Chapter 6
Happiness Maximization by the Government

Abstract Fundamental arguments speak against politicians attempting to maximize the aggregate subjective well-being index of their country's population. This approach to economic policy corresponds to the idea of a "benevolent dictator" who determines from above what is good for the people. Such an assumption is naïve. Once the maximization of the aggregate happiness index of the population is taken to be the official goal of economic and social policy, one can no longer trust that survey respondents answer any questions about their subjective life satisfaction in an unbiased way. When citizens' happiness is taken as the measuring rod of politics, government politicians will make an effort to manipulate the aggregate happiness index in their favour. For both these reasons, the subjective well-being data are no longer a reliable measure of people's happiness. Governments should not be asked to maximize happiness.

Should Politicians Maximize Happiness?

From the results gained by happiness research, some authors conclude that politicians should aim to maximize the happiness of their populations. Politicians are thus asked to directly employ the insights of happiness research to raise the aggregate subjective well-being index as much as possible. This would fulfil the dream of putting the Theory of Quantitative Economic Policy into action. According to this theory, the state should maximize the social welfare function. As self-reported subjective well-being is a close proxy to social welfare, it is now possible to specify the objective function to be maximized. Happiness research now supposedly provides the empirical tools to proceed in that manner.

At first sight, this goal appears to make sense. After all, it seems evident that to maximize the happiness of people is a better goal than to maximize gross national income or the trade surplus. However, fundamental and convincing arguments speak against this approach to economic policy. Aiming to maximize social welfare corresponds to the idea of a "benevolent dictator", who determines from above what is good for his or her people. Politicians are assumed to undertake only those policies

which are beneficial to society. Such an assumption is naïve. It is more reasonable, and much better confirmed empirically, that politicians' main goal is to stay in power. In democratic countries, politicians must win elections to stay in power. To reach that goal, they employ all the means available, even sometimes illegitimate and illegal ones. In particular, unpopular measures, such as reducing a budget deficit or accumulating funds to be able to cover future old age pensions, are shifted to the future when these politicians are no longer in power and no longer responsible. Politicians are quite ready to raise their popularity with voters by offering election gifts such as hand-outs and subsidies. Such political behaviour contradicts the long-run interests of the population but is either not fully observed or strongly discounted by those who directly benefit from the monetary and non-financial hand-outs given by the politicians in power. Only when the individuals in government are convinced that they can win the forthcoming election do they undertake policies according to their own convictions. But these may be ideologically laden and do not necessarily conform to the wishes of the citizens.

Biased Answers to Happiness Surveys

Once the maximization of the aggregate happiness index of the population is taken to be the official goal of economic and social policy, as has long been the case in Bhutan, followed by France, the United Kingdom, Germany, and Australia, one can no longer trust that the survey respondents answer the question about their subjective life satisfaction in an unbiased way. The results of happiness research are ideally based on surveys in which the respondents report in an uninfluenced way how happy they feel they are. But if the respondents are aware that their answers are used for political purposes, they will change their behaviour and take into account the political consequences. People for instance, who hold conservative views are likely to answer that they are particularly happy when a conservative party is in power. Conversely, they are inclined to punish a left-wing party in power by stating that they are less happy than they are in actual fact. Such behaviour undermines the validity of surveys and hampers the empirical basis of happiness research.

Manipulated Happiness Index

When citizens' happiness is taken as the measuring rod of politics, government politicians will make an effort to manipulate the aggregate happiness index in their favour. As this index is the result of representative surveys, there are many opportunities to do so. People who are critical of the government or who are considered outsiders can be excluded from the population surveyed. For instance, inmates of jails can be disregarded, because they are unlikely to be satisfied with their lives. In some countries, such as the United States, this follows the legal norms according

to which prison inmates have no voting rights. In the same vein, people indicating a particularly low life satisfaction (e.g. those indicating below 4 on a scale of 10) can be taken to be "unreliable" and therefore excluded from the aggregate happiness index. If such manipulations do not suffice to jack up the aggregate happiness index sufficiently, the government can shift responsibility to uncontrollable events such as natural disasters or influences from foreign countries. As a result, the government can argue that the aggregate happiness index must be corrected. This is in line with the corrections of the inflation index that many governments undertake when an uncontrollable exogenous price rise occurs.

As the survey respondents answer in a biased way, and governments will manipulate the subjective well-being data, a government's happiness maximizing policy is likely to produce an unreliable measure of people's happiness. The data become seriously misleading both for policy purposes and for empirical research. It follows that governments should *not* be asked to maximize happiness.

Literature

Frey, Bruno S., and Alois Stutzer. 2012. The Use of Happiness Research for Public Policy. *Social Choice and Welfare* 38 (4): 659–674.