

# Policy

Adam Okulicz-Kozaryn

this version: Friday 11<sup>th</sup> March, 2022 10:02

[adam.okulicz.kozaryn@gmail.com](mailto:adam.okulicz.kozaryn@gmail.com)

## civilization

- “Happiness,” said Freud, “is no cultural value.”
  - (civilization is based on suppressed or delayed gratification/happiness)
  - see superb “Civilization and its discontents”
- Freud defined happiness as the “subsequent fulfillment of a prehistoric wish. That is why wealth brings so little happiness: money was not a wish in childhood”
  - com dev: suppressed/delayed gratification: culture of poverty: Ed Banfield “Unheavenly City”

# Benthamite “Greatest SWB for the Greatest Num”

- more pleasure than pain for as many as possible
- hedonic calculus: seek pleasure, avoid pain:
  - $\text{happiness} = \text{pleasure} - \text{pain}$
- have political/legal reforms to produce
  - “Greatest Happiness for the Greatest Number”
- this is what we’re witnessing today!
  - early political advocates: [Stiglitz et al. \(2009\)](#)
  - UK, New Zealand, UAE/Dubai, OECD, Bhutan, etc
  - [but! beware of happiness industry! ([Davies, 2015](#))]

## outline

beyond GDP, back to Bentham (or Aristotle!)

SWB as ultimate outcome of policy process

lets discuss readings from syllabus for today!

bonus: interventions/increase happiness

bonus: use of happiness to evaluate policy

bonus: the scientific literature and illustrative findings

bonus: bad capitalism

## Robert Kennedy 1968 (cited in (Stiglitz et al., 2009))

- 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

- 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.
- now actually even degrowth makes sense ([Kallis et al., 2012](#))



# GDP – > HDI – > SWB

- after WWII started with GDP, to rebuild with stuff:
  - cities, highways, buildings, etc
- then realized that other things matter:  
 $HDI = GDP + Educ + lexp$
- UN: MDG – > SDG; from poverty eradication (increase GDP and equality) to other things  
<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4746946/>
- now realizing that even more matters:  
 $SWB = \text{everything that matters!}$

## United Nations (A/RES/65/309)

- The General Assembly, in its resolution 65/309 entitled “Happiness: towards a holistic approach to development”, conscious that the pursuit of happiness was a fundamental human goal, recognized that the gross domestic product (GDP) indicator was not designed to and did not adequately reflect the happiness and well-being of people

## outline

beyond GDP, back to Bentham (or Aristotle!)

SWB as ultimate outcome of policy process

lets discuss readings from syllabus for today!

bonus: interventions/increase happiness

bonus: use of happiness to evaluate policy

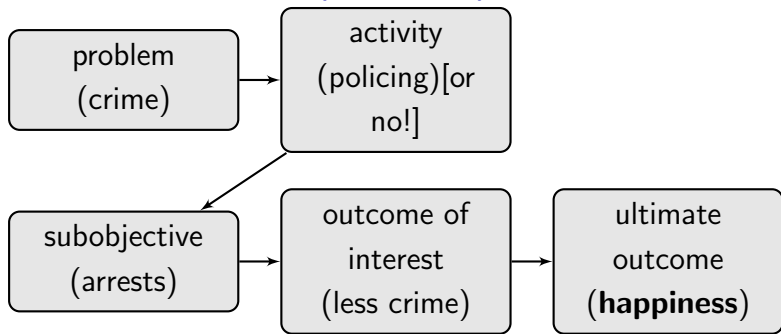
bonus: the scientific literature and illustrative findings

bonus: bad capitalism

## why?

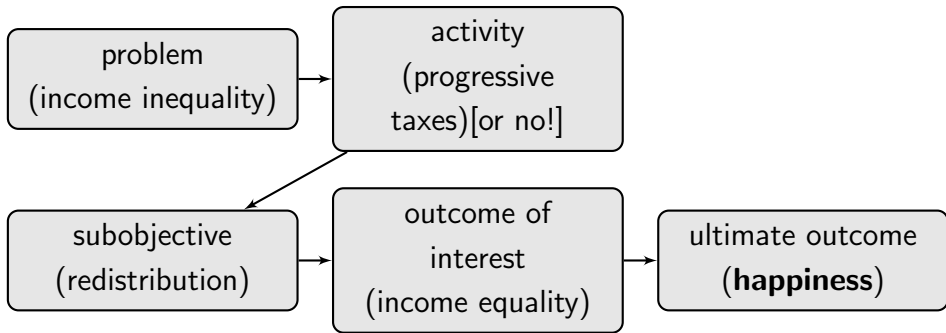
- end in itself
- a measure of utility/well-being/QOL/standard of living
- a better, more comprehensive and precise measure than individual or national income/consumption
- the ultimate outcome in public policy/adm process>

## the outcome line (not easy)



can't agree on anything: more police? less police?

## the outcome line (not easy!)



can't agree either; is inc ine a problem? what to do?

## 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 satisfy needs and provide livability

## outline

beyond GDP, back to Bentham (or Aristotle!)

SWB as ultimate outcome of policy process

lets discuss readings from syllabus for today!

bonus: interventions/increase happiness

bonus: use of happiness to evaluate policy

bonus: the scientific literature and illustrative findings

bonus: bad capitalism



## outline

beyond GDP, back to Bentham (or Aristotle!)

SWB as ultimate outcome of policy process

lets discuss readings from syllabus for today!

bonus: interventions/increase happiness

bonus: use of happiness to evaluate policy

bonus: the scientific literature and illustrative findings

bonus: bad capitalism

# knowledge=power: know what makes ppl happy

- social stuff
  - (eg Latin America v US)
- agency, being in charge of your life
  - (eg autonomy, flexibility (Okulicz-Kozaryn and Golden, 2017))
- meaning, purpose
  - “the meaning of life is meaning” (Csikszentmihalyi, 1991) culture, civilization, society, religion, etc (Freud et al., 1930, Fromm, [1941] 1994, Berger and Luckman, 1966, Wildavsky, 1987)

# be grateful

- it works!
- and probably the easiest and fastest

# carpe diem

- “Happiness, not in another place but this place...not for another hour, but this hour.” Walt Whitman
- mindfulness: feeling/being without constructs and concepts
- being present, being now; no past or future, no TODOs etc
- v difficult! need vacation, nature, etc
- (even mindfulness is in service to productivity: be mindful so you can be more productive)

## outline

beyond GDP, back to Bentham (or Aristotle!)

SWB as ultimate outcome of policy process

lets discuss readings from syllabus for today!

bonus: interventions/increase happiness

bonus: use of happiness to evaluate policy

bonus: the scientific literature and illustrative findings

bonus: bad capitalism

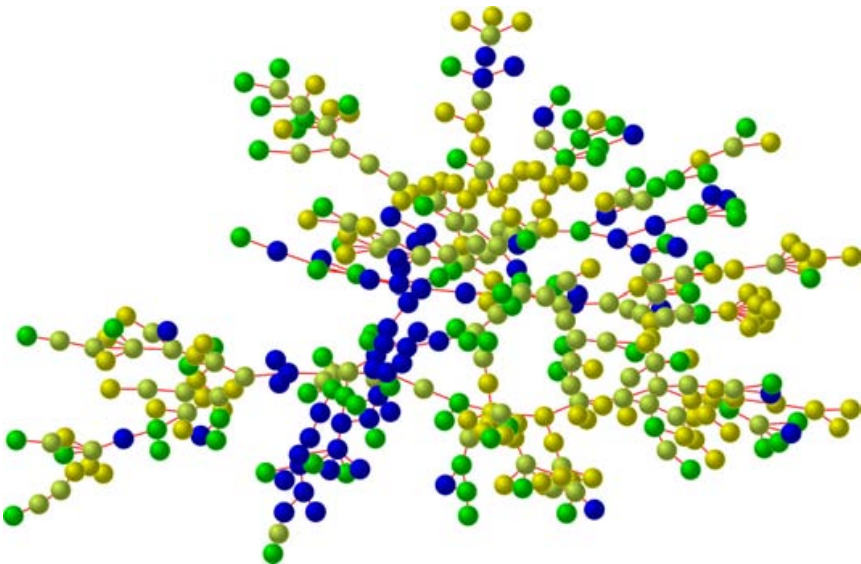
## unemployment and welfare (Di Tella and MacCulloch, 2006)

- $H_0$  : decrease unemployment benefits to decrease unemployment rate
- 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)

- direct dem (referenda) –  $>SWB$
- direct dem makes citizens happier than non-citizens
- not the policy outcome that matters (foreigners cannot be excluded) but  
the process of participating in decision-making itself

# SWB is contagious (Fowler and Christakis, 2008)





## outline

beyond GDP, back to Bentham (or Aristotle!)

SWB as ultimate outcome of policy process

lets discuss readings from syllabus for today!

bonus: interventions/increase happiness

bonus: use of happiness to evaluate policy

bonus: the scientific literature and illustrative findings

bonus: bad capitalism

# what predicts happiness

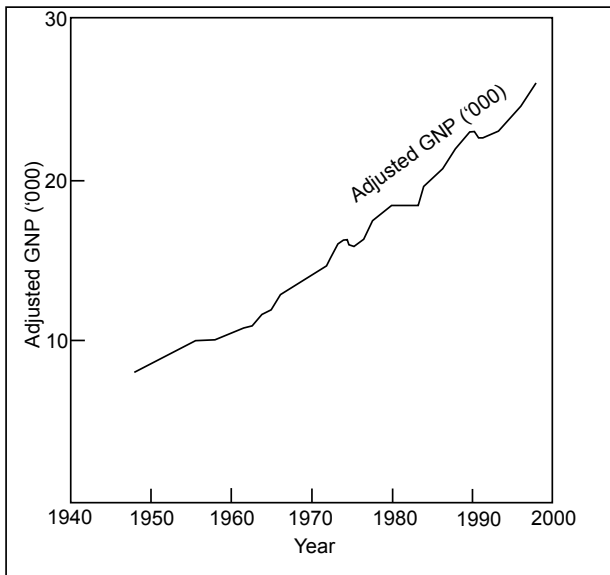
- biological needs (Diener and Biswas-Diener, 2002)
- personal income (and personal income change) (Diener et al., 1999)
- goals vs. needs (Diener and Seligman, 2004)
- leisure (Diener et al., 1999)
- personal characteristics (Diener et al., 1999)
  - personality
  - education
- social capital ('the 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 (Alesina et al., 2003)
- political freedom (Veenhoven, 2000)
- political stability and security (Helliwell, 2006)
- gender equality (ratio of average male and female earnings) (Bjornskov et al., 2007)
- family life (divorce rate) (Di Tella and MacCulloch, 2005)

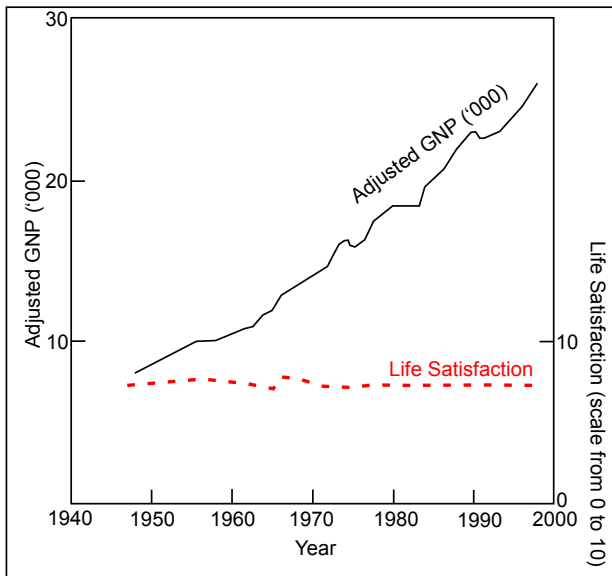
# easterlin's paradox

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

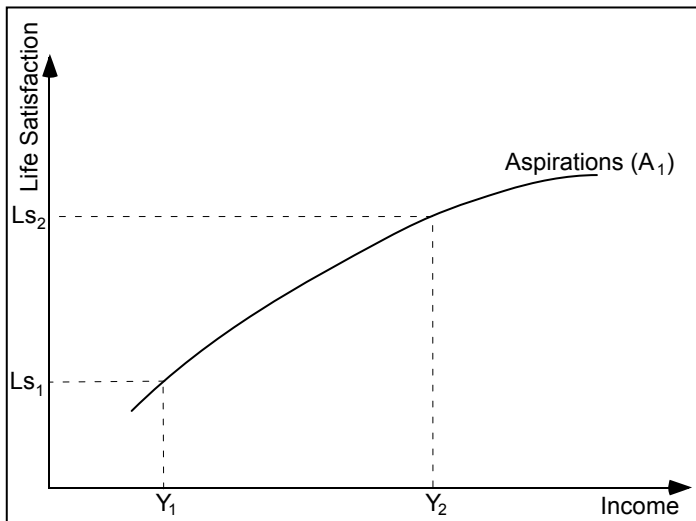


# easterlin's paradox

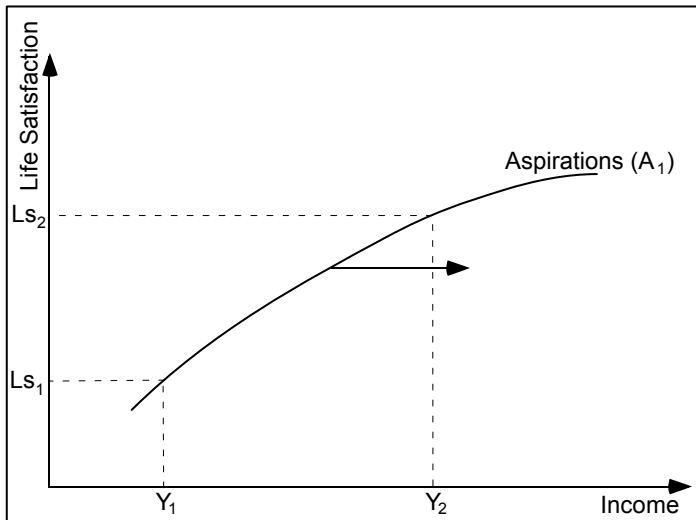
## happiness in the us, 1947-98 (Diener and Seligman, 2004)



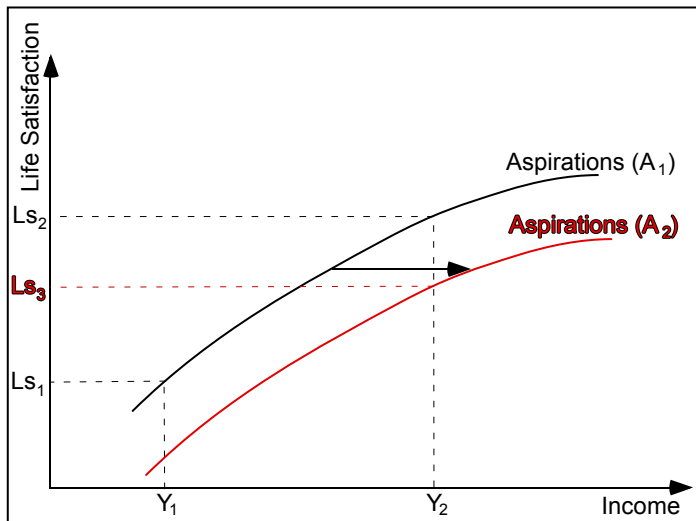
income increases happiness, but...



## income increases happiness, but...



## income increases aspirations, too

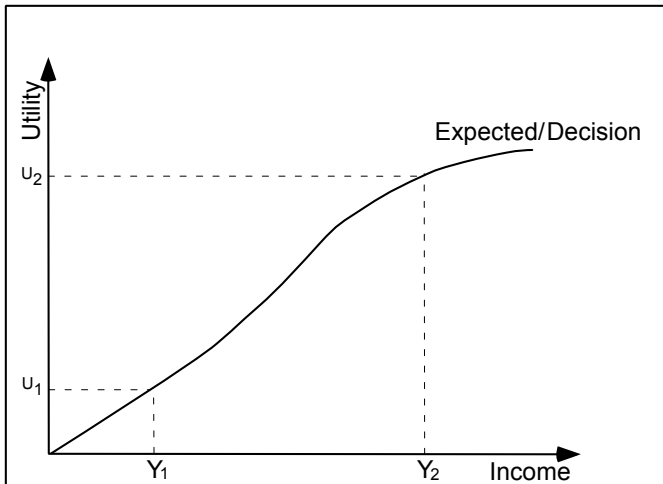




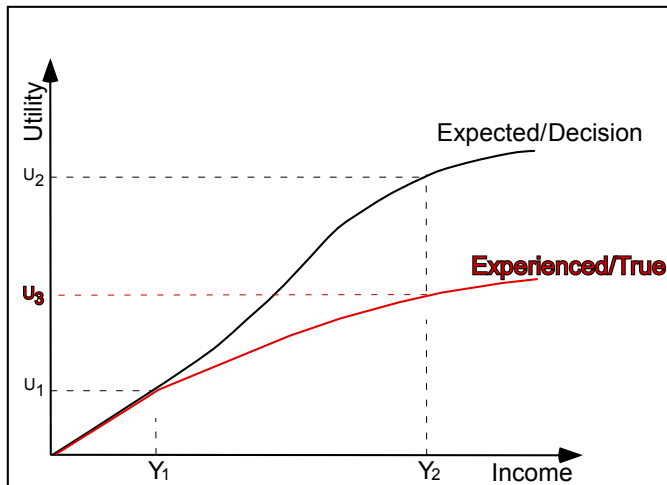
# utility (Kahneman et al., 1997)

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

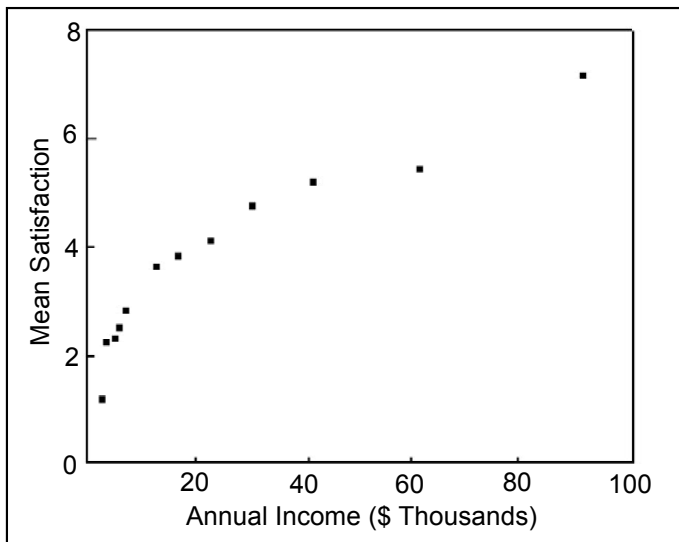
## expected vs. experienced utility



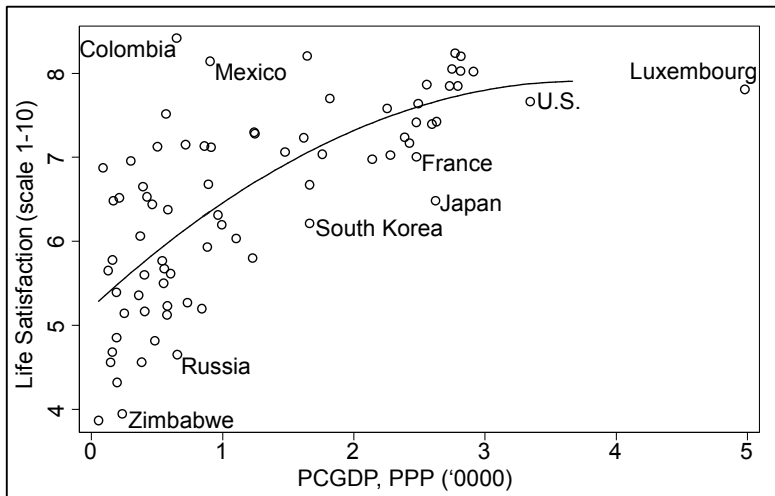
## expected vs. experienced utility



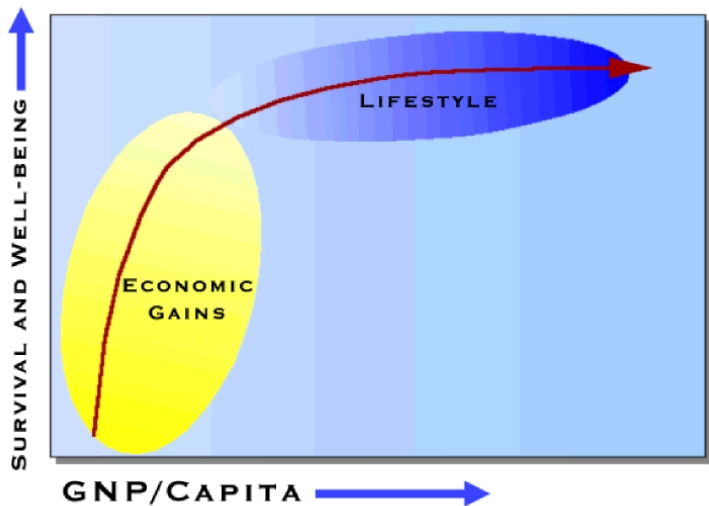
## income v happiness in the us, 1981-4 (Diener et al., 1993)



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



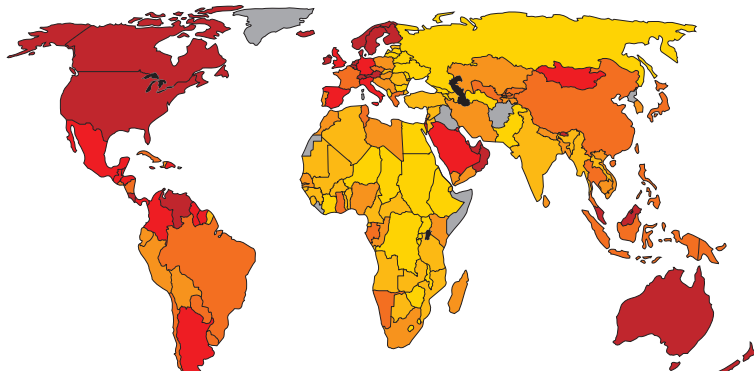
# income v happiness across countries



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

## outline

beyond GDP, back to Bentham (or Aristotle!)

SWB as ultimate outcome of policy process

lets discuss readings from syllabus for today!

bonus: interventions/increase happiness

bonus: use of happiness to evaluate policy

bonus: the scientific literature and illustrative findings

bonus: bad capitalism



## bad capitalism (more on capital later)

- “Greed, envy, sloth, pride and gluttony: these are not vices anymore. No, these are marketing tools. Lust is our way of life. Envy is just a nudge towards another sale. Even in our relationships we consume each other, each of us looking for what we can get out of the other. Our appetites are often satisfied at the expense of those around us. In a dog-eat-dog world we lose part of our humanity.” Jon Foreman
- “If you’re not a leftist or socialist before you’re 25, you have no heart; if you are one after 25 you have no head”  
(Apocryphal)

## welfare/redistribution

- No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable. It is but equity, besides, that they who feed, clothe, and lodge the whole body of the people, should have such a share of the produce of their own labor as to be themselves tolerably well fed, clothed, and lodged.

Adam Smith, The Wealth of Nations, Bk. 1, Ch. 8.

- ALESINA, A., A. DEVLEESCHAUWER, W. EASTERLY, S. KURLAT, AND R. WACZIARG (2003): "Fractionalization," Journal of Economic Growth, 8, 155–194.
- ALESINA, A. AND E. L. FERRARA (2000): "Participation in Heterogeneous Communities," National Bureau of Economic Research Working Paper.
- BERGER, P. AND T. LUCKMAN (1966): The Social Construction of Reality: A Treatise in the Sociology of Knowledge, Garden City, NY: Doubleday.
- BJORNSKOV, C., A. DREHER, AND J. FISCHER (2007): "The bigger the better? Evidence of the effect of government size on life satisfaction around the world." Public Choice, 130, 267 – 292.
- CSIKSZENTMIHALYI, M. (1991): Flow: The Psychology of Optimal Experience, Harper Perennial.
- DAVIES, W. (2015): The Happiness Industry: How the Government and Big Business Sold us Well-Being, Verso Books.
- DI TELLA, R. AND R. MACCULLOCH (2005): "Partisan Social Happiness," Review of Economic Studies, 72, 367–393.
- DI TELLA, R. AND R. MACCULLOCH (2006): "Some Uses of Happiness Data in Economics," The Journal of Economic Perspectives, 20, 25–46.
- DI TELLA, R., R. J. MACCULLOCH, AND A. J. OSWALD (2001): "Preferences over inflation and unemployment: Evidence from surveys of happiness," American Economic Review, 91, 335–341.
- DIENER, E. AND R. BISWAS-DIENER (2002): "Will money increase subjective well-being? A literature review and guide to needed research," Social Indicators Research, 57, 119–169.
- DIENER, E., E. SANDVIK, L. SEIDLITZ, AND M. DIENER (1993): "The relationship between income and subjective well-being: relative or absolute?" Social Indicators Research, 28, 195–223.
- DIENER, E. AND M. E. P. SELIGMAN (2004): "Beyond Money: Toward an Economy of Well-being," Psychological Science, 5, 1–31.

- DIENER, E., E. M. SUH, AND R. E. LUCAS (1999): "Subjective Well-being: Three Decades of Progress," Psychological Bulletin, 125, 276–302.
- 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.
- FREUD, S., J. RIVIERE, AND J. STRACHEY (1930): Civilization and its discontents, Hogarth Press London.
- FREY, B. S. AND A. STUTZER (2000): "Happiness, economy and institutions," Economic Journal, 110, 918–938.
- FROMM, E. ([1941] 1994): Escape from freedom, Holt Paperbacks.
- HELLIWELL, J. F. (2006): "Well-being, social capital and public policy: what's new?" The Economic Journal, 116, C34–C45.
- KAHNEMAN, D., P. P. WAKKER, AND R. SARIN (1997): "Back to Bentham? Explorations of Experienced Utility," The Quarterly Journal of Economics, 112, 375–405.
- KALLIS, G., C. KERSCHNER, AND J. MARTINEZ-ALIER (2012): "The economics of degrowth," Ecological Economics, 84, 172–180.
- MYERS, D. G. (2000): "The Funds, Friends, and Faith of Happy People," American Psychologist, 55, 56–67.
- OKULICZ-KOZARYN, A. AND L. GOLDEN (2017): "Happiness is flextime," Applied Research in Quality of Life.
- STIGLITZ, J., A. SEN, AND J. FITOUSSI (2009): "Report by the Commission on the measurement of economic performance and social progress," Available at [www.stiglitz-sen-fitoussi.fr](http://www.stiglitz-sen-fitoussi.fr).
- VEENHOVEN, R. (2000): "Freedom and Happiness. A comparative study in 46 nations in the early 90's," in Culture and subjective wellbeing, ed. by E. Diener and E. Suh, MIT press, Cambridge MA, 257–288.

- 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.
- WILDAVSKY, A. (1987): "Choosing Preferences by Constructing Institutions: a Cultural Theory of Preference Formation," American Political Science Review, 81, 3–21.