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Redefining the Meaning of No. 1

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HERE in America, we seem to be more interested in finishing first than we are in figuring out what race we ought to be in.

The refrain is insistent, from President Obama on down. He, like others in both parties, urges us on — to build or educate or invest or cut the deficit — so that "America can be No. 1 again."

We want to be No. 1 — but why, and at what?

The size of our economy is one measure of success, but it's not the only measure.

Isn't the important question not how we remain No. 1 but rather, what we want to be best at — and even, whether we want to lead at all?

But we are Americans and we seem to think the rest of the world looks best when framed in our rear-view mirror.

We outstrip the world by many measures but lag, sometimes shockingly, in many others. The metrics by which we choose to measure our success determine our priorities. Yet, some of the metrics we rate as most important, like G.D.P., stock indices or trade data, are so deeply flawed as to be irrelevant or worse, dangerous distractions. And at the same time, countries that could hardly hope to outperform the world in any category are far ahead of us when it comes to things that matter more to people. Choosing metrics to measure our society is not a value-free process. As a country we have consistently relied on indicators that keep us focused on the interests of business, financial institutions or the defense industry whereas equity, quality of life and even social mobility metrics are played down.

Calculating national income is a relatively new concept. Previously, countries measured their economic well-being by tallying land holdings or counting railroad boxcars. But in the midst of the Great Depression, Congress, showing a great deal more intellectual curiosity than it does today, commissioned a group of economists led by a future Nobel Prize winner named Simon Kuznets to better measure economic activity.

Although Kuznets and his team fulfilled their mission, they released their results with considerable unease. Not only were they aware that the statistic they devised ignored many types of economic activity — from the work of housewives to illegal enterprises — they also knew their number did not assess the social benefits of what they were tracking.

Kuznets warned of this: "The welfare of a nation can, therefore, scarcely be inferred from a measurement of national income" like the one they created. That hasn't stopped us from making this misleading number perhaps the most influential statistic in the world.

Americans use G.D.P. in discussions about how well we are doing. It's at the heart of discussions of whether we are in a recession or not, ahead or falling behind.

Yet, when China "passes" us, it will remain for the most part a very poor country racked with social problems. And as we have seen, though the past decade was marked mostly by United States "growth," recent Census data shows that since 1999, median American incomes have fallen more than 7 percent while the top 1 percent showed gains. Almost one in four American children live in poverty. We have a high level of unemployment compared to many of our peers.

THE G.D.P. number is not the only culprit, of course. Listening to the news, you might be forgiven if you thought that stock market performance was linked to reality. But markets are oceans of teeming emotions that make the average hormone-infused high school look calmly rational, and much of the "data" that moves markets is just bunk. Trade deficit numbers may be scary but they are also frighteningly flawed, doing a terrible job of accounting for trade in services, trade via the Internet, and inter-company trade, to pick just three among many problem areas.

Worse than the shortcomings of these statistics are the consequences of our over-dependence on them as measures of the success of our society. A country, for example, that overemphasizes G.D.P. growth and market performance is likely to focus policies on the big drivers of those — corporations and financial institutions — even when, as during the recent past, there has been little correlation between the performance of big businesses or elites and that of most people.

Furthermore, of course, the purpose of a society is not merely the creation of wealth, especially if most of it goes to the few. Even John Locke, who famously enumerated our fundamental rights as being to life, liberty and property, qualified this by asserting that people should appropriate only what they could use, leaving "enough and as good" for others. Thomas Jefferson later consciously replaced the right to property with a right to "the pursuit of happiness." And happiness has become the watchword for those seeking different measures that might better guide governments.

According to the economist Carol Graham, the author of a recent book called "The Pursuit of Happiness: An Economy of Well-Being," "happiness is, in the end, a much more complicated concept than income. Yet it is also a laudable and much more ambitious policy objective." While she notes distinctions between approaches to happiness — with some societies more focused on goals like contentment and others on the creation of equal opportunities — she joins a growing chorus of leading thinkers who suggest the time has come to rethink how we measure our performance and how we set our goals.

This diverse group has included thinkers and public figures like President Nicolas Sarkozy of France, who established a commission in 2008 to address the issue that was co-led by the Nobel Prize-winning economist Joseph E. Stiglitz; the Columbia economist Jeffrey D. Sachs; the British prime minister, David Cameron; and the trail-blazing people of Bhutan, who since 1972 have set a goal of raising their gross national happiness.

Dr. Graham admits that it's a challenge to set criteria for measuring happiness. However, in a conversation, she told me she did not see it as an insurmountable one: "It doesn't have to be perfect; after all, it took us decades to agree upon what to include in G.D.P. and it is still far from a perfect metric."

But for Americans, beyond choosing the right goals, there remains the issue of being No. 1. Many of us have lived our lives in a country that has thought itself the world's most powerful and successful. But with the United States economy in a frustrating stall as China rises, it seems that period is coming to an end. We are suffering a national identity crisis, and politicians are competing with one another to win favor by assuring a return to old familiar ways.

This approach, too, is problematic. We, as a developed nation, are unlikely to grow at the rapid pace of emerging powers (the United States is currently ranked 127th in real G.D.P. growth rate). Europe and Japan, too, are grappling with the realities of being maturing societies.

But maturing societies can offer many benefits to their citizens that are unavailable to most in the rapidly growing world — the products of rich educational and cultural resources, capable institutions, stability and prosperity.

As a consequence, countries that at different times in history were among the world's great powers, such as Sweden, the Netherlands, France, Britain and Germany, have gradually shifted their sights, either in the wake of defeat or after protracted periods of grappling with decline, from winning the great power sweepstakes to topping lists of nations offering the best quality of life.

When Newsweek ranked the "world's best countries" based on measures of health, education and politics, the United States ranked 11th. In the 2011 Quality of Life

Index by Nation Ranking, the United States was 31st. Similarly, in recent rankings of the world's most livable cities, the Economist Intelligence Unit has the top American entry at No. 29, Mercer's Quality of Living Survey has the first United States entry at No. 31 and Monocle magazine showed only 3 United States cities in the top 25.

On each of these lists, the top performers were heavily concentrated in Northern Europe, Australia and Canada with strong showings in East Asian countries from Japan to Singapore. It is no accident that there is a heavy overlap between the top performing countries and those that also outperform the United States in terms of educational performance — acknowledging, of course, the mistake it would be to overemphasize any one factor in contributing to something as complex as overall quality of life. Nearly all the world's quality-of-life leaders are also countries that spend more on infrastructure than the United States does. In addition, almost all are more environmentally conscious and offer more comprehensive social safety nets and national health care to their citizens.

That virtually all of the top performers place a much greater emphasis on government's role in ensuring social well-being is also undeniable. But the politics of such distinctions aside, the focus of those governments on social outcomes — on policies that enhance contentment and security as well as enriching both human capabilities and opportunities — may be seen as yet another sign of maturity.

It is also worth noting that providing the basics to ensure a high quality of life is not a formula for excess or the kind of economic calamities befalling parts of Europe today. For example, many of the countries that top quality-of-life lists, like Sweden, Luxembourg, Denmark, the Netherlands and Norway, all rank high in lists of fiscally responsible nations — well ahead of the United States, which ranks 28th on the Sovereign Fiscal Responsibility Index.

What these societies have in common is that rather than striving to be the biggest they instead aspire to be constantly better. Which, in the end, offers an important antidote to both the rhetoric of decline and mindless boosterism: the recognition that whether we are falling behind or achieving new heights is greatly determined both by what goals we set and how we measure our performance.