



## Analysis

National well-being policy and a weighted approach to human feelings<sup>☆</sup>Gus O'Donnell<sup>a,b,c,1</sup>, Andrew J. Oswald<sup>d,e,\*</sup><sup>a</sup> House of Lords, London, SW1A 0PW, United Kingdom<sup>b</sup> Frontier Economics, London, United Kingdom<sup>c</sup> University College London and the London School of Economics, United Kingdom<sup>d</sup> University of Warwick, Department of Economics and CAGE Research Centre, Coventry CV4 7AL, United Kingdom<sup>e</sup> IZA Bonn, Germany

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## ABSTRACT

Governments are becoming interested in the concept of human well-being and how truly to assess it. As an alternative to traditional economic measures, some nations have begun to collect information on citizens' happiness, life satisfaction, and other psychological scores. Yet how could such data actually be used? This paper is a cautious attempt to contribute to thinking on that question. It suggests a possible weighting method to calculate first-order changes in society's well-being, discusses some of the potential principles of democratic 'well-being policy', and (as an illustrative example) reports data on how sub-samples of citizens believe feelings might be weighted.

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*The welfare of a nation can ... scarcely be inferred from a measure of national income.*

p. 7 *Simon Kuznets, 1934.*

*We may ... reject the old, naive, behaviorism which assumed that it was ... more 'scientific' to judge human beings by animal standards. One consequence ... was that the whole notion of purpose and goal*

*was excluded ... simply because one could not ask a white rat about his purposes.*

p. 390 *Abraham Maslow, 1943.*

*By mid-twentieth century ... people as a whole were not disease-ridden, and ideas of so-called positive health emerged. This emboldened the WHO to define health in a new way as 'physical, mental and social well-being, not merely the absence of disease or infirmity'... Medicine would then focus on... moving people toward the favorable end of the health spectrum, as determined subjectively by responses to questions...*

p. 347 *Lester Breslow, 1972, Dean of the School of Public Health, UCLA.*

*A unifying theme ... is that the time is ripe ... to shift emphasis from measuring economic production to measuring people's well-being.*

p. 6 *Executive Summary: Stiglitz Commission Report, 2009.*

*"Resolution 65/309 of July 2011: We invite Member States to pursue the elaboration of additional measures that better capture the importance*

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*of the pursuit of happiness and well-being in development with a view to guiding their public policies."*

*General Assembly of the United Nations, 2011.*

## 1. Introduction

Eighty years ago, Simon Kuznets, a pioneer in the measurement of Gross Domestic Product, pointed out that human welfare could not be captured by his measure (Kuznets, 1934). Economists have recently begun to take seriously his strictures, and many governments are beginning to attempt to measure 'human well-being'.

How could such ideas be made practical and how would governments act upon them? This paper is a tentative attempt to explore the principles of what might be called 'well-being policy'. Such terminology is unconventional. We will think of it as any form of economic and social policy-making in which use is made of survey data on people's feelings of psychological well-being. It could be thought of, more broadly, as *national decision-making that draws upon data on citizens' reported emotions*. As a matter of historical contrast we will have in mind – although it would be wrong to believe in a rigid dichotomy – policy-making of a kind more familiar to economists where attention is paid largely to accounting data and objective<sup>2</sup> data (such as statistics on Gross Domestic Product and on unemployment).<sup>3</sup>

The paper discusses the idea that average well-being scores might be used as a guide to policy. It suggests a way to put weights on different kinds of human feelings.

As a society evolves, it seems natural to allow the concept of success also to evolve. The paper builds on that simple idea. The intention here is not to argue that nations should go over to an exclusive use of 'happiness' and subjective well-being data. Nor is its purpose to denigrate the traditionally collected kinds of information. Nor does it argue for an extreme pro-Easterlin<sup>4</sup> or anti-growth position, even though such arguments should, we believe, be taken seriously by economists. The objective is instead to make an effort to say something constructive about how these new kinds of data might be used. Because the terrain is unfamiliar, later ideas should be seen as tentative and exploratory.

Because there is little standard knowledge in this area of policy-making, we attempt below to suggest ideas from first principles – as they would be conceived, in particular, by an economist. The field is not, of course, the unique preserve of the economist. When the topic is that of human well-being, many research literatures are relevant. Those include thousands of writings by psychologists, epidemiologists, sociologists, psychiatrists, neuroscientists, and others. They also include articles in political science such as important new work by Flavin et al. (2014) in which the authors document evidence of how government intervention can be a source of greater well-being in society.

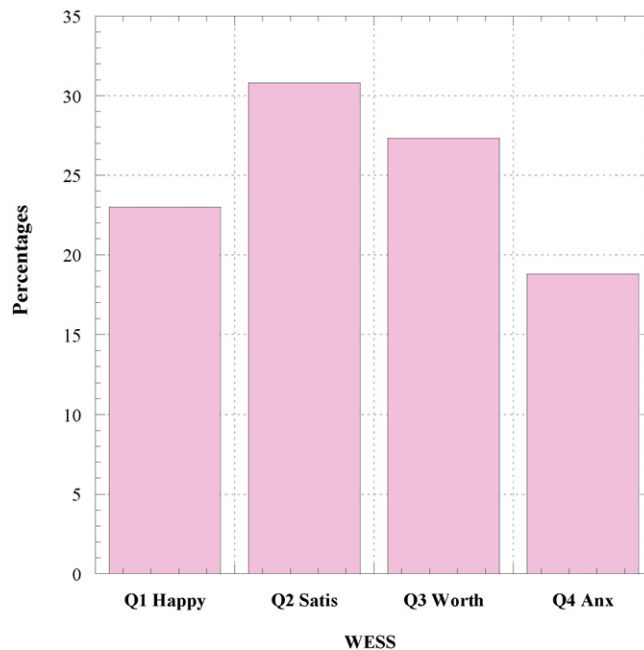
A particular concern in this paper will be to try to address the following difficult issue:

*Consider a world in which survey statistics are being collected by government statisticians on citizens' feelings of well-being and quality of life. Imagine that these data cover various measures: they record data on different kinds of feelings. If little is known about the form of the social well-being objective function, but it is believed that well-being is an*

<sup>2</sup> We are aware, of course, that it is possible to dispute the objectivity of many such kinds of data. Methods for the calculation of the unemployment rate, for instance, are open to the charge that there is no unique way to measure true joblessness. But those issues are not the primary concern of this paper.

<sup>3</sup> It is sometime thought that the economist Lionel Robbins was against all subjective data, but that is not true, and he was not an extreme behaviourist. "I do not think that it is sensible to restrict our generalizations to observables." (Robbins, 1953, p. 102). He was, however, famously against the idea that people can make legitimate interpersonal comparisons, although his case was based on introspection and not buttressed with formal evidence for such a view.

<sup>4</sup> Famously, Richard Easterlin (1974, 2013) has provided evidence that nations may not be getting happier as they get richer.



**Fig. 1.** The means of the importance weights chosen by the respondents in Survey 1 (of economics students) *Note on how to interpret the figure:* The vertical bars give the means of the proportions of survey respondents who favoured happiness, satisfied, worthwhile of life, and anxiety. Thus in this sample the respondents believed that the greatest weight should be put on the objective of life satisfaction. On average, 31% of their possible 100% of points were allocated to that. By contrast, 19% of points were allocated to the goal of (low) anxiety. WESS stands for Warwick Economics Summer School. Sample size N = 76 **QUESTION** "The UK government is collecting information on... happiness, satisfaction with life, how worthwhile life is, and people's anxiety. We would like to know your view on the relative importance of these for assessing how well a society is doing. We would like you to imagine that you have 100 points to allocate as an indication of the importance of measures of well-being. How would you personally allocate the 100 points across the four measures...".

*increasing function of certain emotions (say, 'happiness') and a declining function<sup>5</sup> of others (say, 'anxiety'), can anything useful be concluded about how to measure changes in society's well-being?*

This paper suggests that, perhaps surprisingly, something can be concluded – as a first order approximation and if other stringent assumptions can be made. What emerges is one hypothetical approach to the weighting of human feelings. The paper also offers an empirical contribution as well as a conceptual one. It collects and documents evidence on citizens' views about how well-being data might be weighted. We report the results of four small surveys that were conducted for this project. These were of, respectively, (i) economics students, (ii) MBA students, (iii) Amazon Mechanical Turk survey respondents, and (iv) professional non-academic economists. The findings are described in the later figures, Figs. 1–4. This part of the paper might be seen as building on the spirit of Benjamin et al. (2014), because here we also, if in a different way, ask citizens for their views on 'happiness' data.

The seeds of these ideas in the empirical economics literature go back to articles such as Easterlin (1974) and Oswald (1997), which argue that policy-makers should move away from solely objective measures and incorporate subjective measures of human well-being, and in the psychology literature to a huge corpus of writings, from the 1980s to today, by Edward Diener. In practical terms, a seminal role for policy-makers was played by a report that may be relatively little-known outside the United Kingdom, namely Donovan and Halpern (2002). Much

<sup>5</sup> For any non-technical reader who finds this mathematical kind of language strange, it boils down to the idea that we might think that happiness is generally a good thing and anxiety is generally a bad thing, and hence we do know something about the 'direction' of their effects, even if we know virtually nothing else about a society's preferences.

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