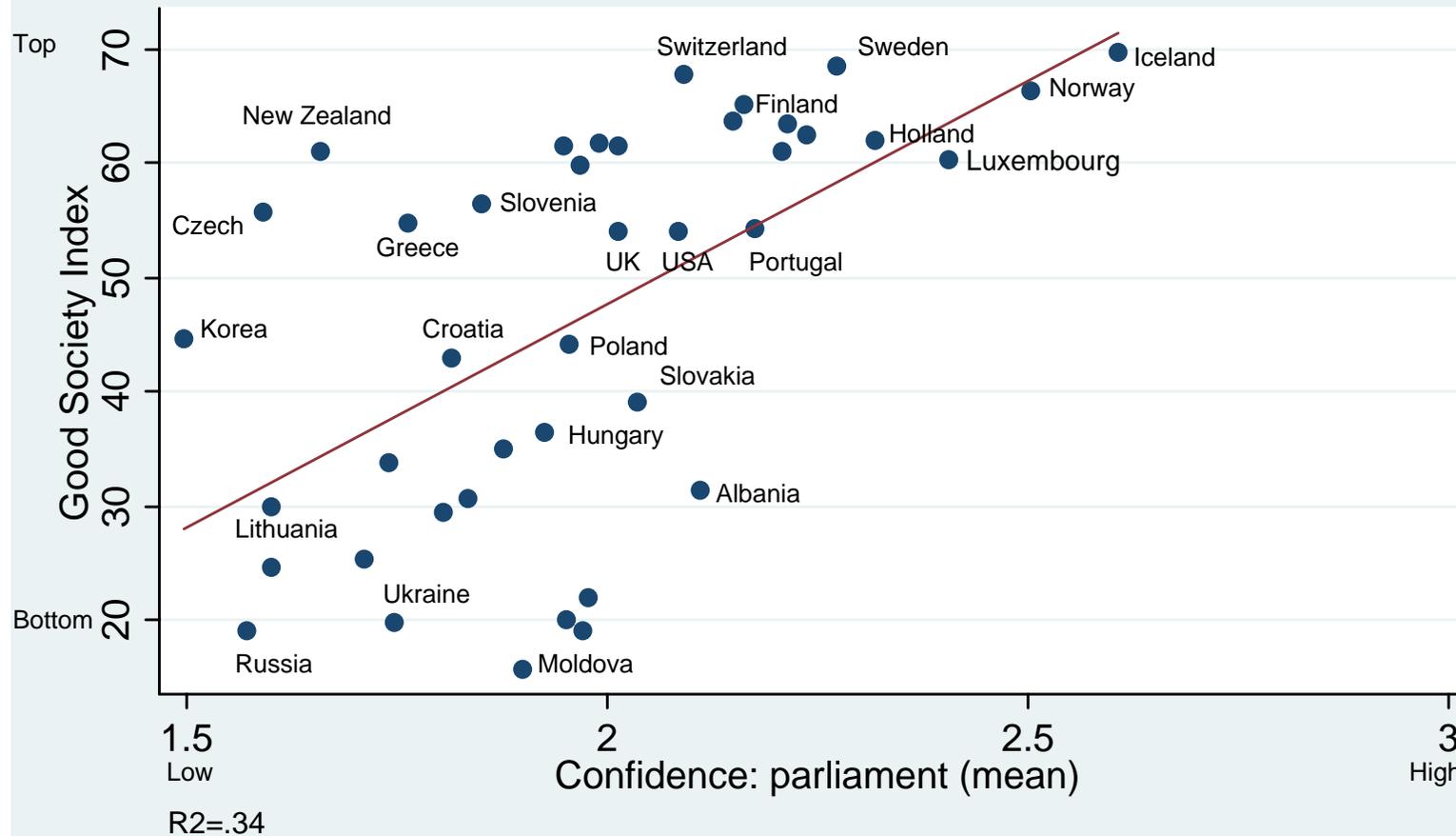


R2=.02

Source: Holmberg, QoG Insitute 2007, World Value Survey 1999-2002

Figure 6

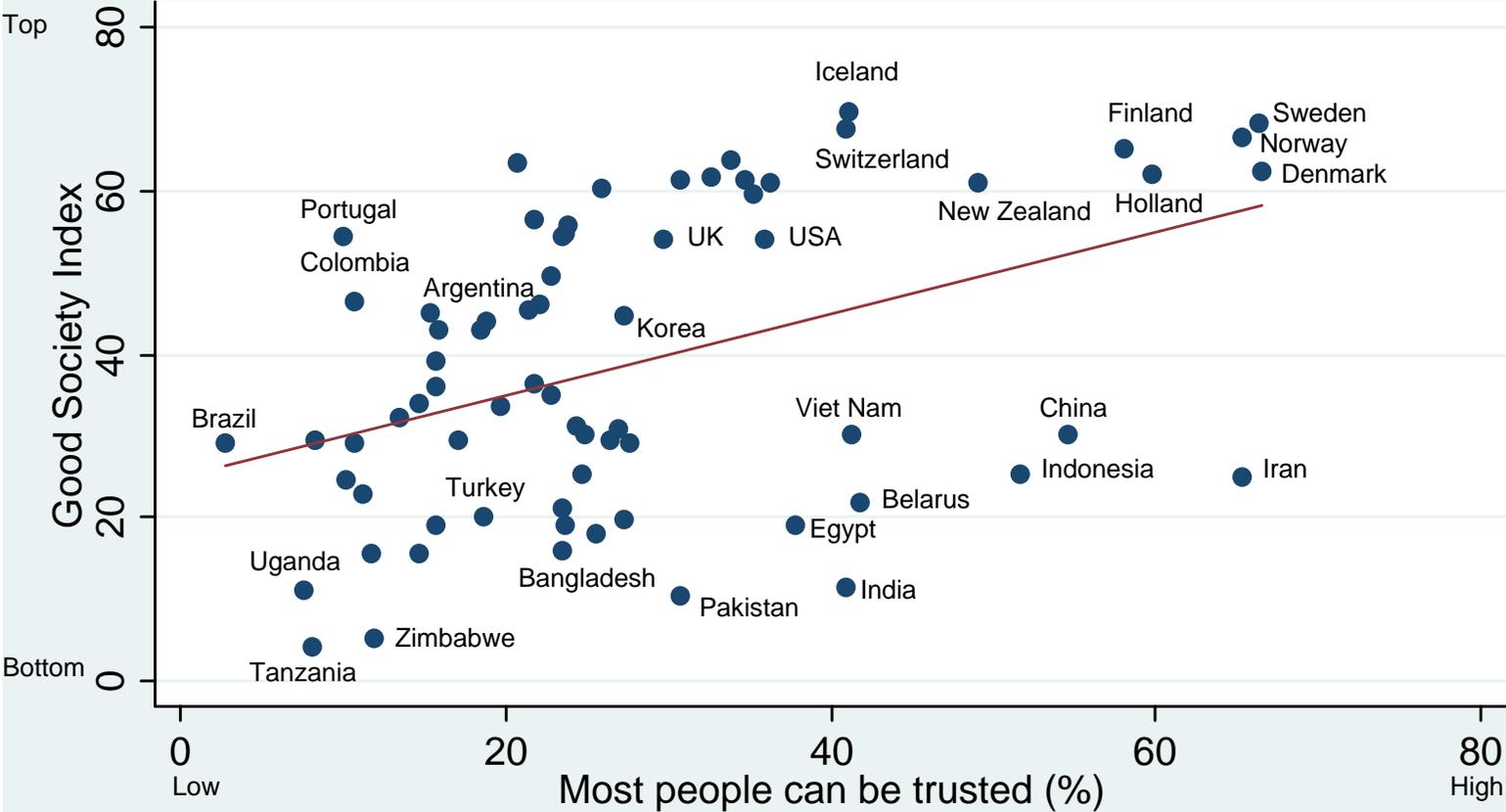
## Good Society Index vs. Confidence in the Parliament



Source: Holmberg, QoG Insitute 2007, World Value Survey 1999-2002 (reversed scale) ; limited number of countries, mostly European.

Figure 7

# Good Society Index vs. Interpersonal Trust

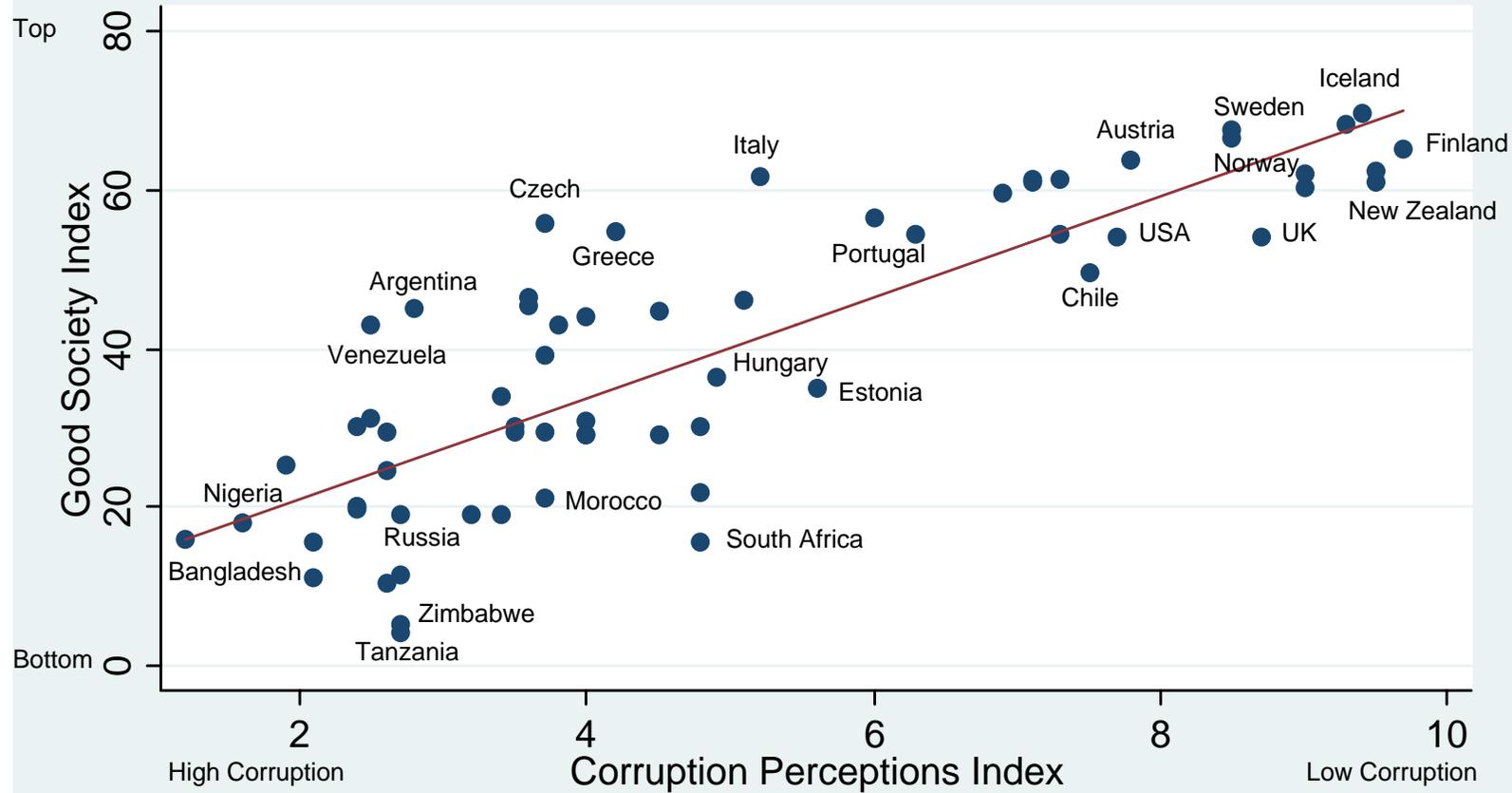


R2=.18

Source: Holmberg, QoG Insitute 2007, World Value Survey 1999-2002

Figure 8

# Good Society Index vs. Corruption Perception Index

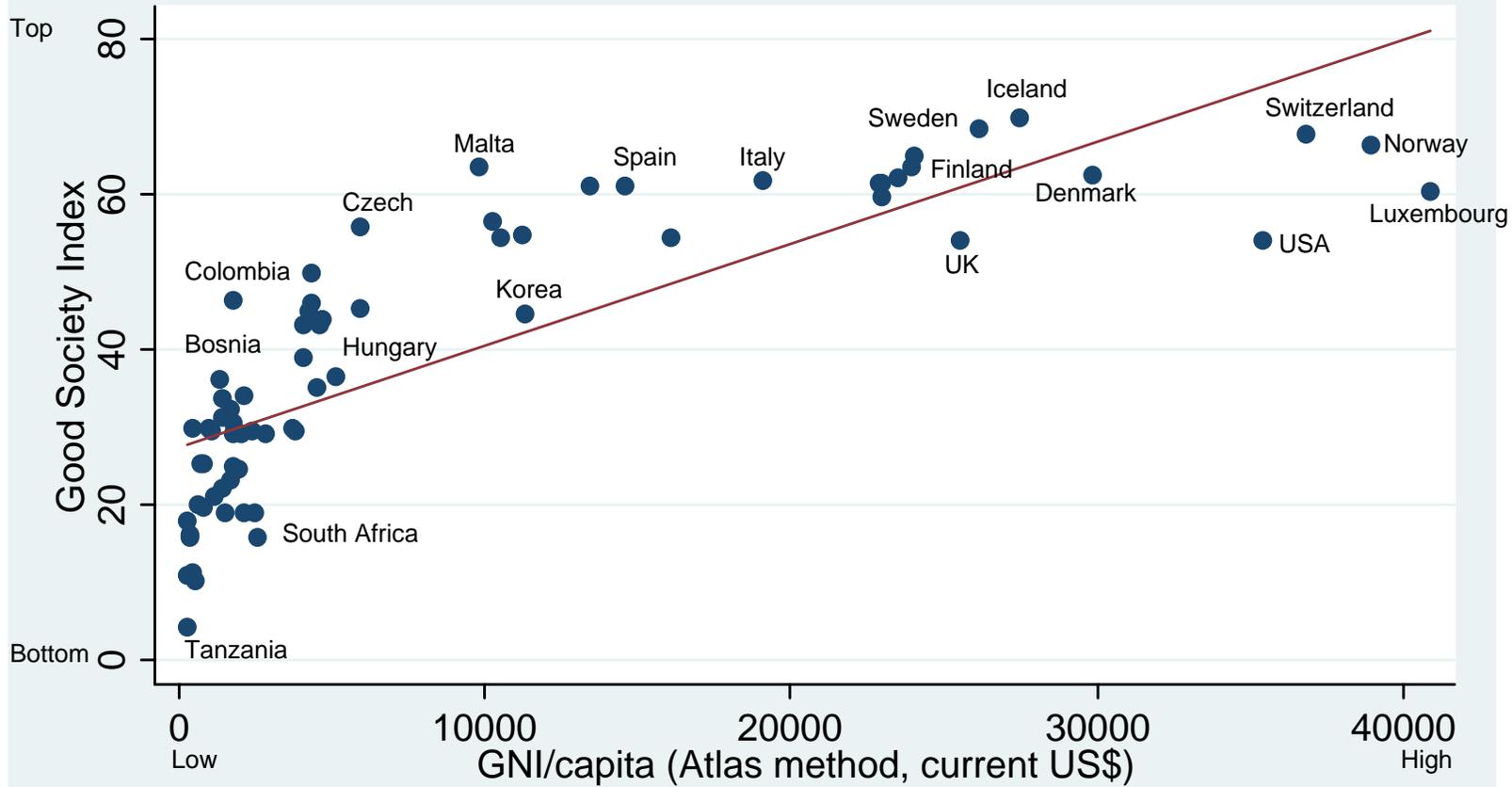


R2=.7

Source: Holmberg, QoG Insitute 2007, Transparency International 2002

Figure 9

## Good Society Index vs. GNI per Capita

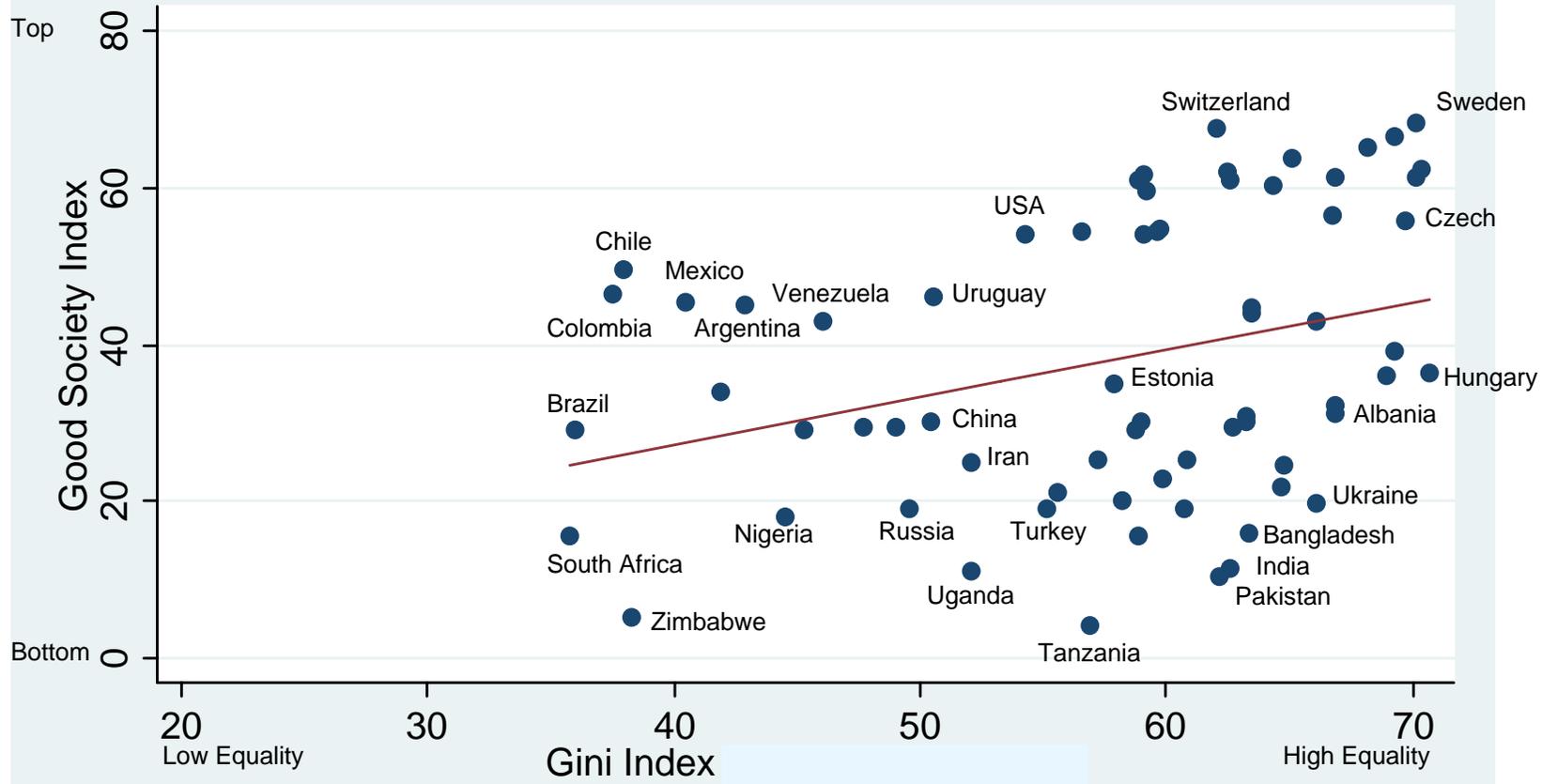


$R^2 = 0.66$

Source: Holmberg, QoG Insitute 2007 World Bank – World Development Indicators 2002

Figure 10

# Good Society Index vs. Gini Index



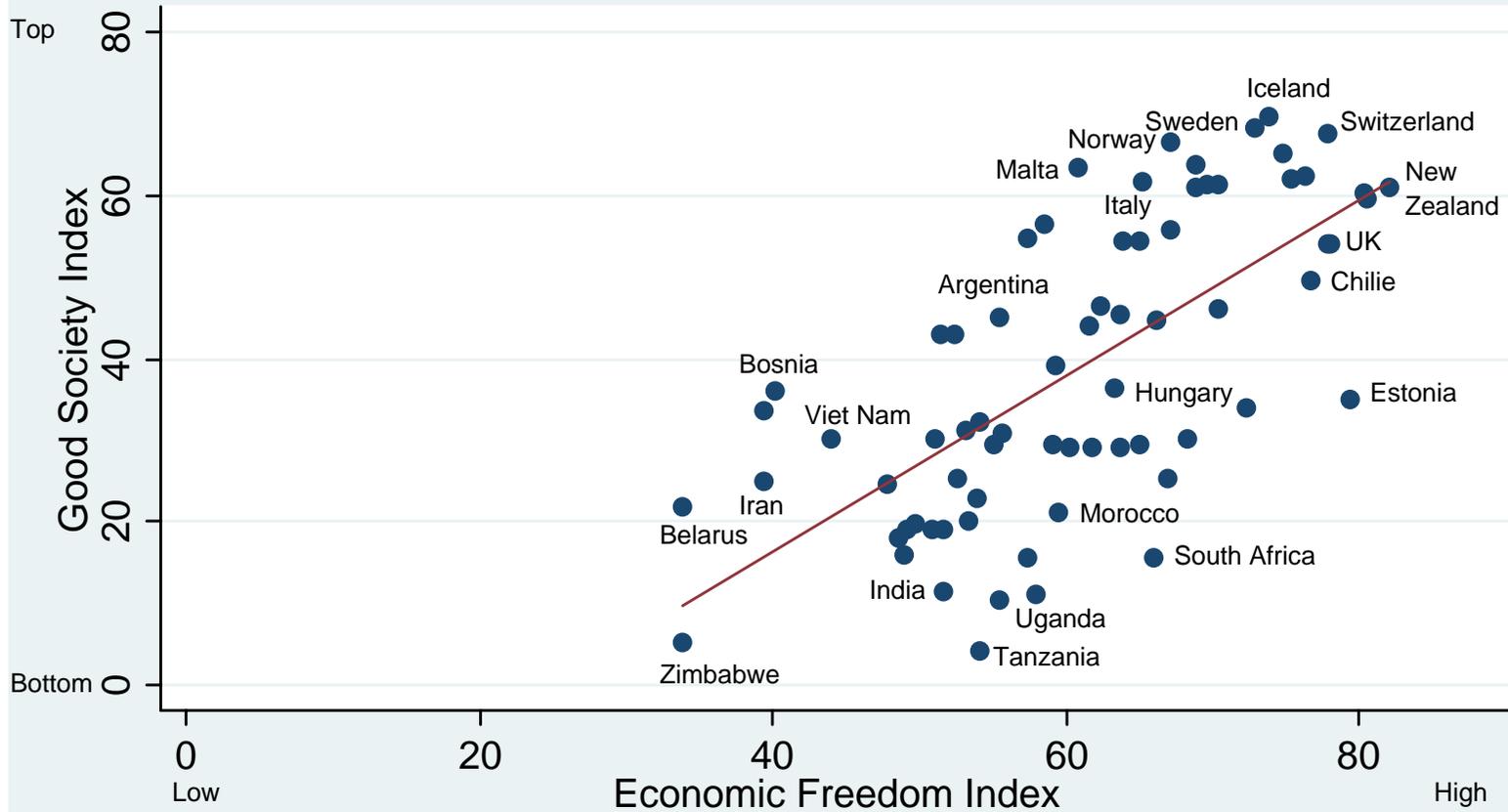
R2=.1

Source: Holmberg, QoG Insitute 2007 United Nations – Human Development Report 2002;

Gini Index reversed

Figure 11

## Good Society Index vs. Economic Freedom Index

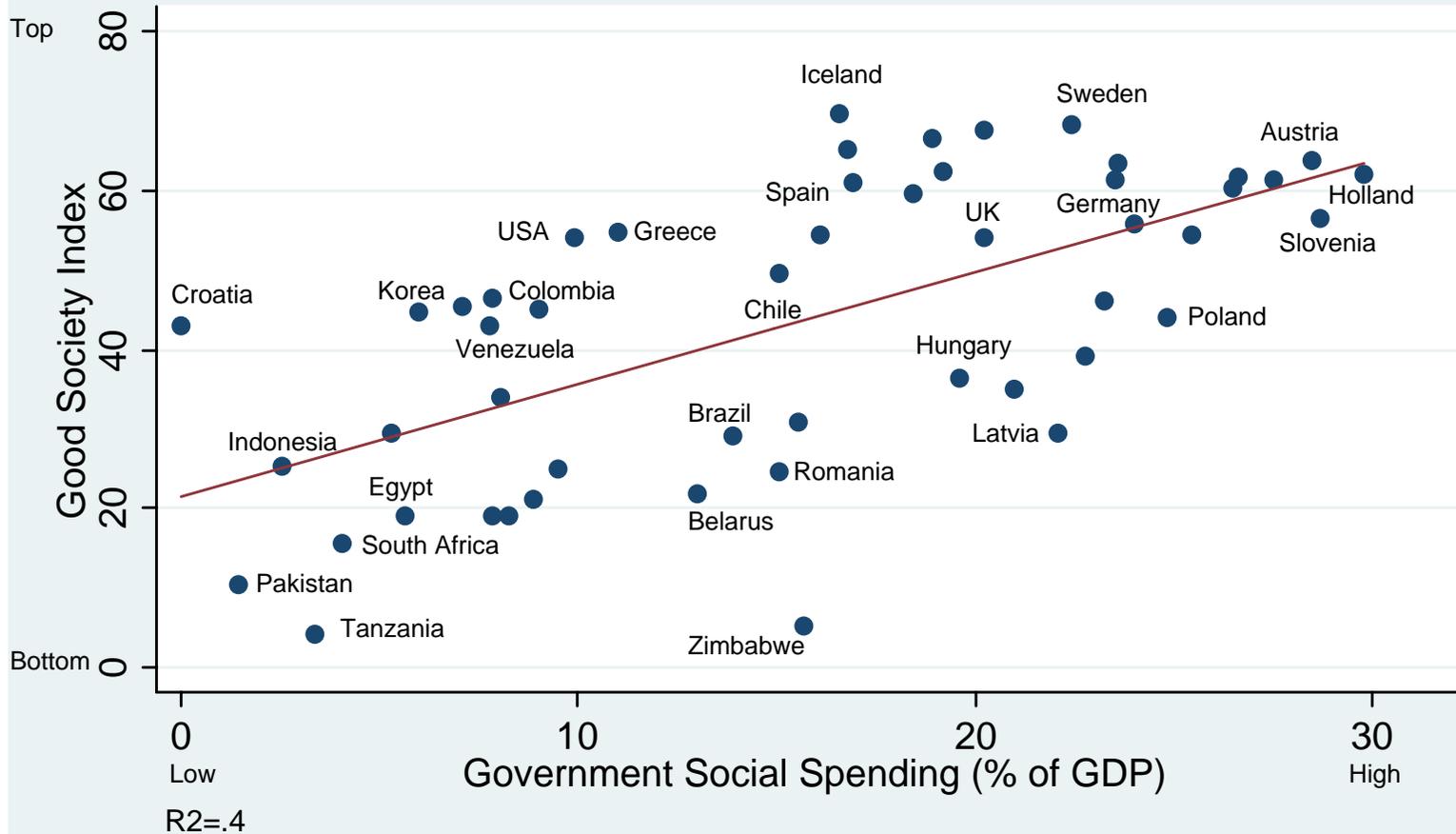


R2=.47

Source: Holmberg, QoG Insitute 2007, Heritage Foundation 2002

Figure 12

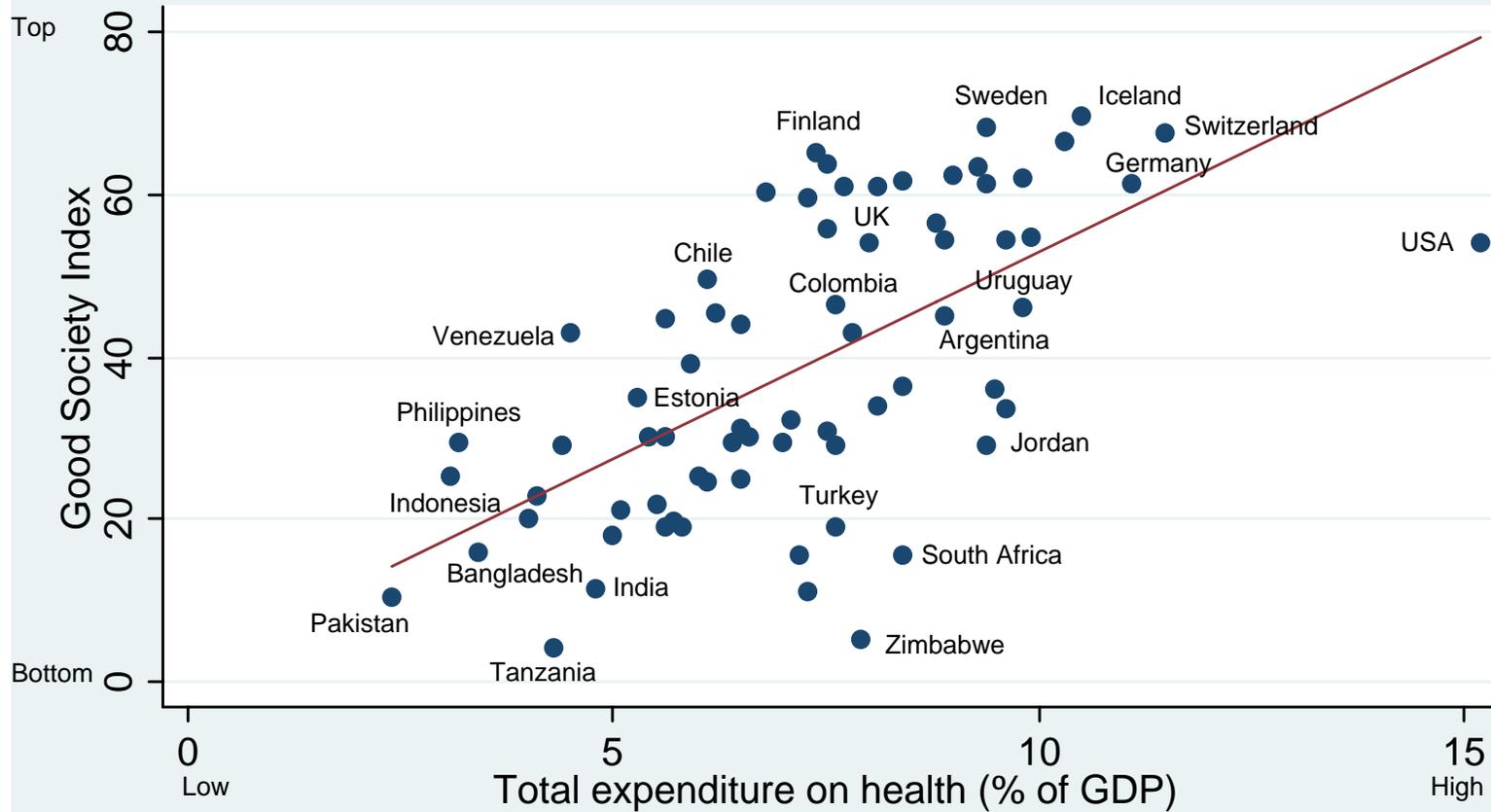
# Good Society Index vs. Government Social Spending



Source: Holmberg, QoG Insitute 2007, Easterly 2001, Health Education and Social Security & Welfare spending combined.

Figure 13

# Good Society Index vs. Total Expenditure on Health

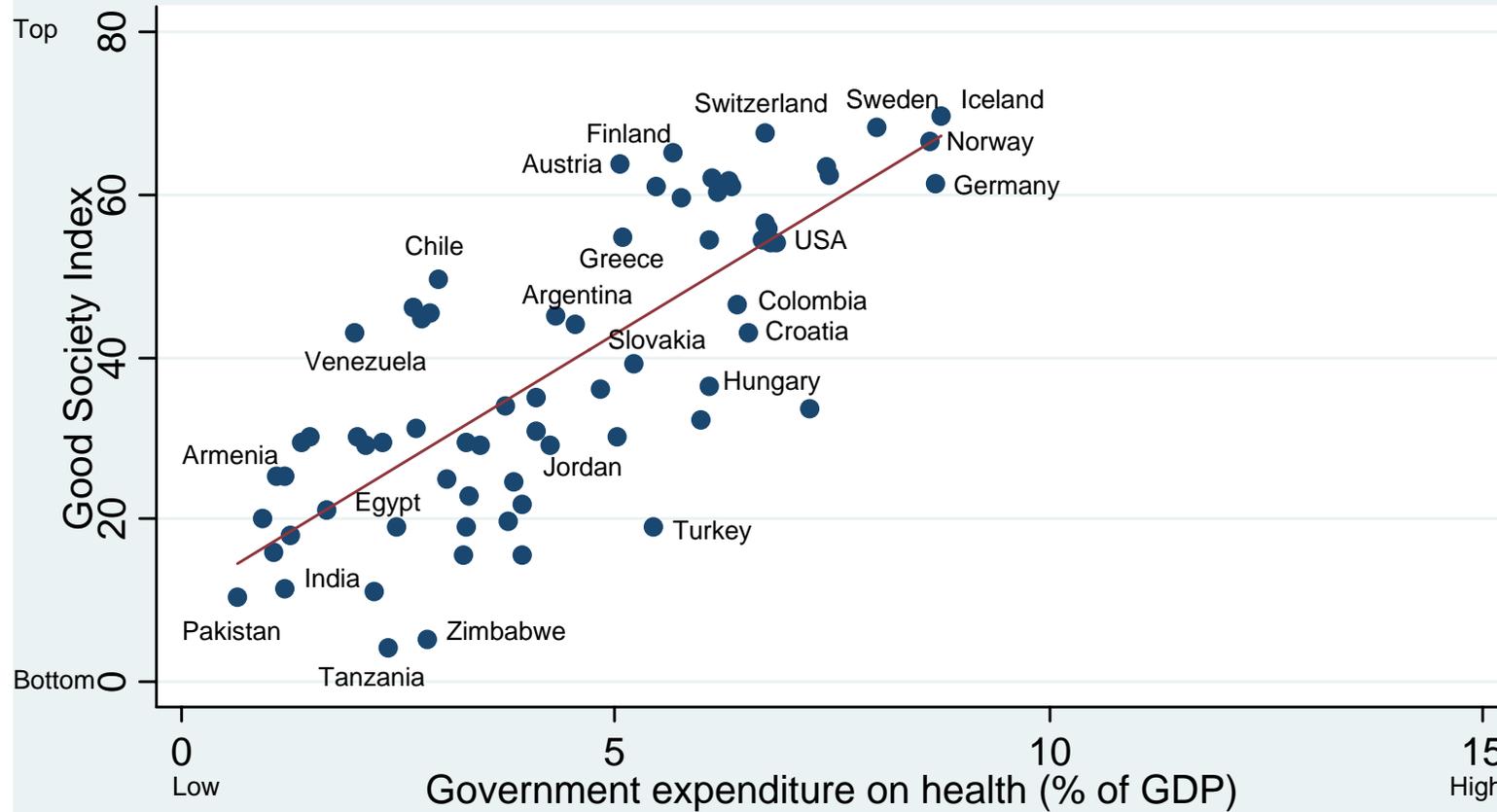


R2=.39

Source: Holmberg, QoG Insitute 2007, WHO Statistical Information System 2003

Figure 14

# Good Society Index vs. Government Expenditure on Health

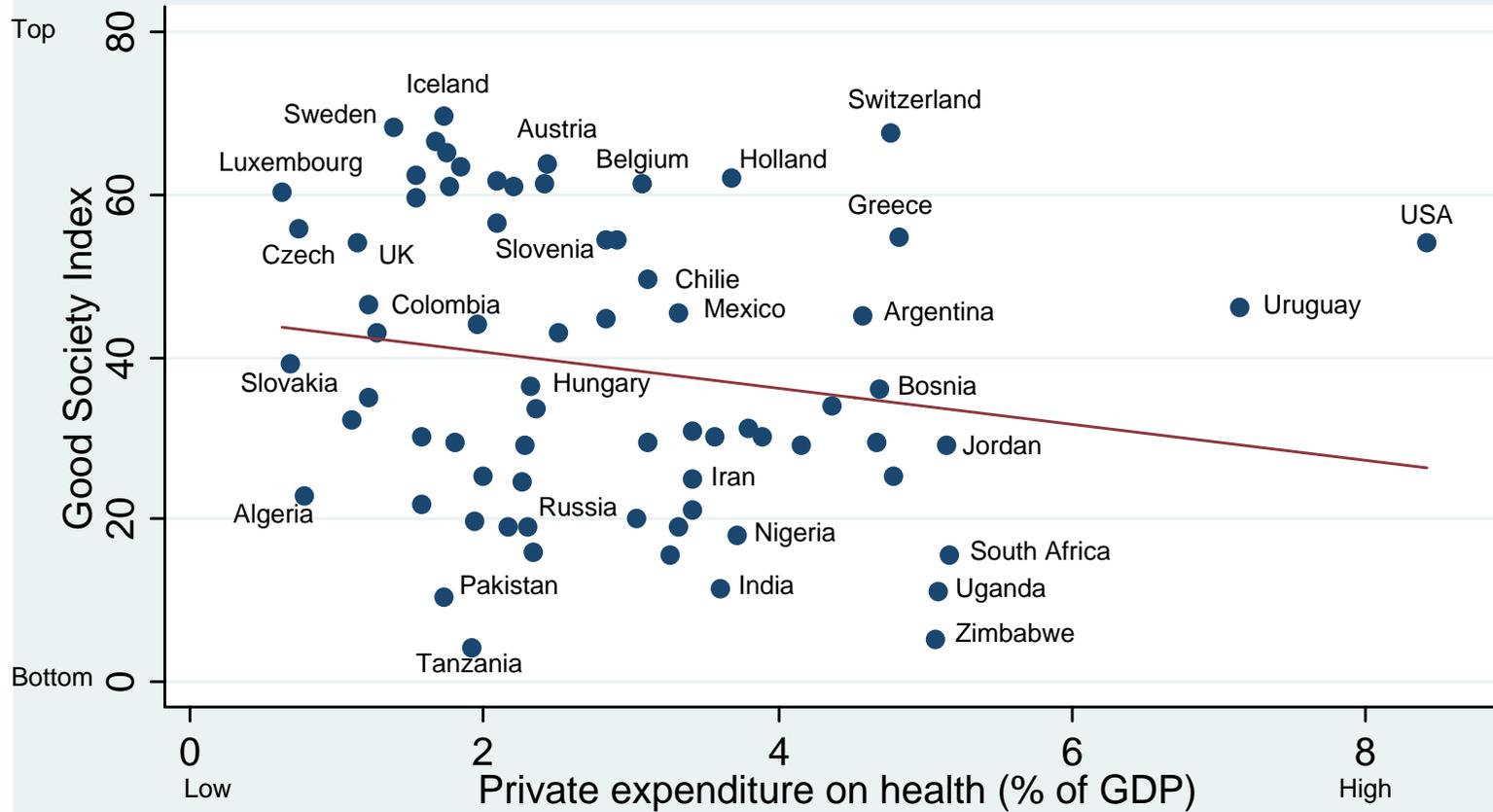


R2=.6

Source: Holmberg, QoG Insitute 2007, WHO Statistical Information System 2003

Figure 15

# Good Society Index vs. Private Expenditure on Health

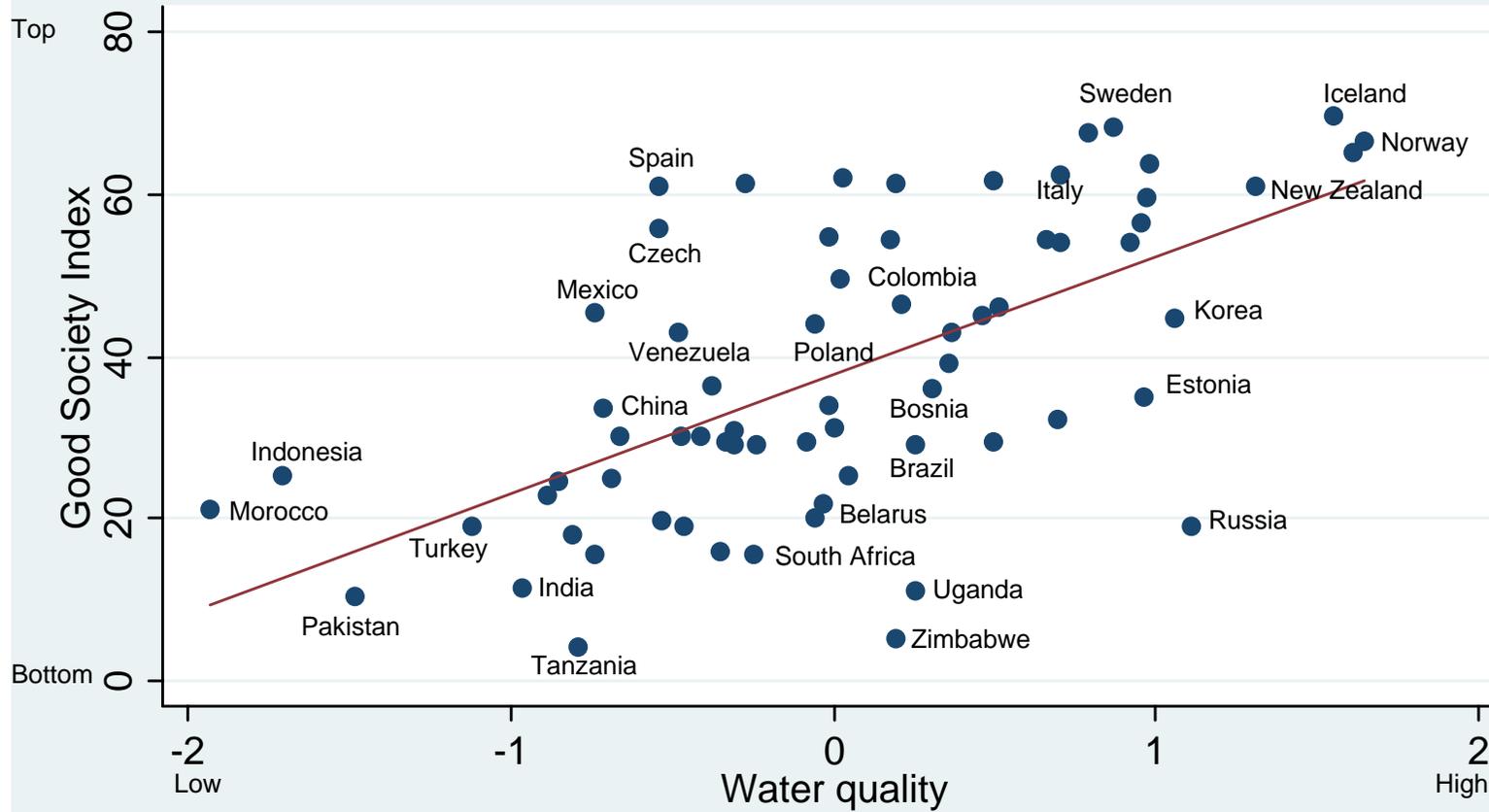


R2=.03

Source: Holmberg, QoG Insitute 2007, WHO Statistical Information System 2003

Figure 16

## Good Society Index vs. Water Quality



$R^2=.39$

Source: Holmberg, QoG Insitute 2007 Yale-Environmental Sustainability Index 2002