

A Word of Warning on Gross National Happiness

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A recent report by the Abac Poll Research Centre on Thailand's latest gross domestic happiness has given us a lot of food for thought. According to the survey, which interviewed over 4,800 individuals across 25 provinces, money doesn't seem to buy us a lot of happiness. Instead, self-rated happiness scores are found to be high among those who have good social ties with others in their community, those with excellent health, in full-time employment, and are completely satisfied with their job.

At the very least, these correlations are extremely encouraging. It indicates that maybe - just maybe - that these subjective evaluations of quality of life used in our surveys are correlated with what would normally be associated with objective measures of 'a good life'. However, a couple of issues suggest themselves should the current government wish to implement these measures directly into their policy design.

First, it should be noted that *correlation* does not necessarily mean *causation*. Relationships measured at the cross-section (i.e., surveyed at only one point in time) are nothing more than just correlations – which is a statistical term that indicates whether two variables move together. It provides no further information about the direction of causality between happiness and our objectively-measurable variables of

interest. For example, even if we did find income to be associated positively with happiness, it still does not mean that money *makes* people happy. It could have easily been the case that happier people make more money, or that our unobserved fixed characteristics, such as our 'sunny' predispositions, keep us happy as well as making us better at earning more money than others. With this in mind, it would appear highly irrational for policy makers to quickly base their policy decisions on cross-sectional relationships alone (we certainly do not want any one of our cabinet ministers to end up like Governor Rod Blagojevich of Illinois, USA, who announced a \$26 million-a-year plan to mail one book a month to every child in Illinois from the time they were born until they entered kindergarten just because he found a positive correlation between the number of books in the child's home and higher test scores at school).

Second, measuring happiness is one thing, but to come up with a public policy that complements the statistics is another. An increase in gross national happiness (GNH) from year to year may look as if we are on the right track, but such a national trend will come to nothing if we do not exactly know how to maintain it. We need to know, for example, whether the happiness of Thai people depend inversely on the earnings levels of a person's neighbours, friends, and colleagues. How quickly can we adjust to the happiness gained from an increase in income? Do we completely adapt to negative shocks in our life events? Can economic growth lead to happiness in Thailand? These are important questions that need to be considered by policy makers before any implementation of 'happiness' policies can be made. At the moment, it remains unclear as to how the present findings available can be used to generate an effective and efficient governmental policy in the foreseeable future.

Some of these issues, however, are easily fixed - given the right set and nature of the happiness data. Nonetheless, the problems aforementioned suggest that some more thinking is required before we can agree on how a new 'well-being' index for Thailand should look like. I can only say that, at present, we still have a long way to go.