

## “Happiness in Public Policy”

- D’abord, je suis heureux mais je ne suis pas content.
  - Je reviens à cette question des dynamiques plus tard
- This reminds of me of the question asked by the DM of Finance. I want the number of Canadians broken down by age and sex ... and I want their names.
- Important websites:
  - [WWW.IRPP.ORG](http://WWW.IRPP.ORG)
  - [www.cartoonbank.com](http://www.cartoonbank.com) searchable data base of NewYorker Cartoons
  - about the Stats Family
    - The mother says only 17% of kids like broccoli and the kid says and only 3% of them tell the truth and the father says 86% of all statistics are wrong 18% of the time.
  - There is a false precision to the results we have seen today
- In Economics 100 I learned about the inadequacies of GDP
- I have three points to make today.
  - 1. The value of this work is not in the measurement, although that is important.
    - The value is in developing an **analytic, rigorous conceptual** framework for doing the analysis
  - 2. There are two dangers I fear
    - One that the “giggle factor” will allow people to **dismiss** serious intellectual endeavour
    - Second that others will adopt this as **proven** technology
      - **Neither** is true
    - The **caveats** are often more important than the results
      - See Andrew’s last slide that he skipped over
    - There is a danger that there will be a **partisan** response from the OLO
      - What will Ignatief or Ed Milliband say?
    - And then there is the problem of **how to combine** the indicia
      - Indicators are not precise measures.
      - The weights are important and to some extent arbitrary
      - In the UK hospitals are ranked in a league table
        - The 32 measures include the return of breast cancer and the patient satisfaction with the meals
        - Hospital administrators improve taste but not health.
        - Satisfaction over satisfaction

- There is a behavioural response
- And then there is the problem of how we deal with the **significance of differences**
  - A .8%point difference may or may not be significant
  - How can we tell if Sherbrooke is MUCH better than Toronto, or a little better
- Finally, there is the problem of whether SWB is a **stock or a flow**
  - How durable is happiness?
  - Does a sunshiny day make me happy for a day or a week?
  - Does the endorphin rush of singing improve my wellbeing for an hour or a day?
- In the end we need to be appropriately cautious of not pretending that this is a breakthrough, but rather that it helps us understand what the Social Welfare Function might be.
- 3. What is the role of **stability and uncertainty**
  - There is an **optimal quantity of uncertainty**
  - If we are “happy” and satisfied, then will we improve productivity and innovate and be creative?
    - We might be happy without progress
  - Does stability and certainty undermine **productivity** improvement and innovation
  - Thus there may be an **optimal quantity of happiness**
    - can we be happy now but not in the future all due to the same thing?
    - How do the **dynamics** and durability work?
  - Then there is the issue of **security**
    - The purpose of **terrorism** is not to kill people, but to cause terror
    - Understanding this can help us rank anti-terrorism in the hierarchy of public policy
  - And on the issue of **Crime and Punishment**
    - Happiness may be an **endogenous** variable ... one that politicians can manipulate
    - If the stats on crime are all going down, can you create a problem that you can fix by **hyping** crime?
    - The government can make people feel **unsafe** and unhappy and then **come to their rescue**
    - Thus Crime and punishment can be a **key policy priority** although there is no problem.
  - Finally, is the question of **complexity**

- There is an **optimal quantity of choice**
      - Recent research has looked at **default** options where complex issues like pension choices are beyond mere mortals.
      - There can be **too much choice**
      - Choice can be bewildering and reduce well-being
- **Conclusion**
  - So, I have **three** points
    - 1. The conceptual framework is more important than measurement
    - 2. There is a danger of polarization
    - 3. Stability may lead us to think that we are happier
  - Let me end on the difficulty of dealing with **non-intuitive situations**
    - Among the disabled there are many different views of happiness
    - **“Deaf culture”** revels in their deafness
      - Some eschew cochlear implants and want to stay deaf
    - In last month’s Literary Review of Canada there was a review of **Donna Thompson’s book**.
      - Donna is the spouse of my successor in London, Jim Wright
      - The review is titled : **“Defining a good life”** and her book is called **“The four walls of my freedom.”**
      - They call into question our presumptions to the notion of happiness and well being
      - Donna derives enormous **joy** from her son Nick and although he is very ill with MS, he is a source of joy and “happiness” to his parents.
    - Maybe the S in SWB Subjective Well-Being is actually very important.
  - This is a **productive endeavour** elaborating well being but we must proceed with appropriate **caution**.