

Culture, Values, and Identities

Happiness Policy: Technocratic or Democratic?

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While current happiness research has made significant progress, happiness *policy*, by contrast, is based on two simplistic assumptions: first, that politicians and public administrators are sufficiently informed about what influences subjective life satisfaction; and second, that politicians and public administrators will solely pursue the well-being of the population. However, in a democracy, happiness policy takes the results of happiness research to be *only one* ingredient (albeit an important one) in the wider political process. Critically, a *political discourse* that engages citizens, rather than a technocratic approach, is the way forward when considering the advantages and disadvantages of particular happiness policies.

1. THE RISE OF HAPPINESS RESEARCH

Gross national product has for many years been criticized as the dominant measure of well-being. Happiness research challenges this dominance and develops an empirically based research agenda providing a measure of subjective human well-being. It also seeks to identify the many influences contributing to happiness.

What makes people happy, according to their own subjective evaluations or assessments?¹ With improved evidence and better analytics, happiness research has produced major insights into what makes people satisfied with their lives. Many results of empirical happiness research have been discussed in several outlets: in survey articles (e.g., Frey and Stutzer 2002a; Dolan et al. 2008; Stutzer and Frey 2010); in collections of articles (e.g., Easterlin 2002; Bruni and Porta 2005, 2007; Frey and Stutzer 2013; David et al. 2013); in books (e.g., Frey and Stutzer 2002b; Layard 2005; Frey 2008; Easterlin 2010; Weimann et al. 2015); and in a booklet (Frey 2018).

Some of the major results reported in these publications are as follows:

- Higher income makes people happier. This is true across all countries and periods for which data are available. However, the effect is marginally decreasing: An additional income of \$10,000 when one has an income level of \$50,000 raises happiness significantly. The same increase in income has a much smaller effect if one already has an income of, say, \$100,000. Moreover, people get accustomed to higher income, and the payoff in terms of increased happiness levels off. Additionally, the relationship between income and happiness is relative, as people compare their income to some reference group, such as the people around them (e.g., Stutzer 2004).
- When individuals lose their job, subjective happiness

drops substantially.

- Having good social relationships with friends, family, and acquaintances is an important ingredient in overall happiness.
- Persons in good mental and physical health are happier (Helliwell, Layard, and Sachs 2019).
- Younger and older persons are more satisfied with their lives than middle-aged people.
- Political conditions matter a lot. People are more satisfied the more direct political participation possibilities they have—that is, the more democratic the country is. Political decisions taken locally—that is, decentralized political decision-making—also makes them happier (Frey and Stutzer 2002b, 2002a).

Not surprisingly, there are still many open issues (as discussed, e.g., in Frey et al. 2014; Clark 2018). The already existing research should be amended in various directions:

- Use more and better statistics—in particular, panel data. They could extend, for instance, to what kind of subjective well-being is captured. In addition to the normally used “life satisfaction” data, researchers may look, on the one hand, at short-run happiness or, on the other hand, at long-run, deeply felt happiness, or eudaemonia (see, e.g., Ryff 2017).
- The analysis may be extended more deeply to more countries above and beyond developed economies.
- More refined econometrics may be employed, most importantly in order to capture causal links well. Causal links are of considerable importance in happiness research. It is, for instance, well known that higher income increases happiness, but happier persons are better equipped to get good jobs with higher income. Similarly, healthy people are happier, but happiness to some extent contributes to health.
- Research may be devoted to more detailed issues.

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¹ In line with the academic literature, I use the words *happiness*, *life satisfaction*, and *subjective well-being* interchangeably.

Thus, for example, the effect of income on life satisfaction depends on what kind of income is received. It has been shown (Lindqvist, Östling, and Cesarini 2018) that a lottery win gained without effort produces only 30 percent of the satisfaction from the same income gained by (hard) work.

2. HAPPINESS AND POLITICS

Several countries have applied the insights of happiness research to the actual policy level, prominently so the Kingdom of Bhutan. In 1972 the fourth King Jigme Singye Wangchuck created the phrase *gross national happiness*, stating that it is more important than the *gross domestic product*.

In 2009 former French president Nicholas Sarkozy asked Nobel Prize winners Joseph Stiglitz and Amartya Sen to evaluate the possibilities for the French government to undertake a happiness policy, in particular to depart from the emphasis on gross domestic product as a measure of social welfare (Stiglitz, Sen, and Fitoussi 2008). Other countries, such as New Zealand, the United Kingdom, and Germany, followed (Bartolini et al. 2016; Rose 2017). The Kingdom of Saudi Arabia even appointed a minister of happiness. Once happiness research was established, international organizations also saw an opportunity to become active in the field. Examples are the Organisation for Economic Co-operation and Development (OECD) and the United Nations, which since 2012 has regularly published a *World Happiness Report* (most recently Helliwell et al. 2019).

One of the founders of modern happiness research, Richard Easterlin (1974), distinguishes three major revolutions in the development of mankind, driven by scientific research (Easterlin 2019).² The first was the industrial revolution, in which results from natural science produced major innovations in production. This led to significant increases in per capita incomes in the West, and more recently in China and India. The second revolution was in demography, because of new knowledge gained in biology and medical science, leading to lower birth rates and a doubling of average life expectancy from roughly forty to eighty years. The third revolution is about happiness and builds on insights gained in the social sciences, particularly in psychology and economics.

It is certainly possible to question any of these development phases and the three revolutions that brought them about. The fact that happiness and happiness research are so centrally implicated in the third and current phase certainly brings up the question of how policymakers use the insights of social science research and for what ends.

3. TECHNOCRATIC HAPPINESS POLICY

In economics, the possibility of measuring subjective life satisfaction by means of careful representative surveys fulfills an old dream in the theory of economic policy. The goal of political intervention in the economy was formulated by maximizing a social welfare function, subject to the restrictions imposed by the economic system (see, e.g., Nobel Prize winner Tinbergen 1956). This has been the generally accepted approach to economic policy. The problem was, however, that the content of the objective function, namely

“social welfare,” could not be measured. As a result, it was left to the imagination—and, indeed, preferences—of individual scholars in operationalizing the concepts involved. But once “social welfare” could be approximated by empirically measured “happiness,” this problem seemed as if it was at least potentially overcome.

As a result, a movement emerged that essentially followed the road paved by the maximizing theory of economic policy. It has become the dominant approach. An example is the extensive survey by Frijters et al. (2019), who assume that governments should put the insights of happiness research into practice. For instance, governments should try to convince people that they should not compare themselves to people with a higher income, or people should be made aware that higher income raises happiness only a little once a certain level has been reached.

This technocratic happiness policy, following the traditional theory of economic policy, builds on three major assumptions:

(1) The results, econometrically derived and sufficiently detailed, are to allow direct policy applications. However, some researchers in the field contest some of the results reached by other scholars. It is therefore not clear to what extent the specific policy prescriptions offered by a particular scholar or by groups of scholars should be accepted, and on what grounds. Moreover, even those results generally accepted by a majority of happiness scholars must be understood by politicians and public administrators and should be translatable into actual policies.

(2) The econometric results are based on indices of subjective well-being. These are, of course, averages. It follows along the lines of the median voter thesis that any policy proposal derived from averages will favor some persons or groups while putting others at some disadvantage. It may well be that the “losers” are, for some reason or another, considered more important politically than the “winners.” Often, losers in a policy process are more easily identified than winners. This induces governments to focus on those persons or groups losing in the process. Thus, the aggregate outcome in human well-being is not identical to the increase in average happiness.

(3) Most importantly, the technocratic happiness approach assumes that the goal of policymakers is to pursue the social welfare or subjective well-being of “the citizen.” Personal or lobbying groups’ interests may not play any role, and no goal diversion and displacement may take place.

These three conditions are never fulfilled. This has been well documented, both theoretically and empirically, by scholars of political economy of public choice (see, e.g., Buchanan and Tullock 1962; Frey 1983; Brennan and Buchanan 1986; Mueller 2003). Indeed, as in the case of the conventional welfare function, it is naive to assume that all politicians want nothing else but to further the welfare of the general population in terms of happiness. Above all else, politicians crave reelection. To maximize their chances of being reelected, they depend not only on the support of voters (i.e., not of the population as a whole) but also on the support of lobbying groups, which pursue their own specific interests and provide politicians with (typically) biased information—as well as financial support. Moreover, even if politicians want to pursue the public interest, they must consider the preferences of the party leadership and the in-

² Other founders are economist Bernard Van Praag (1971) and sociologist Ruut Veenhoven (1984) in the Netherlands.

fluence of special factions within the party.

Therefore, the technocratic approach to happiness policy is questionable because it disregards political and bureaucratic reality. In addition, it fails to account for two important aspects of happiness polling, both of which become critical once a government has decided to follow a happiness policy:

- Individuals asked in representative surveys about their level of life satisfaction tend to answer in a strategic way. People with a politically left-wing orientation are reluctant to state that they are happy if the party in power is on the political right, and conversely. The results of the happiness surveys are therefore distorted.
- As governments proclaim that they are pursuing the happiness of the population, voters evaluate them according to their performance in this respect. The politicians in power therefore have a strong incentive to manipulate the results of the happiness surveys in an upward direction.³ This is quite easy to do. For instance, those segments of the population likely to be less happy than the average (e.g., prison inmates) can be excluded from relevant calculations.

As a result of these reactions by voters and politicians, the equilibrium may be quite different from the one that technocratic approaches assume. This is true because such approaches disregard people's subjective interpretations as to what is happening to them personally and in the social and political spheres more widely. It is not yet possible to empirically measure the extent to which such biases lead to differences, and if these differences matter. Happiness policy is an official policy in a relatively small number of countries, and actual measurements started only recently.

4. DEMOCRATIC HAPPINESS POLICY

In a democracy, citizens should have the last say over policy, including government interventions claiming to increase happiness. As a consequence, the insights gained from empirical happiness research have to be taken as an ingredient of, or input into, the *political process*. Researchers and policy analysts can make proposals, yet ultimately the citizens must be free to evaluate for themselves to what extent they want the proposals to be implemented. The discourse process in which the advantages and disadvantages of a policy proposal are discussed is essential. This includes, above all, the distributional consequences. There is unlikely to be a happiness policy proposal that improves the happiness of every citizen. The idea underlying the technocratic approach that the results gained are beyond doubt is most questionable. What matters is that a political process takes place under democratic institutional conditions and guarantees, at a minimum, the rule of law and individual freedom (Frey and Stutzer 2000, 2012; Stutzer 2019). This process also takes care of dynamic developments emerging from the exchange of views in the political discourse.

The democratic and the technocratic approaches to happiness policy differ fundamentally. The technocratic approach takes the government to be a “benevolent dictator” whose only goal is to pursue the citizens’ subjective life sat-

isfaction. This is hardly a realistic assumption. Most politicians who become dictators immediately, or at least after a short period, seek to maximize their own power and wealth, often totally disregarding the happiness of the population. There are innumerable examples in history supporting this account.

In contrast, the democratic view assumes a constitutional setting in which politicians are forced to follow the preferences of the population. This is achieved by having regular elections in which different parties compete for votes by the citizens. This approach is based on a broader view of human well-being, which involves all citizens, rather than only happiness scholars and the government. The citizens cast their votes for those politicians who they believe are most devoted to, and capable of, increasing their happiness. The demands for a particular happiness policy comes from the population; in a democratic setting, the politicians are induced to follow these demands if they want to come to and remain in power.

5. CONCLUSION

Happiness research is a relatively new and successful branch of the social sciences, most importantly economics. Precisely because it has produced so many useful insights, it has opened many possibilities for technocratic interventions. It fulfills an old dream of the theory of policy: “social welfare” has at last become measurable, opening the way to directly advise politicians and public officials what must be done. The technocratic approach can—and has been—applied by authoritarian governments. It can even be used in countries in which the police, secret service, or army mistreat, torture, or kill persons considered inconvenient by the ruling politicians.

The technocratic approach assumes a “benevolent dictator” in government and a completely reliable public bureaucracy. Furthermore, it disregards the fact that the resulting equilibrium outcome is biased as a result of the strategic behavior of survey respondents and the incentives of governments to manipulate the official happiness data.

It must be emphasized that the supporters of happiness policy here labeled *technocratic* are well-meaning scholars. Many of them have high moral standards and want to improve the human lot. But they neglect to incorporate into happiness policy solutions to the problem that the results of happiness research can be misused. A major reason may be that they often live in well-established democracies (such as the United Kingdom; see Frijters et al. 2019) and do not think that such misuse is relevant. However, it is well known that most nations in the world are far from being democracies and that the number of democratic countries has been falling over recent decades. One may even speak of a “democratic recession” (Diamond 2015; Fukuyama 2018, chap. 1). The governments of most nations of the world either seek to push through a particular ideology with respect to religion, race, and the political and social organization of society, or pursue their own personal benefits by corruption, and in many cases both. Under these conditions, human well-being in a broader sense is certainly not being achieved. Taking these aspects into account, the technocratic approach to happiness policy becomes even more questionable.

³ There is considerable literature showing that governments tend to manipulate official statistical data in order to please citizens. See, for example, Akerlof and Shiller (2015), Magee and Dozes (2015), and Chan et al. (2019).

This paper argues that the insights of happiness research have an important role to play as an *ingredient* of a democratic and dynamic *political process*.

AUTHOR BIOGRAPHY

Bruno Frey is Permanent Visiting Professor at the University of Basel. He was Professor of Economics at the University of Konstanz from 1970-1977 and at the University of Zurich from 1977-2012, Distinguished Professor of Behavioural Science at the Warwick Business School at the University of Warwick, UK from 2010-2013 and Senior Professor of Economics at Zeppelin University Friedrichshafen, DE from 2013-2015.

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In 2019, Frey is in fourth place in the ranking of “important economists” in Switzerland by the *Neue Zürcher Zeitung* (NZZ, 21st September 2019), fifth place in the corresponding ranking for Germany by the *Frankfurter Allgemeine Zeitung* (FAZ, 21st September 2019) and on top of the list with respect to “life achievement” produced by the *Handelsblatt* in Germany (*Handelsblatt*, 16th September 2019). According to ISI - The Institute for Scientific Information, Bruno S. Frey belongs to the “most highly cited Researchers”.

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