

Section 1: Approaches to policy analysis

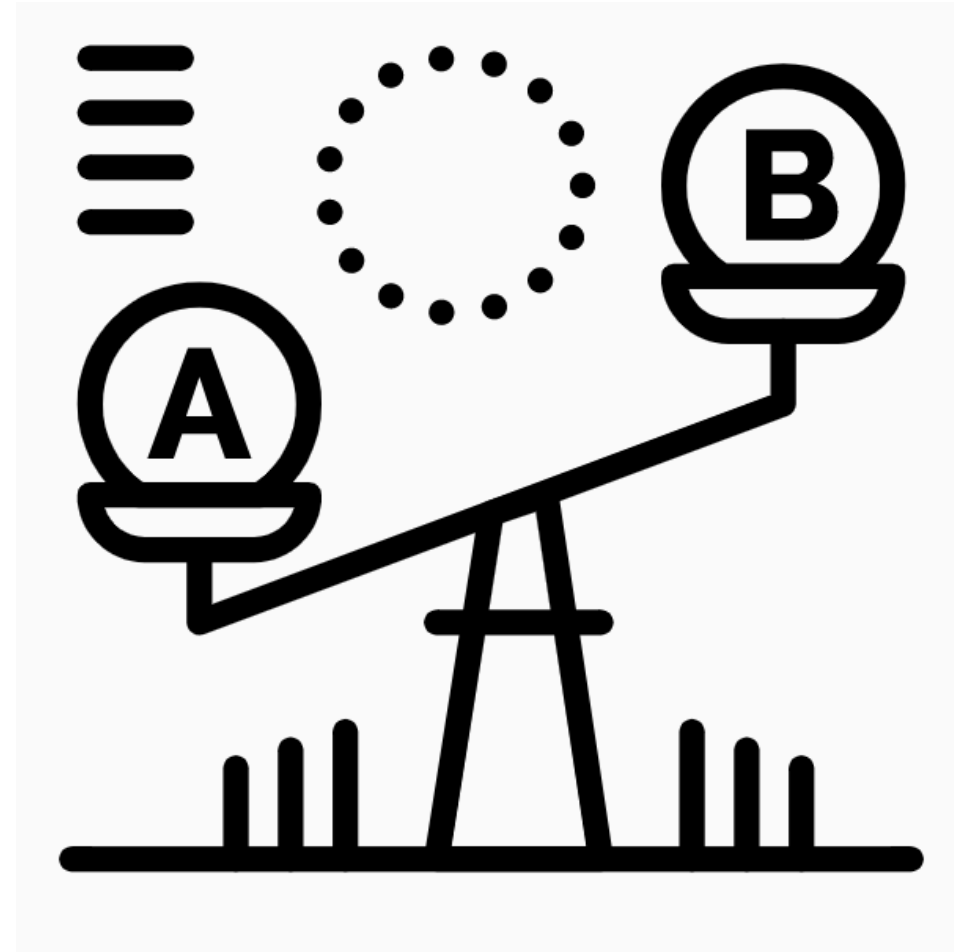
1. The monetary approach
2. The wellbeing approach

The monetary approach

This preferred approach is to use cost-benefit analysis.

It involves measuring all the benefits of a policy relative to its costs and is done using monetary units, where possible.

Policies with the best benefits to costs ratio are chosen.





The wellbeing approach

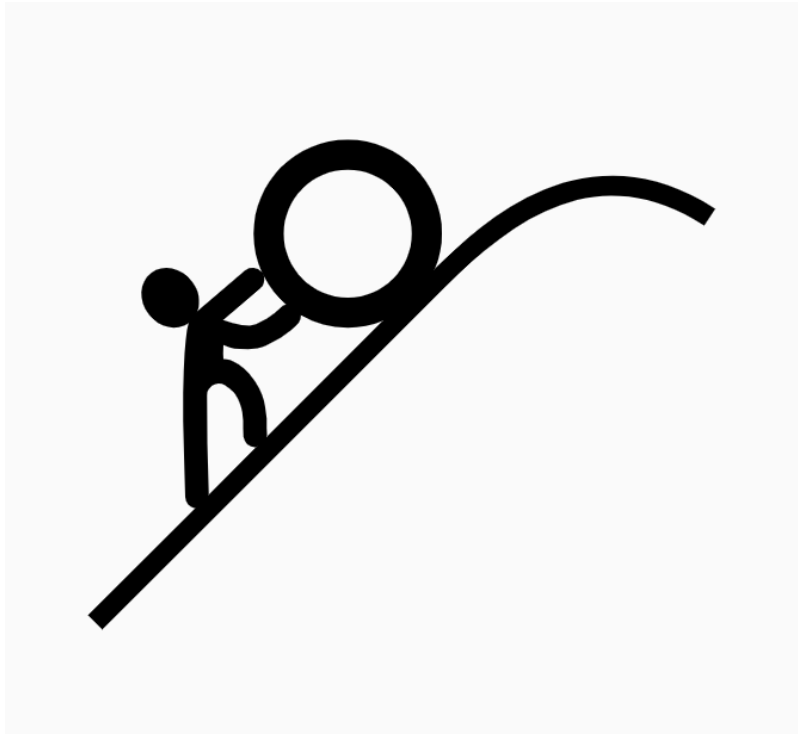
The analysis uses measure of subjective wellbeing and life expectancy to produce wellbeing adjusted life years (known as WALY's or WELLBY's).

This unit of measurement is then used in cost-benefit analyses.

It is possible to judge policies in terms of their relative cost per wellbeing adjusted life year.

Section 2: Methodological challenges

Exploring Happiness Research
– Q1 2021



Methodological challenges

The value of statistical lives

Distributions and fairness

Discounting and sustainability

Isolating impacts

Uncertainty and unintended consequences

Section 3: Our recommendations

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A new policy framework for improving lives



A dashboard of economic and social indicators that creates a data and values policy strategy



Wellbeing as the gold standard in policy analysis



Monetary assessments used where wellbeing evidence is lacking



Create a wellbeing policy agency to increase body of evidence and direct future research





Creating an environment for progress in policy



Greater transparency regarding inputs used in policy decisions



Producing discussion papers to allow experts to feedback on policy proposals



Increasing diversity of thought, background and experience to create representative policy

Facing methodological challenges

Life years is a more proportionate approach than lives

Adjustable discounting for policies with different time horizons

Distributional issues should be captured within the analysis

Improvements in modelling will help to improve the accuracy of policy proposals

