

New Estimates of the Index of Economic Well-being for Canada and the Provinces

In the late 1990s, the authors developed a new composite measure of well-being called the Index of Economic Well-being. The salient feature of this index was that it organized the economic well-being domain into four dimensions: consumption flows, stocks of wealth, equality, and economic security.

Since then we have greatly advanced our research program on the measurement of economic well-being, both conceptually and empirically. The objective of this paper is to present this new research on and estimates of the Index of Economic Well-being. The first part of the paper will discuss progress that we have made on methodological issues associated with the construction of composite indexes, and in particular the adoption by the Index of Economic Well-being of a linear scaling technique for all variables. The advantages and disadvantages of this technique will be discussed. The second part of the paper will present new estimates in both level and growth rate terms of the Index of Economic Well-being for Canada and the provinces for the 1981-2005 period and discuss the factors behind these trends.

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