**Discussion of “New statistics for old?—measuring the wellbeing of the UK” by Paul Allin and David J. Hand**

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I am honoured and delighted to open the discussion of this paper, which presents a timely opportunity to take stock of where we have reached in measuring national wellbeing. It raises many issues, but I am perforce restricted to a few topics – so I will focus on questions about *usefulness* of wellbeing statistics.

It is interesting to see the past as well as the future of wellbeing. Sinclair’s (1798) *quantum of happiness* is apt, since wellbeing is such a nebulous (‘quantum’) thing. Sinclair’s correspondents, the clergy of Scotland, included all sorts of things in the statistical account, including in some cases species records which nowadays contribute to the basis of some detailed environmental indicators – excellent source data for a component of the quantum?

The latest drive to measure alternatives to GDP stemming from Stiglitz *et al*. (2010a) was international almost from the start. Allin and Hand paraphrase President Sarkozy saying that “changing the way that economic performance was measured was a necessary precursor to changing behaviour”, interesting for its continued assumption that *economic performance* is what is measured, even if the way it is measured becomes wider than GDP. This is close to the concepts of both “GDP *and* beyond” (my italics) and Allin & Hand’s suggestion that an aggregate measure would include *both* GDP and wider wellbeing measures in a single headline.

Instituting a set of measures and indicators has been an important stage. In the UK, what to include in national wellbeing has been influenced strongly by what is important to people, derived from extensive consultations.

***Policy drivers***

Now we may ask what is important to decisionmakers? From the current position, decisions will probably be made to influence the measures which *are* available – in some sense, policy driven by statistics. This discussion paper allows us to ask

1. whether we are missing anything important for policy (even if it is difficult to measure)
2. what policy objectives we might have
3. whether the measures will act as perverse incentives (Freeman 2002).

We are at a very early stage of policy formulation – there is no clear statement of what target we are aiming for. ‘Better’ can be easily translated on many (but not all) single measures, but what if the choice is to decrease poverty or to increase environmental sustainability by measures which pull in opposite directions? Even more challenging, what if some policies decrease national wellbeing but make it more equal, whereas others increase it but make it less equal? Perhaps we need a Gini coefficient for wellbeing. We certainly need a framework within which to evaluate these trade-offs – perhaps constructing a single index, which I favour (though I would exclude GDP to make it a suitable competitor), will also provide the framework for such evaluations.

‘Better’ for subjective wellbeing is challenging because its measurement gives it very different properties from GDP. It has a bounded scale, and the homeostatic effect (Cummins 2009) tends to pull individuals towards a point on the scale regardless of their circumstances, or by reference to the perceived state of others. There is therefore no *absolute* scale for subjective wellbeing. It cannot be policy to increase it (as with GDP) since it is bounded above (and below, which also limits it in a crash). To make a statistic more amenable to policy targets, we need a way to convert this information to a scale which is not bounded. This suggests adjusting (or deflating) subjective wellbeing to account for some measure of improvement in the quality of life. Perhaps a scheme using hedonic regression with appropriate variables will help.

It is somewhat disappointing that Allin & Hand do not propose an objective for wellbeing policy (except perhaps for a headline number, though that still suggests measurement before conviction). If measurement is leading the way for policy, we should have a clear idea of how measures should change. For me sustainability is a key component.

***Policy levers***

Even if the policy targets had been set out, it is not clear how to change wellbeing (or its indicators) (Signore & Fazio 2015). Economic policies have a basis in econometric models, which allow scenarios to be tested and adjusted, and sensitivity investigated, using the model. But there is no wellbeing model that predicts wellbeing when (say) the state pension rises by 1% over the cost of living, or when more policeman are on the beat. Indeed, the discussion in Allin & Hand suggests that such a model would be extremely difficult to build, because many relationships suffer from ecological regression and attenuation of coefficients with time. Attenuation can perhaps be fixed by conversion from relative to absolute wellbeing.

***“New ~~lamps~~ statistics for old”***

In *Aladdin* the evil sorcerer took away the old lamp, replacing it with a worthless new one (or at best, one with basic functionality). I don’t believe that the wellbeing statistics will turn out to be worthless; I do think that the wellbeing genie is out of the lamp, and that now is the time to work out how best to use our three wishes. It therefore gives me great pleasure to propose the vote of thanks.

***References***

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