

Happiness and Wellbeing Measures and Public Policy

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Story of Emma

What is happiness? What is wellbeing?

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What is happiness?

Dictionary Definition:

- The state of being happy
- An experience that makes us happy
- A state of well-being and contentment



What is wellbeing?

Ryff's (1989) Psychological Wellbeing

Self-acceptance

Environmental mastery—to suit personal needs and values

Positive relations with others

Autonomy

Purpose in life and

Personal growth



Seligman's (2011) PERMA Model

Positive emotion

Engagement

Relationships

Meaning and

Accomplishment



Diener's Subjective Wellbeing

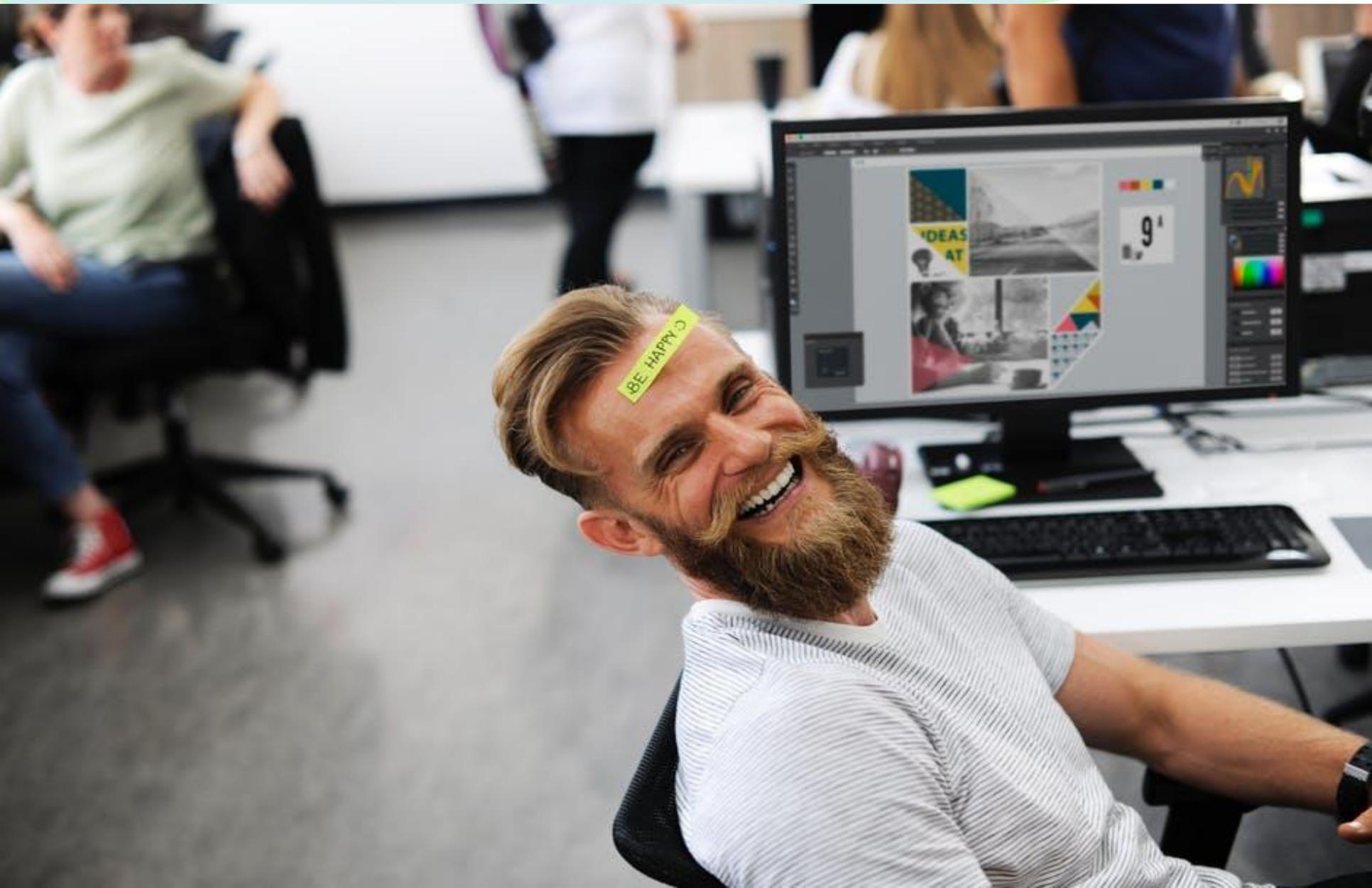
Life Satisfaction

Positive effect

Negative effect



Why do happiness and wellbeing matter?



Benefits of Happiness

- **More friends**
- **Better and longer marriages**
- **Social capital: Trust and volunteering**
- **Higher supervisor ratings at work**
- **Organizational citizenship behaviors**
- **Health (reduces mental illness, heart disease, stroke, diabetes, depression, improves body immune system and longevity)**



Source: Ed Diener, (Dr. Happiness), Happiness Accounts for Policy Use, 2007

Other benefits of happiness

Happiness as a goal of human life

Happiness and morality – they go together. John Ruskin says “Taste is not only part and index of morality, it is the only morality”.

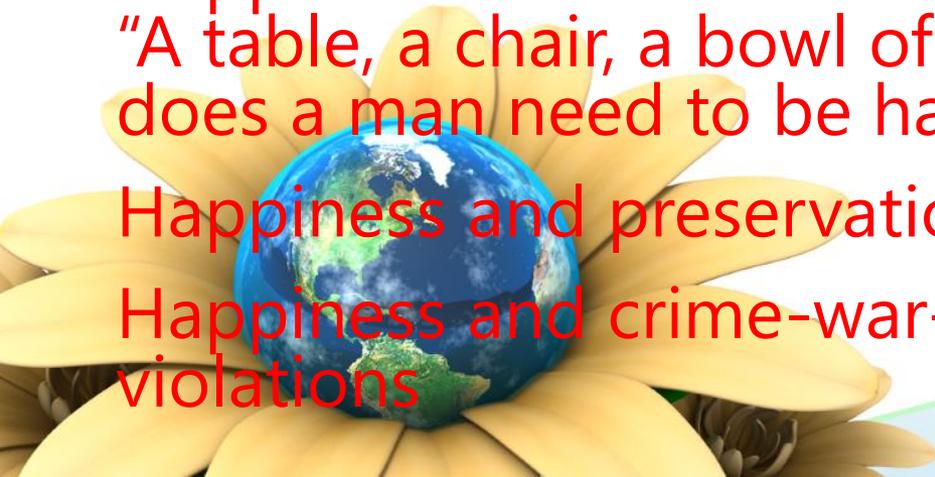
Happiness and creativity and productivity: scientists, artists, singers, philosophers, designers, etc.

Can we force someone to invent i-phone, climb Mt. Everest, perform excellent ballet dance?

Happiness and unfettered ambition (As Einstein said “A table, a chair, a bowl of fruit and a violin; what else does a man need to be happy?”)

Happiness and preservation of natural resources

Happiness and crime-war-terrorism-human right violations



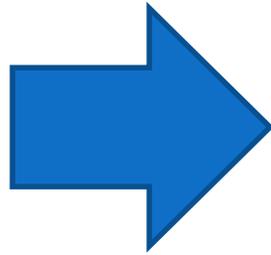
Whatever is for my highest good may be the highest good for everyone else



Are we born with Life's GPS

Innate Behavior vs. Blank Slate

(Evolutionary psychologists Vs. John Locke)



Why does subjective wellbeing matter?

Can we assume someone's wellbeing is very high if someone has:

- high income
- big house
- expensive car, etc.

- Buddha,

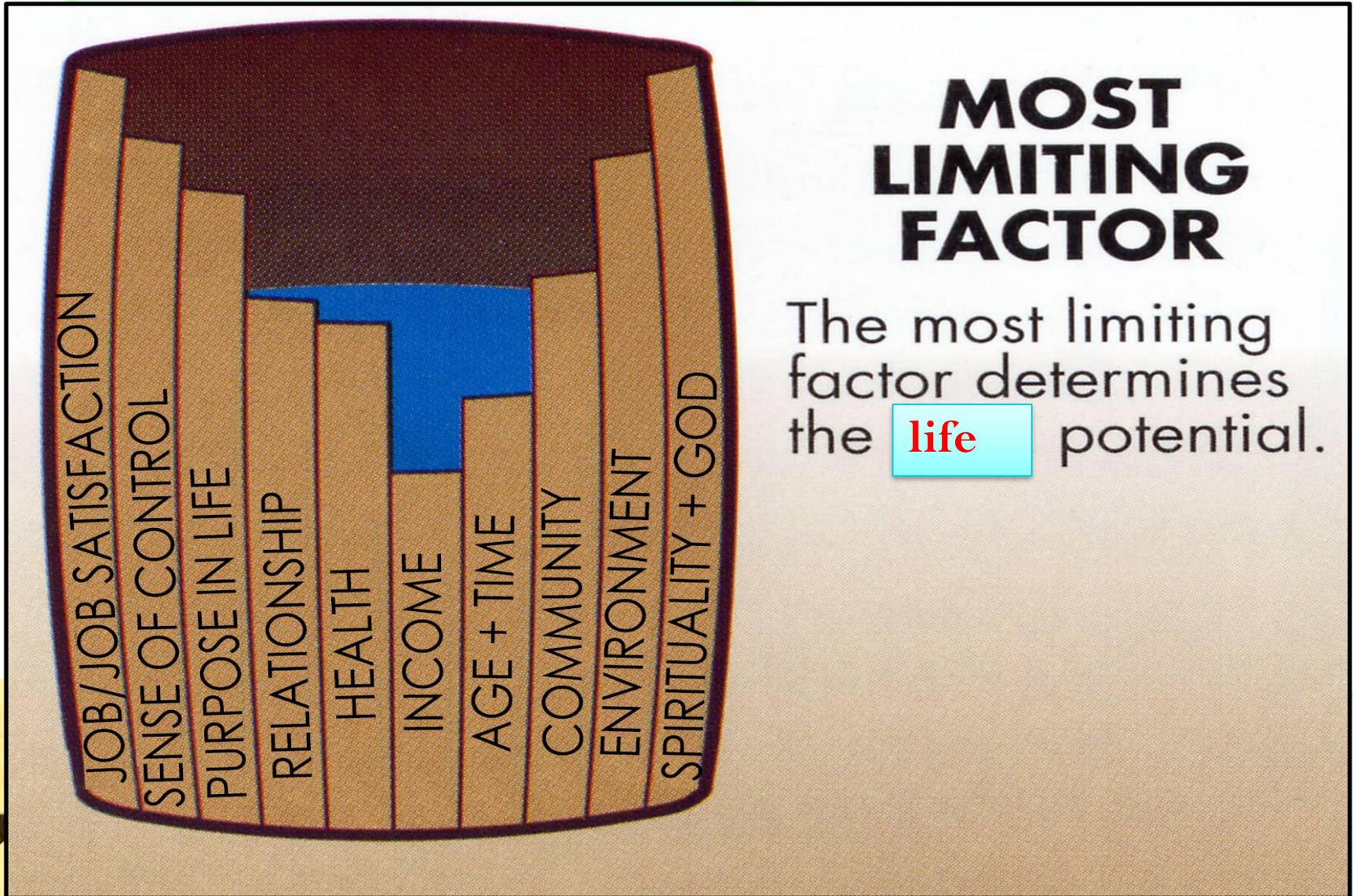
- Jesus

- People move from high income to low income

- A lady moved back to North Korea from S. Korea



Why does subjective wellbeing matter?

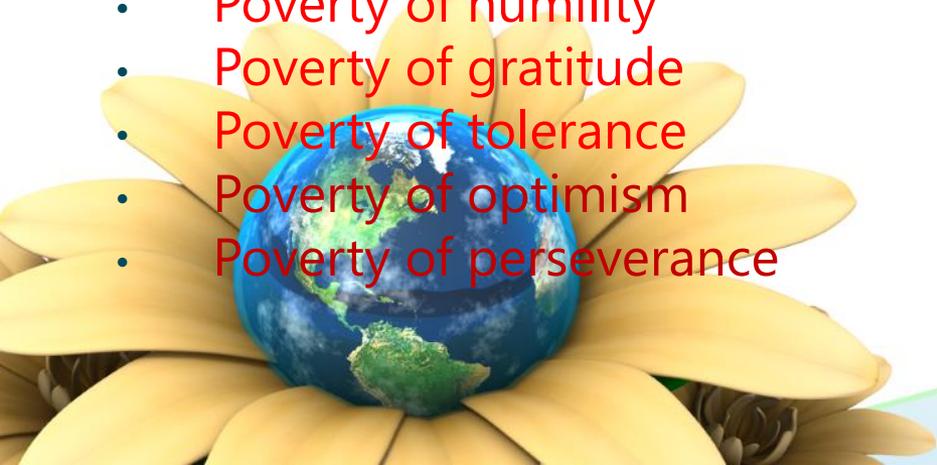


MOST LIMITING FACTOR

The most limiting factor determines the **life** potential.

Types of Poverty and Marginal Utility

- Economic poverty –lack of resources
- Intellectual poverty – lack of access to knowledge
- Poverty of affection – lack of love
- Physical poverty – lack of health
- Poverty of support network and friends and relationships
- Poverty of self-control
- Poverty of sociability
- Poverty of the will
- Poverty of humility
- Poverty of gratitude
- Poverty of tolerance
- Poverty of optimism
- Poverty of perseverance
- Poverty of restraint/judgement
- Poverty of civic engagement
- Poverty of sense of control in life
- Poverty of creativity
- Spiritual poverty, etc.
- Absolute poverty (lack of basic needs)
- Relative poverty (in comparison to others)
- Situational poverty (Transitory)
- Generational or chronic poverty



How to measure happiness

Hedonic –day to day pain and pleasure; how they feel at any particular time.

Eudaimonic/global wellbeing –people's assessment of their lives as a whole:

Aristotle's good life, having sense of purpose and meaning in life, Maslow's self actualization,



How to measure subjective wellbeing?

Ed Diener, also called Dr. Happiness, developed satisfaction with life scale:

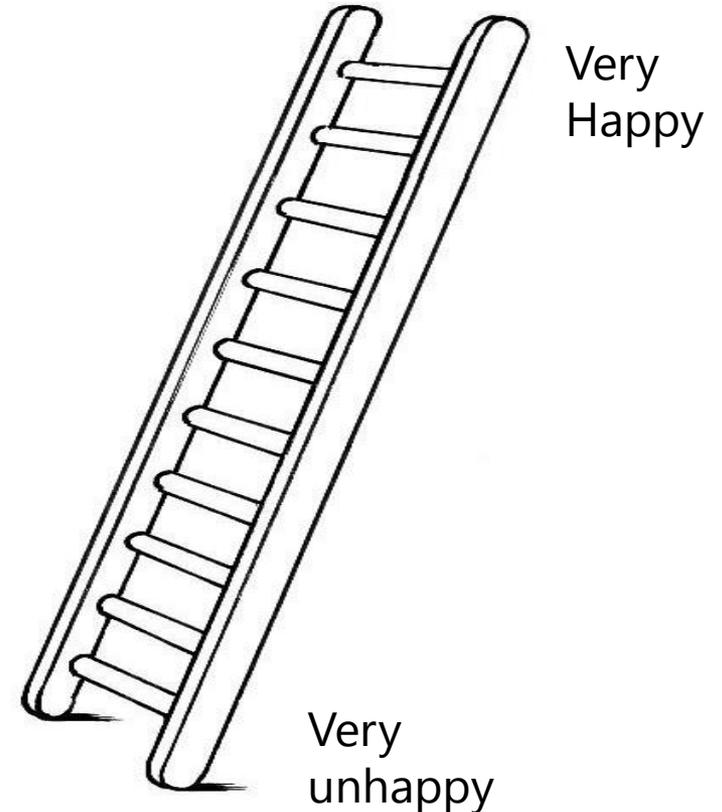
Not at all true		Moderately true			Absolutely true	
1	2	3	4	5	6	7

1. In most ways my life is close to my ideal.
2. The conditions of my life are excellent.
3. I am satisfied with my life
4. So far I have gotten the important things I want in life.
5. If I could live my life over, I would change almost nothing.



Gallup's Wellbeing Survey Question

Please imagine a ladder with steps numbered from 0 at the bottom to 10 at the top. The top of the ladder represents the best possible life for you and the bottom of the ladder represents the worst possible life for you. On which step of the ladder would you say you personally feel you stand at this time?



UK's Wellbeing Measures

Since 2011, UK is asking following questions to adults to better understand how they feel about their lives. (scale 0 to 10)

Overall, how satisfied are you with your life nowadays?

Overall, to what extent do you feel the things you do in your life are worthwhile?

Overall, how happy did you feel yesterday?

Overall, how anxious did you feel yesterday?



Gallup-Hathways State of American Wellbeing

Purpose: Liking what you do each day and being motivated to achieve your goals

Social: Having supportive relationships and love in your life

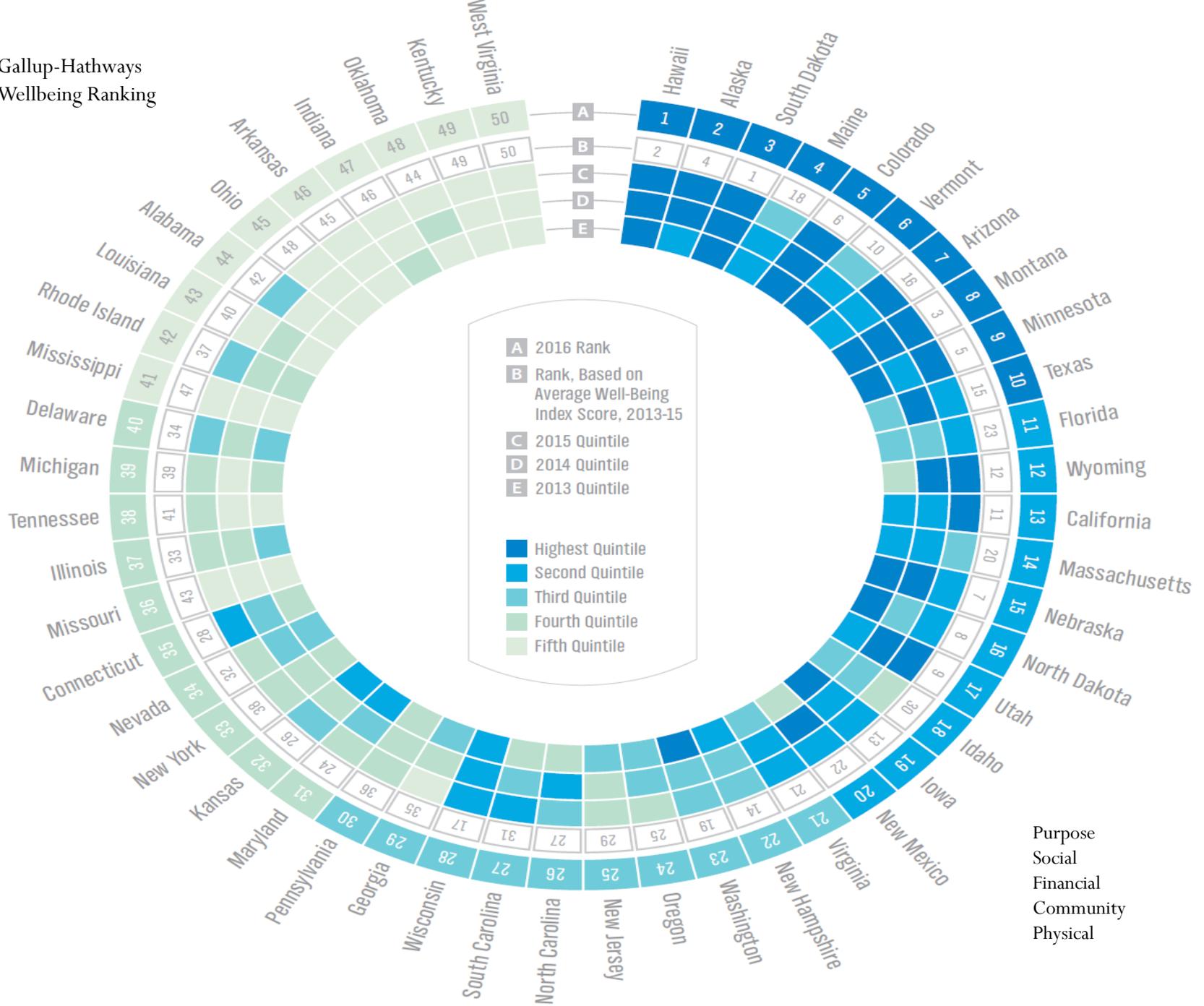
Financial: managing your economic life to reduce stress and increase security

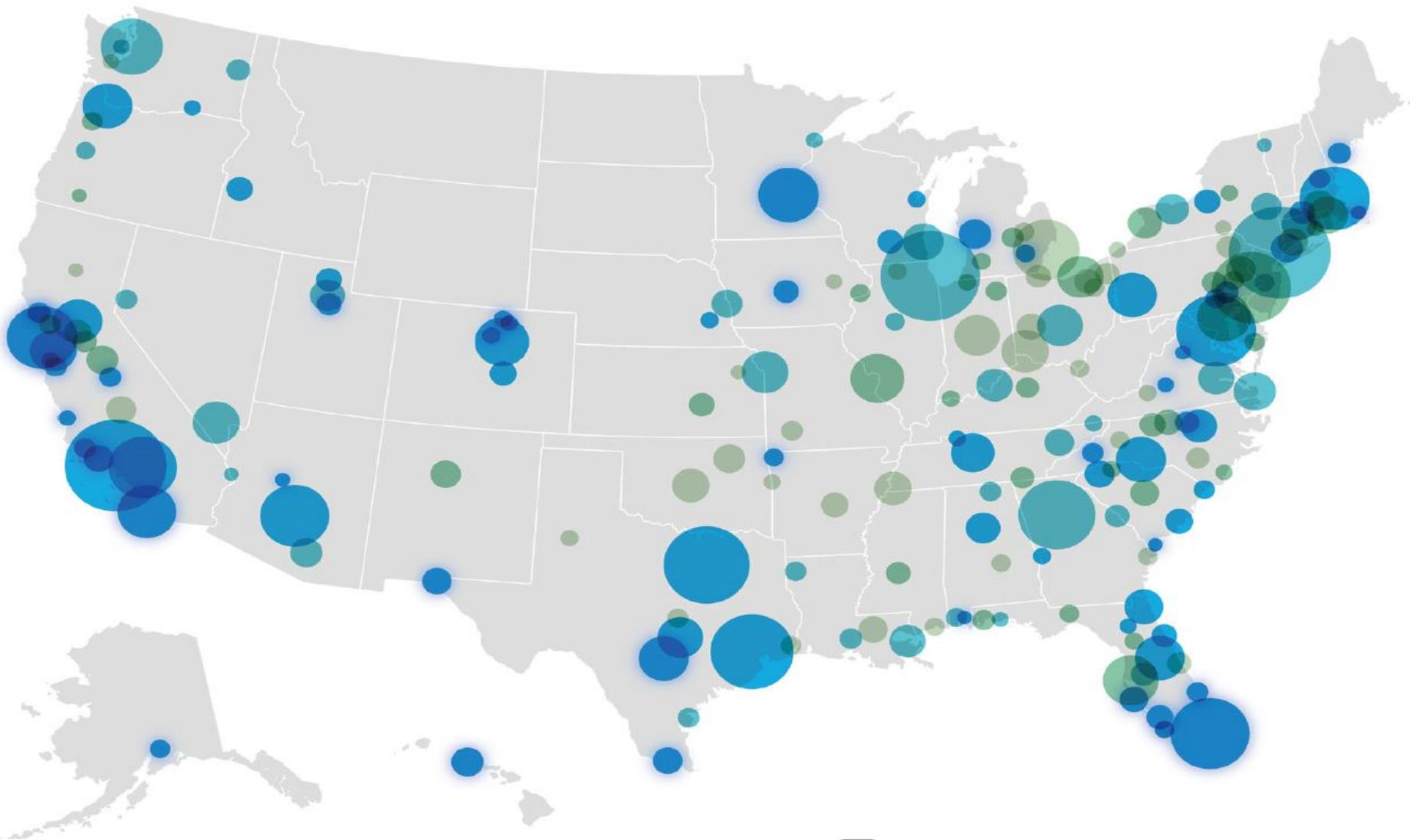
Community: liking where you live, feeling safe and having pride in your community

Physical: having a good health and enough energy to get things done daily



Gallup-Hathways
Wellbeing Ranking





Population: 250,000 500,000 1,000,000 2,500,000 5,000,000 $\geq 10,000,000$

■ Highest Quintile ■ Second Quintile ■ Third Quintile ■ Fourth Quintile ■ Fifth Quintile



Country Well-Being Rankings: Overall & By Element

2014

2014 Rank	Country	Percent thriving in 3+ elements	Purpose	Social	Financial	Community	Physical
1.	Panama	53.0	1	2	30	2	1
2.	Costa Rica	47.6	2	3	50	10	2
3.	Puerto Rico	45.8	3	1	37	8	4
4.	Switzerland	39.4	21	42	3	5	27
5.	Belize	38.9	8	9	73	3	3
6.	Chile	38.7	4	5	49	27	9
7.	Denmark	37.0	6	66	8	4	14
8.	Guatemala	36.3	5	7	101	12	6
9.	Austria	35.6	18	47	5	11	29
10.	Mexico	35.6	9	12	67	24	20
11.	Uruguay	35.5	10	4	61	51	5
12.	Argentina	33.6	17	10	55	46	13
13.	Colombia	33.4	7	13	93	38	8
14.	Kyrgyzstan	33.4	34	11	46	18	25
15.	Brazil	33.2	12	14	66	35	18
16.	Norway	32.0	26	82	1	6	77
17.	Netherlands	31.9	38	76	4	16	28
18.	El Salvador	31.9	11	6	102	39	7
19.	Turkmenistan	31.7	24	28	27	40	17
20.	Myanmar	31.7	40	8	63	7	10
21.	United Arab Emirates	30.8	52	52	24	9	15
22.	Israel	30.7	46	65	12	56	12
23.	United States	30.5	22	24	22	41	31
24.	Canada	30.2	33	38	15	23	49
25.	Luxembourg	30.2	25	36	7	36	96
26.	Sweden	29.1	42	87	2	19	81
27.	Saudi Arabia	28.5	44	39	42	13	16
28.	Germany	28.0	36	105	6	14	57
29.	New Zealand	27.9	32	69	14	25	50
30.	Venezuela	27.7	28	25	58	60	24
31.	Bahrain	27.6	41	34	39	17	22
32.	Mauritania	27.3	15	26	91	48	11
33.	Nicaragua	27.3	14	19	105	31	23
34.	Dominican Republic	26.9	13	15	119	71	19
35.	Honduras	26.4	16	29	106	34	21
36.	Ireland	26.3	55	50	19	22	51
37.	Finland	26.2	43	46	10	58	71
38.	Bolivia	25.9	29	18	78	55	42
39.	Ecuador	25.9	23	48	95	44	35
40.	Australia	25.3	57	56	16	30	79
41.	Malaysia	24.6	51	35	34	32	32
42.	Malta	24.4	61	20	25	26	98
43.	Philippines	24.1	19	22	96	20	53
44.	United Kingdom	23.5	47	79	20	64	67
45.	Kuwait	23.5	60	59	32	33	40
46.	Sierra Leone	23.4	20	51	125	43	41
47.	Russia	23.0	37	45	29	66	89
48.	France	22.8	30	27	45	70	82
49.	Northern Cyprus	22.6	112	32	35	29	36
50.	Thailand	22.4	39	71	21	76	59

World Happiness Map

<http://www.worldlifeexpectancy.com/world-happiness-map>



Why it is hard to measure happiness?



- It is very subjective
 - Beauty is in the eyes of beholder
- Long-term vs. short term happiness
- Hedonic adaptation /Satisfaction treadmill
- Cross cultural differences in values
- Comparison with reference group

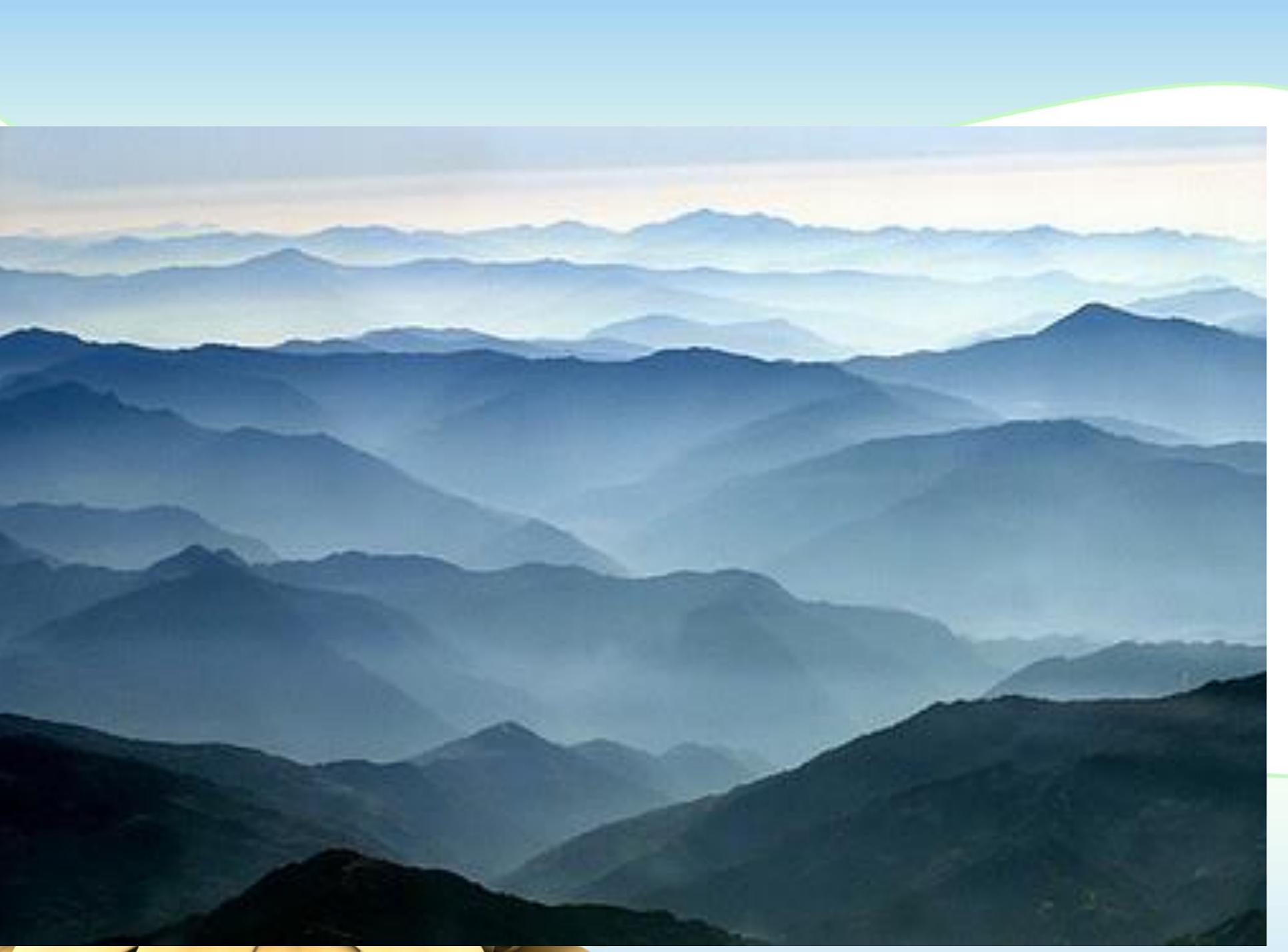
What do you prefer?

You get \$60,000 and a friend gets \$30,000

or

You get \$100,000 and a friend gets \$150,000





Traditional measures of success?

GDP

Income

Employment

Wages and salaries

Etc.



Employment

Why do we need alternative measures of success?

The GDP 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 marriage, the intelligence of our public debate or the integrity of our public officials. It measures neither our wit or 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.

-President Kennedy (1968)



Why do economists care about happiness?

Measures of subjective well-being provide an alternative yardstick of progress

SWB integrates mental health and physical health, and is more holistic approach to diseases prevention and health promotion

Better understand what factors contribute to subjective wellbeing

Policy evaluation and cost-benefit analysis (valuing non-market goods)

Identifying potential policy problems

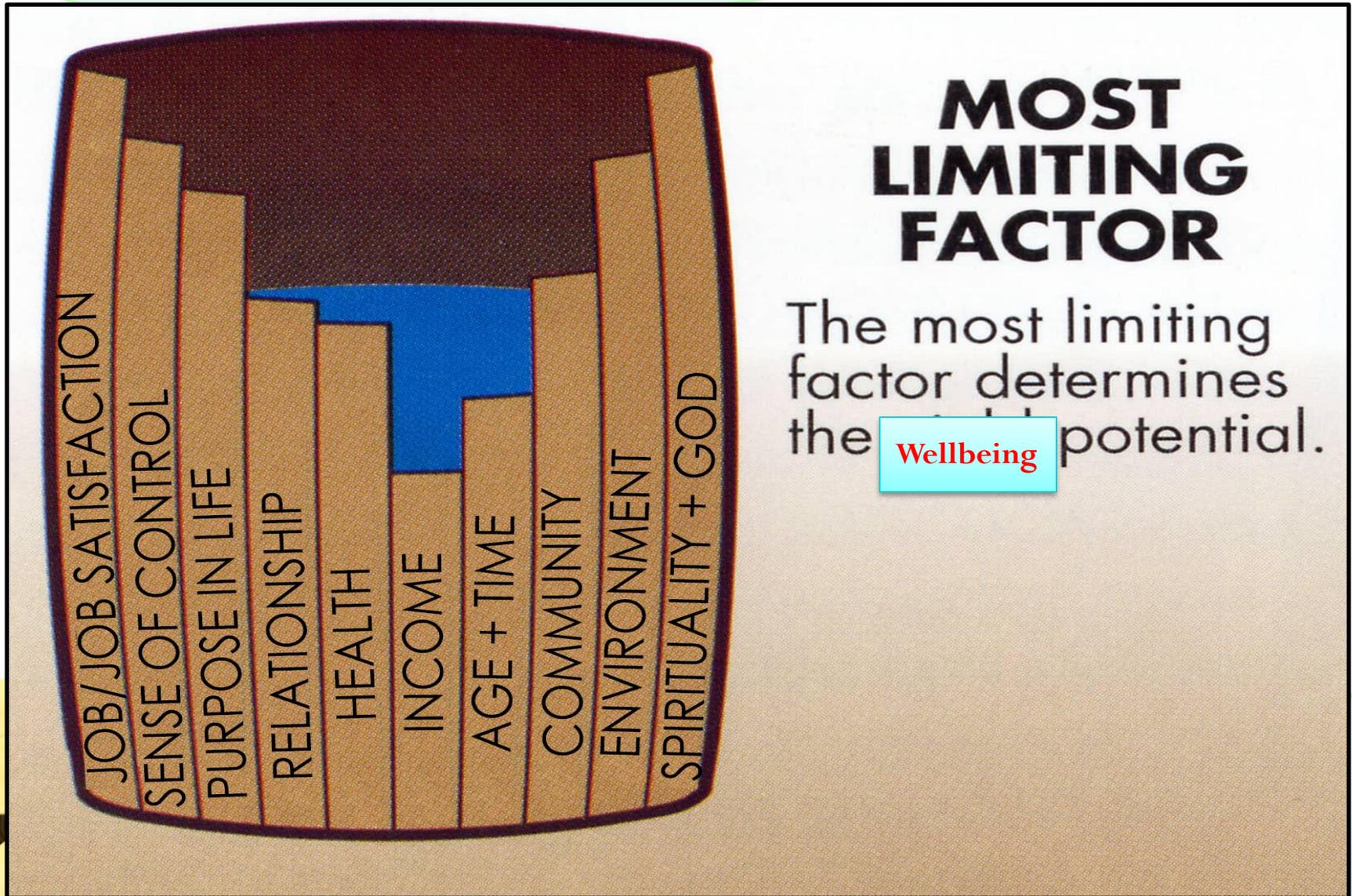
If economists' concern is human welfare, it is important to measure what matters to human.



My Life Experiences and Happiness



Determinants of Happiness and Wellbeing



Macroeconomic factors affecting happiness

Higher social spending as a % of GDP*

Unemployment insurance

Clean air (eg. SO_x emissions)

Low unemployment and low inflation

Low crime and corruption

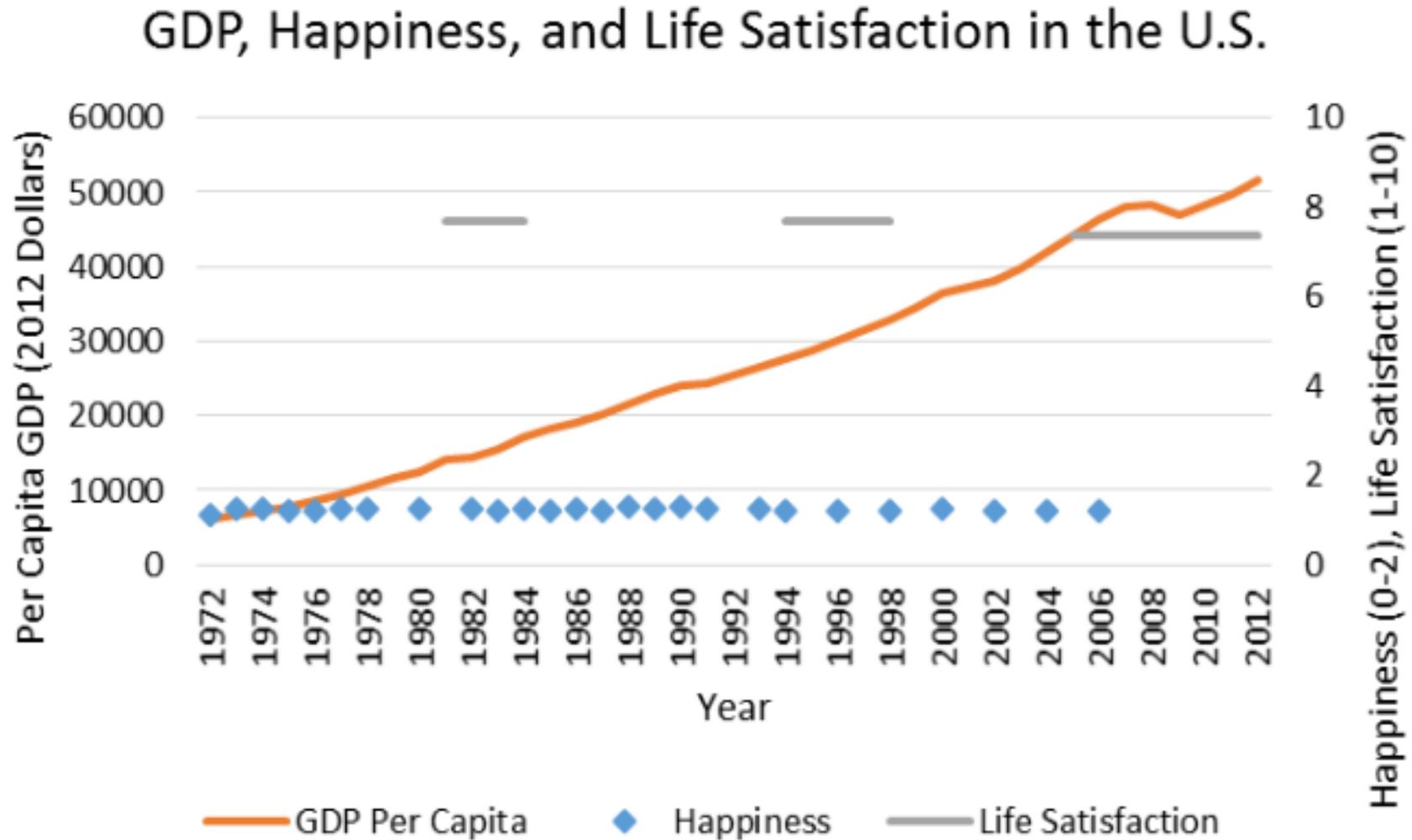
Openness to trade

Culture

Source: Anthony Oswald, an economist



Can Money Buy Happiness?



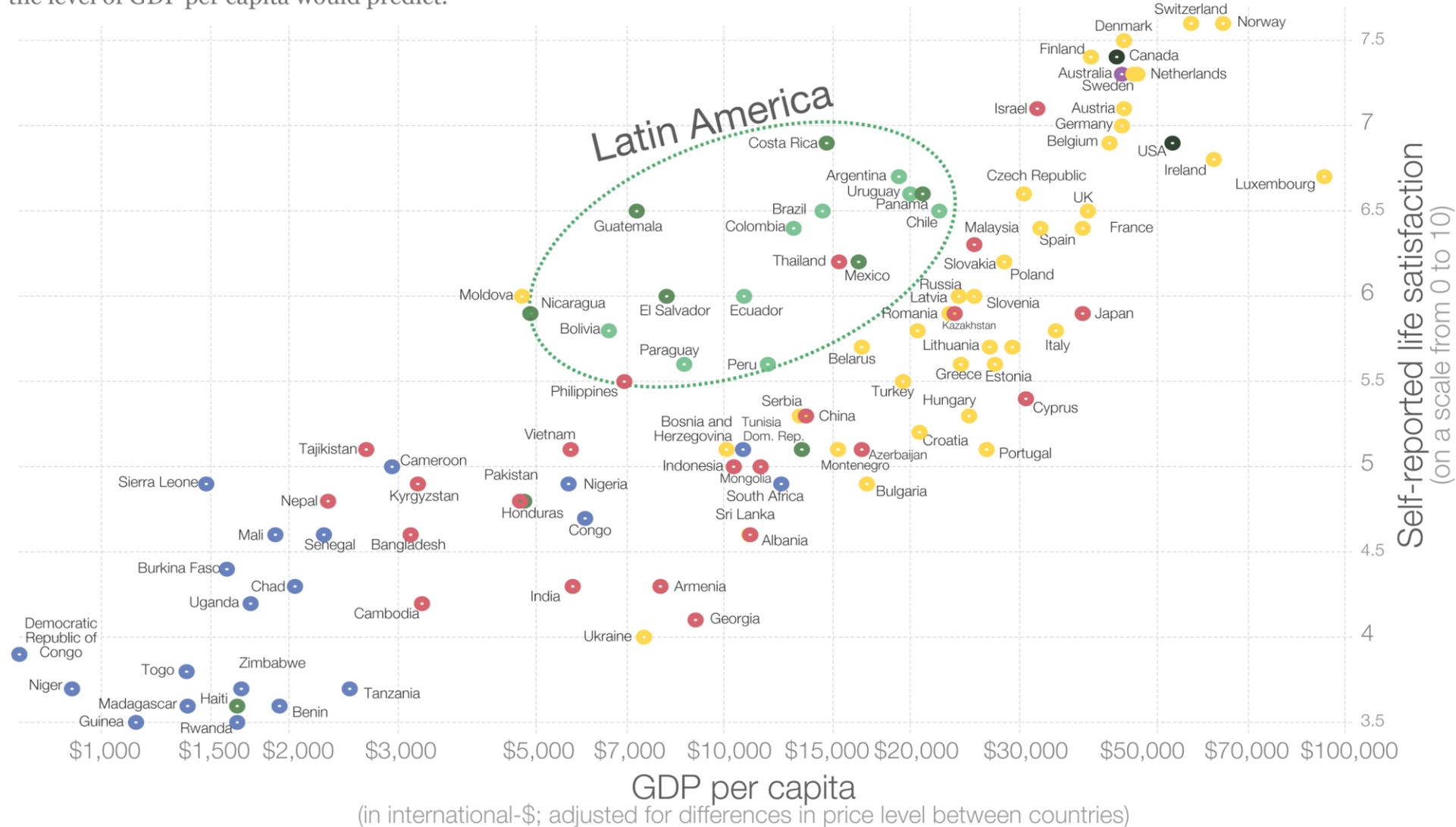
Some Things Considered

natewkratzer.wordpress.com

Notes: U.S. GDP is from the World Bank. The happiness scores are from the General Social Survey, 1972-2006, based on a scale from 0-2. Life Satisfaction scores are from the World Values Survey, with 4 waves of questions

Self-reported life satisfaction vs GDP per capita, in 2015

The color represents the continent of the country. People in many Latin American countries report higher life-satisfaction than the level of GDP per capita would predict.



Drivers of Wellbeing

Income - \$75,000 household income

Education

Work-job satisfaction, unemployment a major cause of misery

Family life –marital status, children

Community: trust, support, freedom and values

Environment- places to meet, open spaces

Physical and mental health

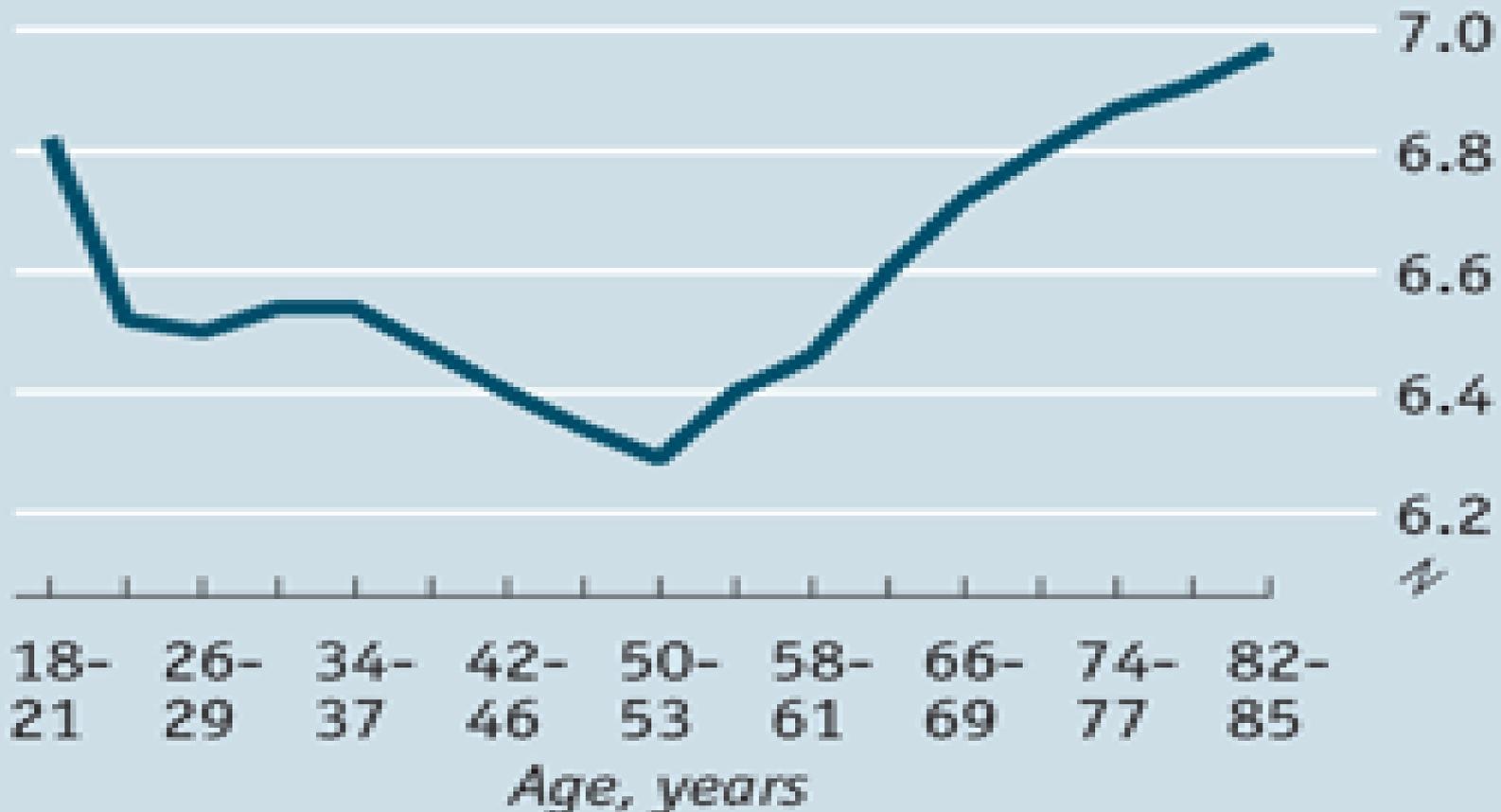


Age and Happiness



The U-bend

Self-reported well-being, on a scale of 1-10



Source: PNAS paper: "A snapshot of the age distribution of psychological well-being in the United States" by Arthur Stone

The U-bend of life: People get happier as they get older



Ukrainian:62
Swiss: 35
Global average: 46
US:52

M.H. Jeeves

Modeling Subjective Wellbeing

Well-being = f(Age, gender, education level, income, job, marital status, friendship networks, region, year...)



Public policy: seeking comfort in life



Policy Interventions (Nurture part)

Reduce unemployment and increase stable good paying jobs

Tackling poverty and inequality matters much more than increasing aggregate income

Improving workplace environment – **promote work-life balance/fit/interface/sway**, start measuring what matters to us.

Improvement in school (Story of Emma)

Crime, mental and physical illnesses reduction

Self-government, promote stakeholders participation and direct democracy.

Improving societal safety net



Some notable people in this field

Abraham Maslow –growth, self-actualization

William James – happiness as a choice, freedom to choose

John Locke –pursuing happiness

Viktor Frankl –meaning in life

Daniel Kahneman –Hedonic psychology

Barbara Fredrickson-positivity

Ed Diener –the pursuit of happiness

Martin Seligman –Father of positive psychology – cultivating strengths and virtues

Mihaly Csikszentmihalyi –flow state

Marie Jahoda-**positive mental health**



What really matters in life?

Top 5 Regrets of the Dying (Source: Bronnie Ware)

1. I wish I'd had the courage to live a life true to myself, not the life others expected of me.
2. I wish I didn't work so hard.
3. I wish I'd had the courage to express my feelings.
4. I wish I'd stayed in touch with my friends.
5. I wish I'd let myself be happier."



Personal Happiness:

1. Express gratitude (David Steindl-Rast)
2. Cultivate optimism (Increased life span, Lower rates of depression, Lower levels of distress, Greater resistance to the common cold, Better psychological and physical well-being, Reduced risk of death from cardiovascular disease, Better coping skills during hardships and times of stress: [source Mayo Clinic](#))
3. Avoid over-thinking and social comparison
4. Practice act of kindness
5. Nurture social relationships (Robert Waldinger)
6. Learn to forgive
7. Increase flow experiences (Mihaly Csikszentmihalyi)
8. Get out and enjoy nature
9. Stay in the moment (Buddha, Matt Killingsworth)



Historical Perspective:

We may be in golden age:

- Basic necessities (food, shelter, clothing, medical care, education, etc.)
- Science (Physical science, social science, spiritual science)
- Technology (transportation, communication,)
- Peace and democracy
- Sense of control over our lives
- Life expectancy above 80 vs, (1950-48, 1900-31, previous era <30 years)



Despite all these why are we not that happy?

Mind always make one problem more important: there is no proportional relativity in mind.

Comparison kills all the fun.

Hedonic adaptation

Brain overvalue loss and under value gain

Set point / attitude determines an outcome

Genetic make up (1/3 of general happiness is heritable, -serotonin production)



The End

Questions?

