

Policy

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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

bonus: the scientific literature and illustrative findings

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 $SWB = \text{everything that matters!}$

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>

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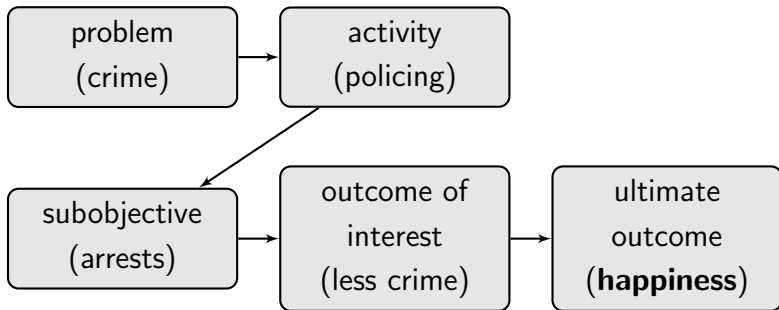
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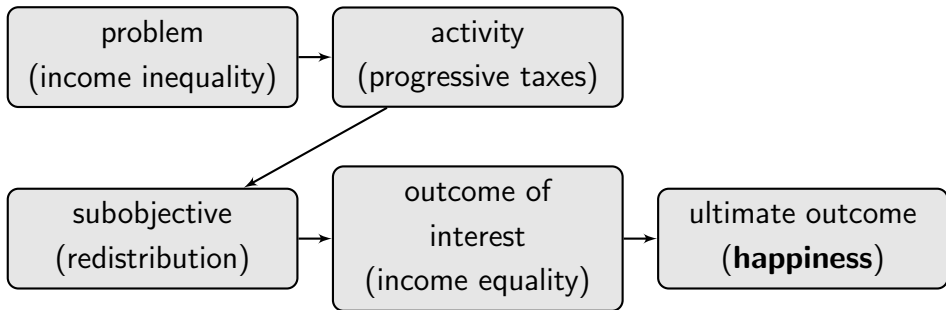
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the outcome line (easy)



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.

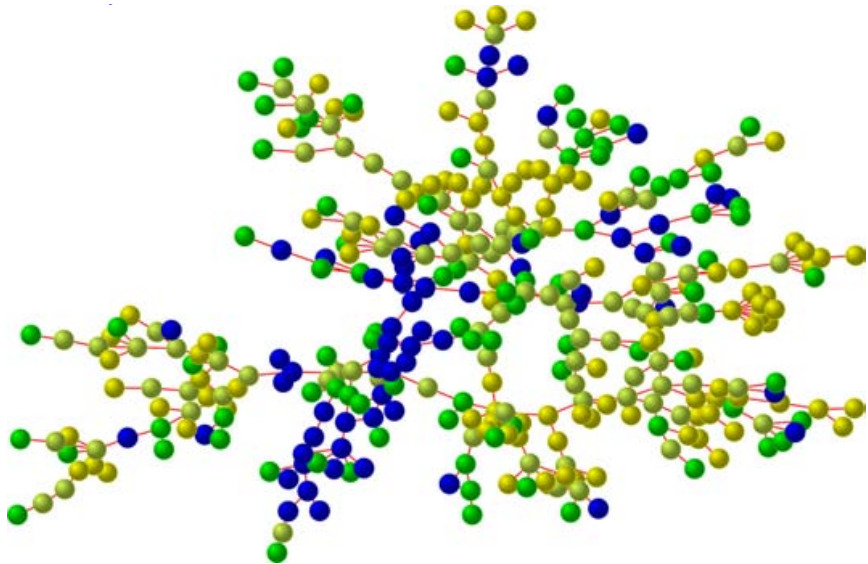
Paul Krugman cited in Di Tella and MacCulloch (2006)

- 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,



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what predicts happiness

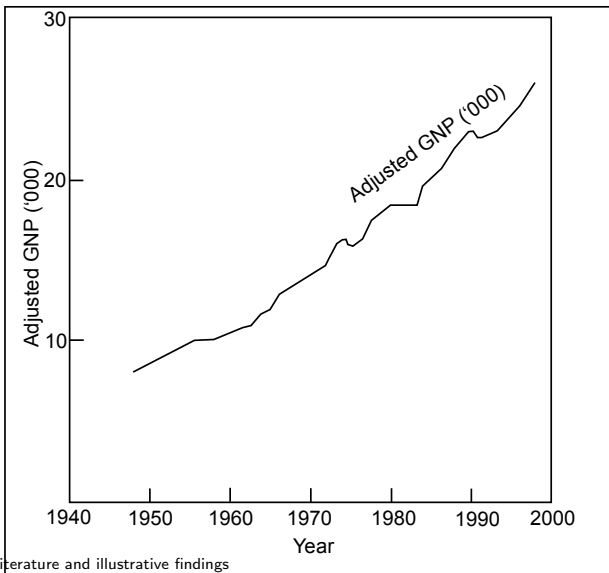
- biological needs (Diener and Biswas-Diener, 2002)
- personal income (and personal income change) (Diener et al., 1999)
- goals vs. needs (Diener and Seligman, 2004)
- leisure (Diener et al., 1999)
- personal characteristics (Diener et al., 1999)
 - personality
 - education
- social capital ('the need to belong') (Myers, 2000, Diener and Seligman, 2004)
 - religion
 - marriage

what predicts happiness cont'd

- pcgdp, ppp (Alesina and Ferrara, 2000)
- unemployment and inflation rates (Di Tella et al., 2001)
- life expectancy at birth (Di Tella and MacCulloch, 2005)
- income inequality (?)
- political freedom (Veenhoven, 2000)
- political stability and security (Helliwell, 2006)
- gender equality (ratio of average male and female earnings) (?)
- family life (divorce rate) (Di Tella and MacCulloch, 2005)

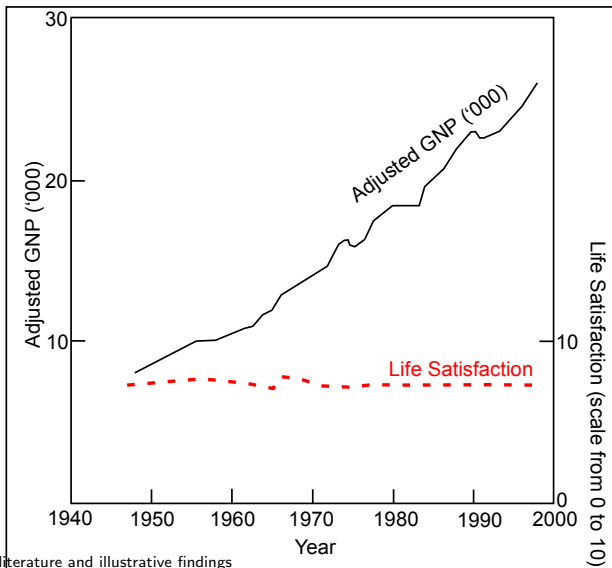
easterlin's paradox

income in the us, 1947-98 (Diener and Seligman, 2004)

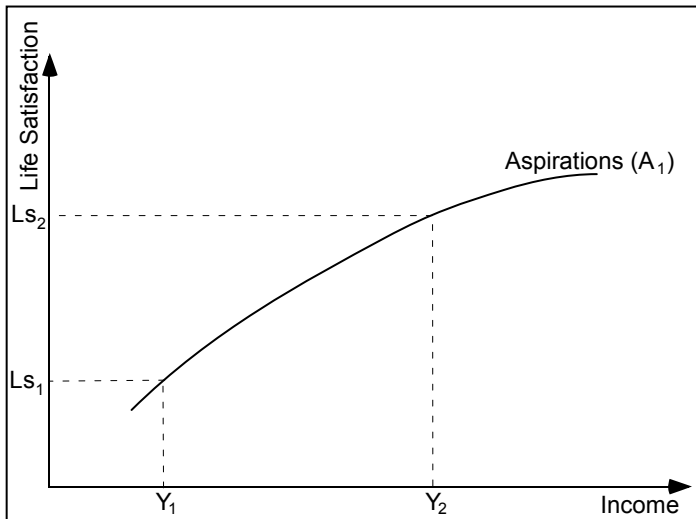


easterlin's paradox

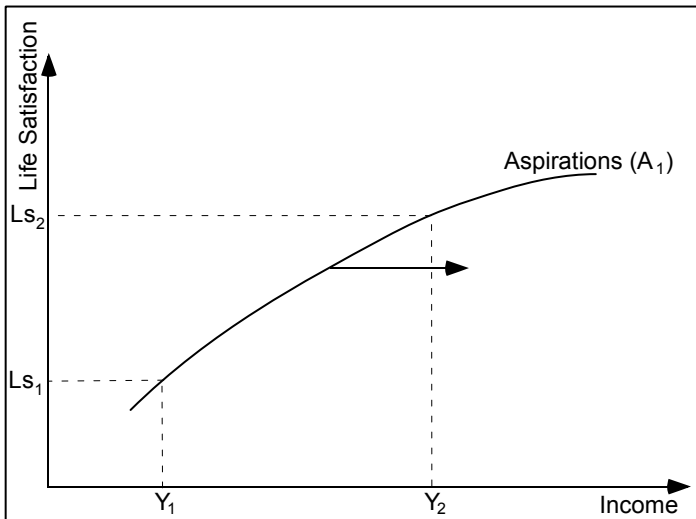
happiness in the us, 1947-98 (Diener and Seligman, 2004)



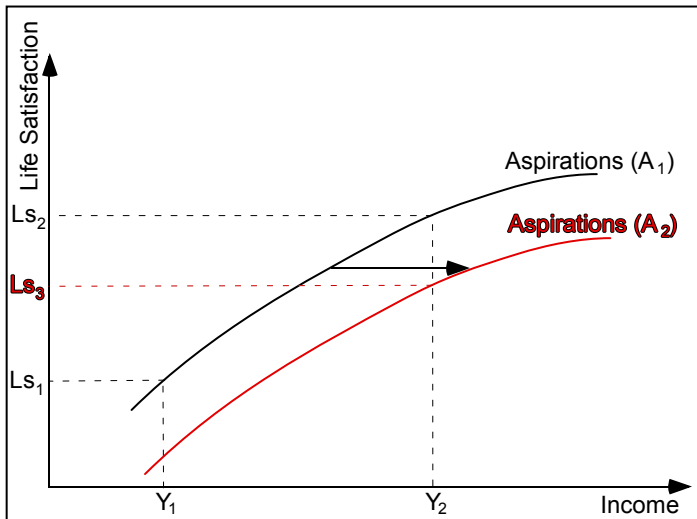
income increases happiness, but...



income increases happiness, but...



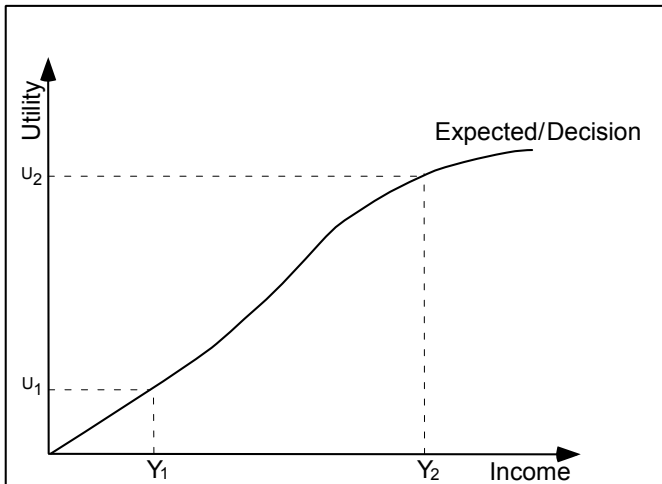
income increases aspirations, too



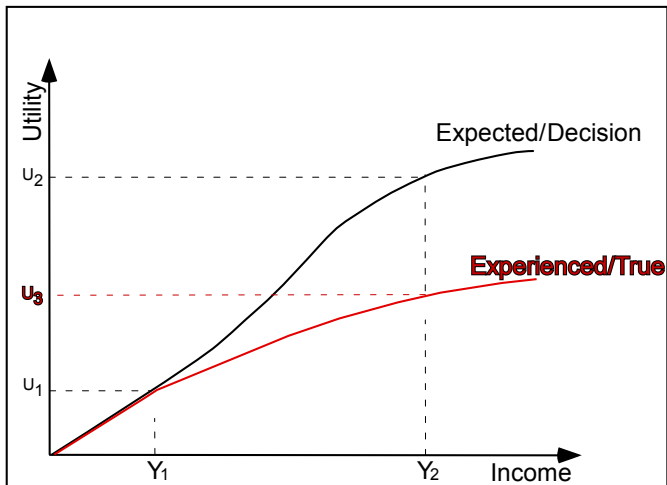
utility (Kahneman et al., 1997)

- decision utility \approx expected happiness
“weight of an outcome in a decision”
- experienced utility \approx happiness
“hedonic quality”
- decision utility \neq experienced utility

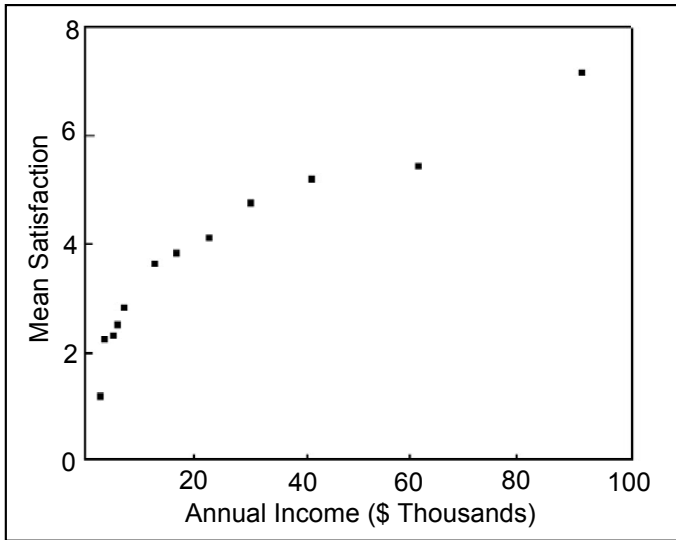
expected vs. experienced utility



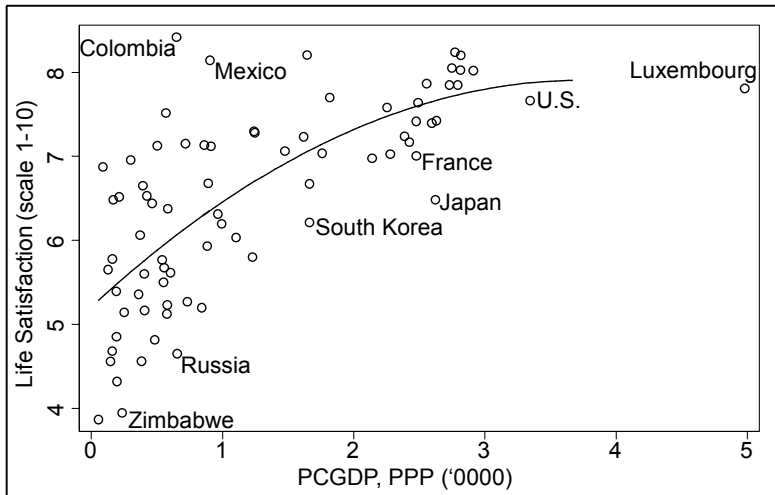
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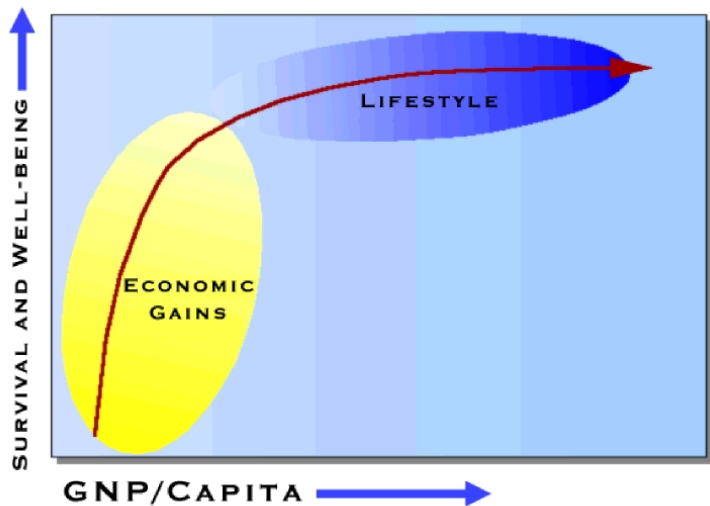
income v happiness in the us, 1981-4 (Diener et al., 1993)



income v happiness in the world, (wvs) 1996-2004



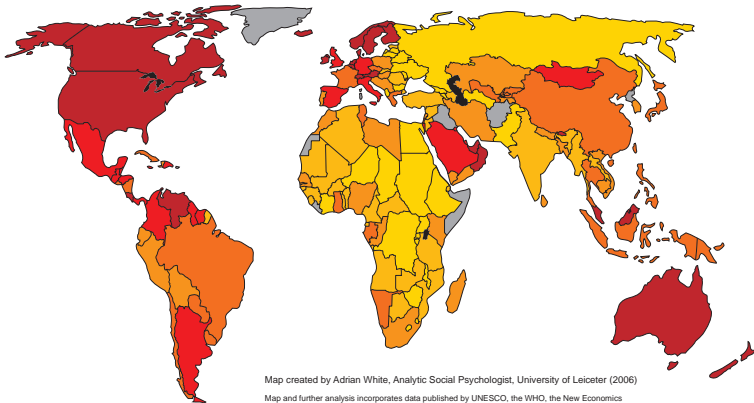
income v happiness across countries



Source: R. Inglehart, 1997

world happiness

A Global Projection of Subjective Well-being:
The First Published Map of World Happiness



Map created by Adrian White, Analytic Social Psychologist, University of Leicester (2006)

Map and further analysis incorporates data published by UNESCO, the WHO, the New Economics Foundation, the Veenhoven Database, the Latinobarometer, the Afrobarometer, the CIA, and the UN Human Development Report.



Cartographic Unit • University of Leicester

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