



# HOW DOES THE ABILITY TO MEASURE AGGREGATE HUMAN HAPPINESS IMPACT POLICY?

For decades, psychologists and survey designers have been asking people “Taking all things into account, how satisfied are you with your life these days, on a scale of zero to ten.” Within economics, this measure of subjective well-being (sometimes referred to as “happiness”) has grown from obscurity to a position of prominence, and it is now changing the way governments and societies think about progress.

It would be right to start with healthy skepticism for aggregating such reports, since, in principle, individuals could vary substantially in their emotional norms, could be influenced by short-term events and circumstances, and might even have different conceptions of “the good life” in different places and cultures around the world.

However, short-term influences on an individual’s response reflect the long-term realities of their life. Individual differences in intrinsic optimism are washed out in aggregate measures of happiness, or are removed when the data come from tracking happiness of the same individuals over time. One of our most remarkable findings to date is that the pattern of social, economic, political, and individual factors that account for variation in individual life satisfaction look more or less the same in 150 countries around the world, suggesting a significant universality to the meaning of the “good life”.

Thus, by measuring such “happiness” and helping to unpack its relationship to the conditions and events of people’s lives, our research is offering new insights into what may be the ultimate social objective, for which economists have previously been more dependent on poor proxies such as the Gross Domestic Product (GDP).

Indeed, as economists, we have measured well-being by the scope of choices (but especially market-oriented, or observable, choices) available to people. This makes a lot of sense as long as people can be deeply trusted to make decisions in their own interest. However, extensive evidence says that we cannot always. Given the choice and without prodding, people will take up smoking, eat unhealthy food, and undersave for retirement. Now, the happiness research provides a way to identify harder-to-measure mistakes and has shown that we mispredict our own happiness and overvalue material benefits as compared with social benefits and sharing.

The maturation of techniques to measure and analyse subjective well-being, and the modern confidence in its reproducibility and salience as an overall assessment of life quality, are reflected in a rapidly burgeoning interest from academics, high-level policy makers, national statistical agencies, and civil society. For instance, national governments in the U.K., France, Korea, Bhutan, as well as the European Union and OECD are making efforts to develop and target new measures of well-being.

Canada is also somewhat of a leader in the measurement of subjective well-being, but has taken a more cautious approach in making the link to policy.

Meanwhile, my research has shown that in Canada, the wealthiest cities are the least happy, and that Quebec has undergone a large and hard-to-explain rise in life satisfaction over the past 25 years. These mysteries are still to be fully unravelled.

The new science of happiness is already affecting policy, from shifting the balance between unemployment (bad, and worse than previously thought) and inflation (bad, but less than previously thought) in macroeconomic policy, to the design of urban form at the civic and local scale. Some of my research supports a cautious approach to using this new tool in formulating policy. However, I suspect that

as our understanding of the relative well-being benefits of material gain and social cohesion continues to mature, we will have more to say, and with large implications. For instance, while the current paradigm tells us that climate mitigation policy is a threat to material consumption growth, the economics of happiness may show us a path in which true well-being can rise at the same time as we curb our harmful emissions. Indeed, it currently appears that our policy options are insufficient to meet the crisis without redirecting our progress towards some more meaningful measure of well-being.



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