Policy

Adam Okulicz-Kozaryn

adam.okulicz.kozaryn@gmail.com

outline

beyond GDP, back to Bentham (or Aristotle!)

SWB as ultimate outcome of policy process

lets discuss readings from syllabus for today!

bonus: use of happiness to evaluate policy

Robert Kennedy 1968

- Even if we act to erase material poverty,
  there is another greater task,
  it is to confront the poverty of satisfaction–
  purpose and dignity–that afflicts us all.

cont

- Too much and for too long,
  we seemed to have surrendered
  personal excellence and community values
  in the mere accumulation of material things.

- Our Gross National Product, now,
  is over $800 billion dollars a year,
  but that Gross National Product–
  if we judge the United States of America by that–
  that Gross National Product counts
  air pollution and cigarette advertising,
  and ambulances to clear our highways of carnage.

cont

- It counts special locks for our doors and the jails
  for the people who break them.
- It counts the destruction of the redwood
  and the loss of our natural wonder in chaotic sprawl.

cont

- It counts napalm and counts nuclear warheads
  and armored cars for the police
  to fight the riots in our cities.

- It counts Whitman's rifle and Speck's knife,
  and the television programs
  which glorify violence in order to sell toys to our children.

cont

- Yet the gross national product does not allow
  for the health of our children,
  the quality of their education or the joy of their play.
- It does not include the beauty of our poetry
  or the strength of our marriages,
  the intelligence of our public debate
  or the integrity of our public officials.

cont

- It measures neither our wit nor our courage,
  neither our wisdom nor our learning,
  neither our compassion nor our devotion to our country,
  it measures everything in short,
  except that which makes life worthwhile.

UN: MDG− >SDG

- UN went from GDP/poverty to broader goals
- first eradicate poverty (increase GDP and equality)
- then care about other things
  https://www.economist.com/open-future/2018/09/19/
  growth-can-overcome-the-loss-of-faith-in-global-co-operation
  https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4746946/
  http://wikiprogress.org/articles/poverty-development/
  how-do-the-sdgs-differ-from-the-mdgs/

  https://advocacy.thp.org/2014/08/08/mdgs-to-sdgs/

GDP−>HDI−>SWB

- after WWII we started with GDP
- it made sense: to rebuild the world after the WWII with material things
- cities, highways, buildings, etc
- then we realized that other things matter
- hence HDI=GDP+Educ+lexp
- now we're realizing that even more matters
- hence SWB=everything that matters!

why SWB?

- end in itself
- a measure of utility/well-being/quality of life/standard of living
- a better, more comprehensive and precise measure than individual or national income/consumption
- the ultimate outcome in public policy/adm process>
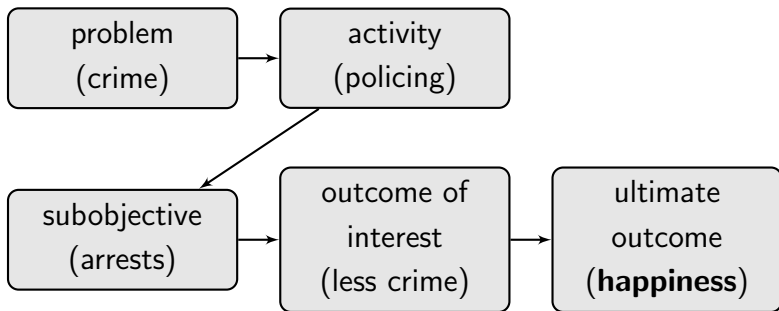
outline

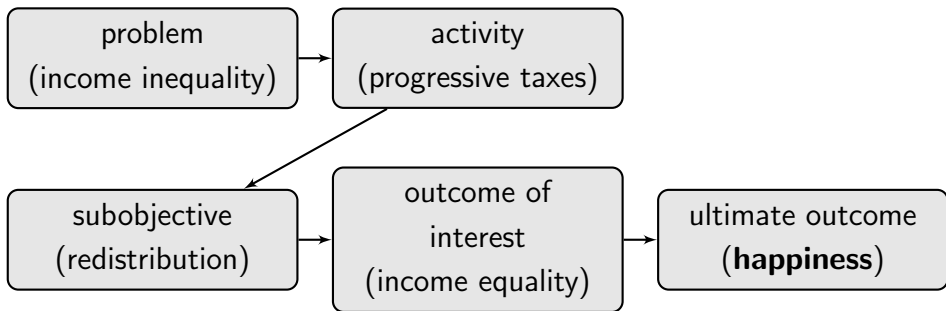beyond GDP, back to Bentham (or Aristotle!)

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the outcome line (easy)


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┌──────────────┐      ┌──────────────┐
│   problem    │─────▶│   activity   │
│   (crime)    │      │  (policing)  │
└──────────────┘      └──────────────┘
                             │
                             ▼
┌──────────────┐   ┌──────────────┐   ┌──────────────┐
│ subobjective │──▶│  outcome of  │──▶│   ultimate   │
│  (arrests)   │   │   interest   │   │   outcome    │
│              │   │ (less crime) │   │ (happiness)  │
└──────────────┘   └──────────────┘   └──────────────┘
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the outcome line (not easy!)

needs/livability theory (Veenhoven and Ehrhardt, 1995)

- humans, like other animals have certain needs
- physiological needs like water, food, sleep; and other needs:
  - eg contact with other living organisms (biophilia, social capital, nature, etc)
  - and higher (human) needs eg belonging, selfactualization
- kind of like Maslow's Hierarchy of Needs
- if needs are satisfied, then happiness follows
- then there are attr of places, environment, or ecology
- if it is "livable" then happiness follows
- this is optimistic for public policy–we can change needs and livability provision

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unemployment and welfare (Di Tella and MacCulloch, 2006)

- H_0 : decrease unemployment benefits to decrease unemployment rate

> *[in Europe] the relatively generous level of unemployment benefits has made workers unwilling to accept the kinds of low-wage jobs that help keep unemployment comparatively low in the united states.*

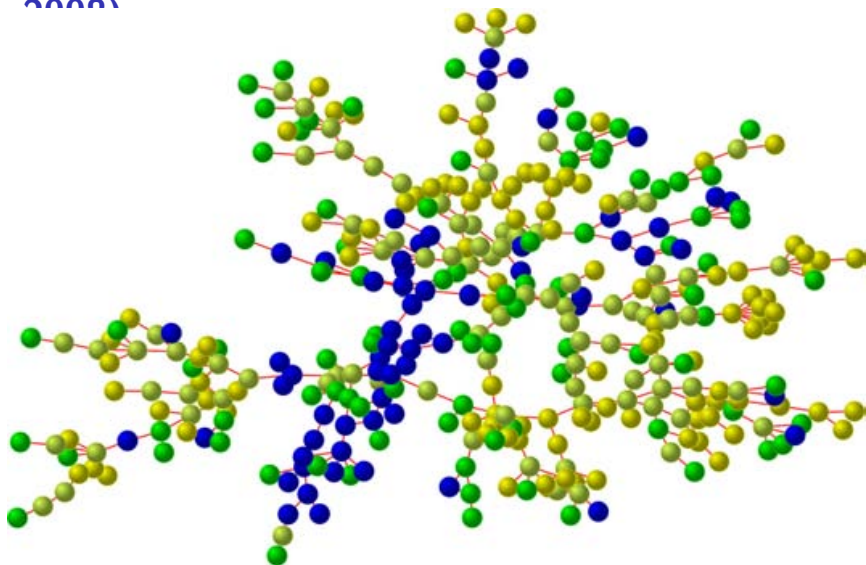Paul Krugman cited in Di Tella and MacCulloch (2006)

- happiness gap between employed and unemployed, however, did not narrow with increases in benefits in Europe from 1975 to 1992.

direct democracy (Frey and Stutzer, 2000)

- happiness and direct democracy (referenda) are positively related, but...

- direct democracy makes citizens happier than non-citizens

- it is not the policy outcome that matters (foreigners cannot be excluded) but
  the process of participating in decision-making itself

happiness is contagious (Fowler and Christakis, 2008)

Di Tella, R. and R. MacCulloch (2006): "Some Uses of Happiness Data in Economics," The Journal of Economic Perspectives, 20, 25–46.

Fowler, J. H. and N. A. Christakis (2008): "Dynamic Spread of Happiness in a Large Social Network: Longitudinal Analysis Over 20 Years in the Framingham Heart Study," British Medical Journal, Vol. 3, January 09.

Frey, B. S. and A. Stutzer (2000): "Happiness, economy and institutions," Economic Journal, 110, 918–938.

Veenhoven, R. and J. Ehrhardt (1995): "The Cross-National Pattern of Happiness: Test of Predictions Implied in Three Theories of Happiness," Social Indicators Research, 34, 33–68.