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Who’s happy now?

Paul Dolan

Imperial College London

Good events?

Or bad ones?

Can we predict it?

And does asking us affect things?

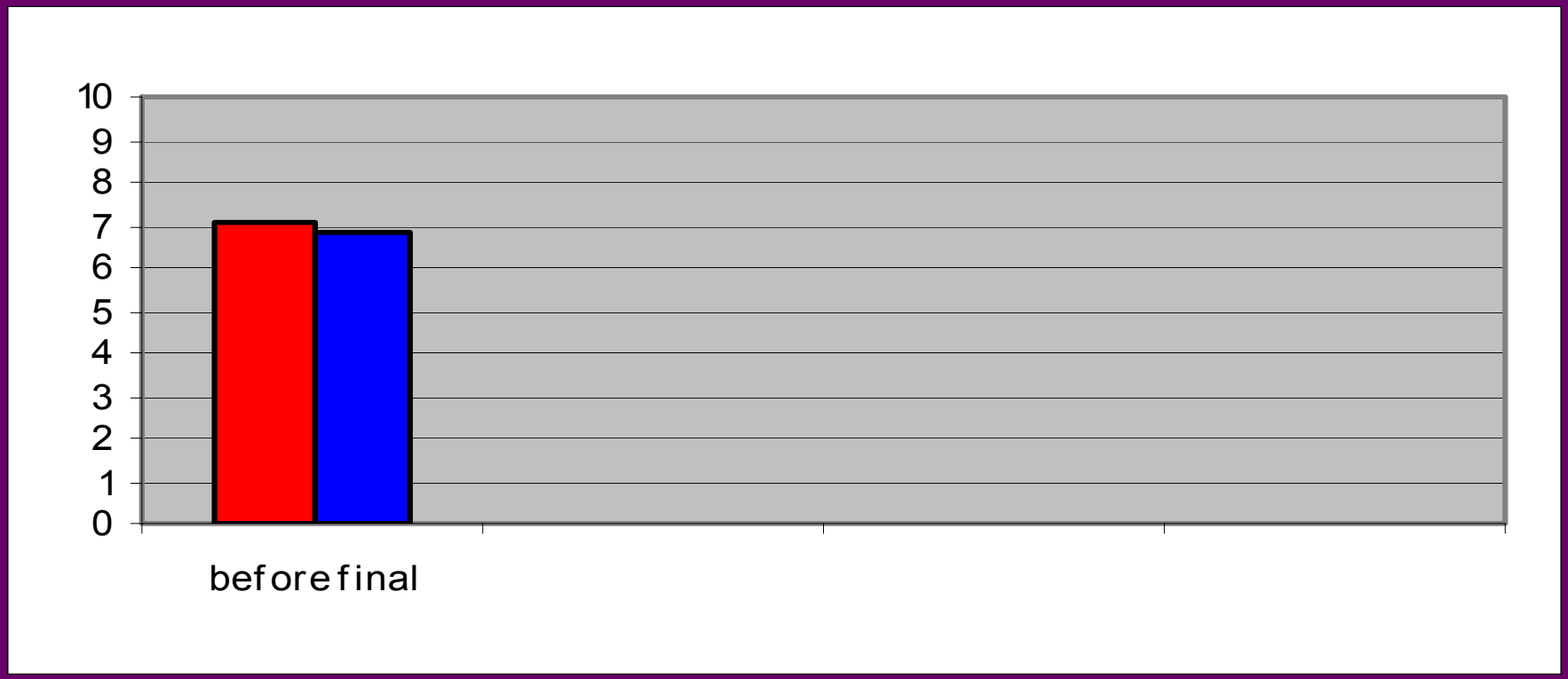
The “facebook” study

- How happy are you today [day of the final]
- How happy will you be in seven days times if your team wins/loses?
  - “It is very important to note that we are asking you how you will feel overall seven days after the final rather than when you are specifically thinking about the result”

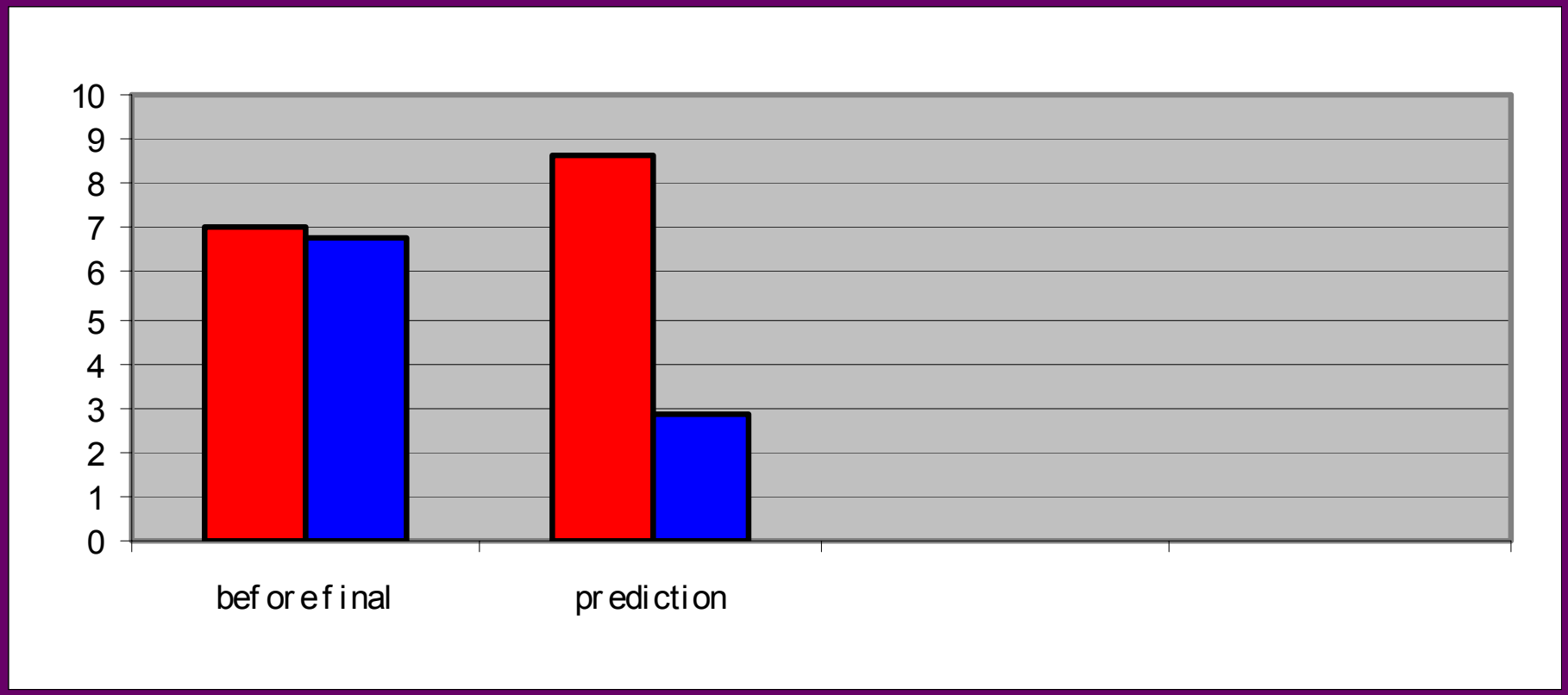
- Second group asked: How happy are you today [seven days after final]?

Thanks to Rob Metcalfe

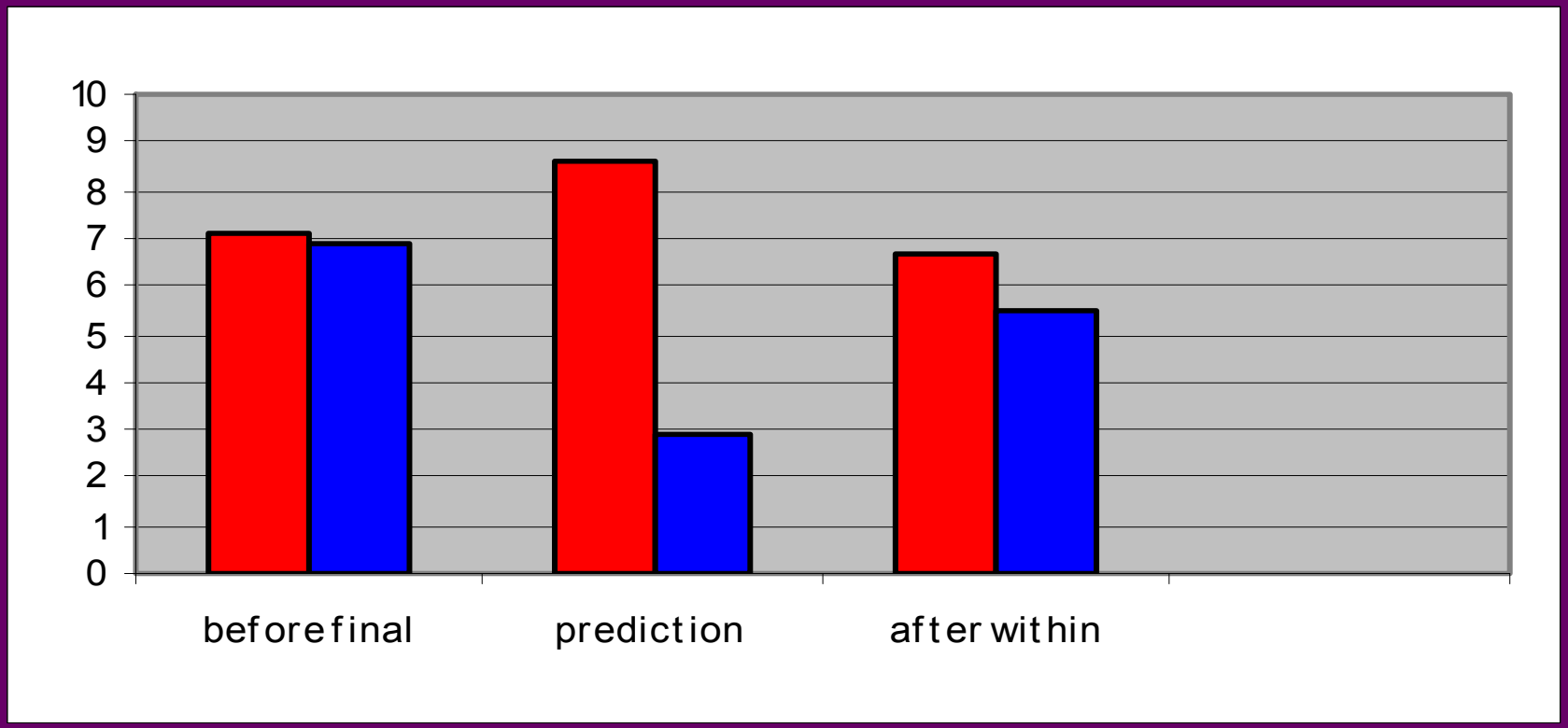
Before final



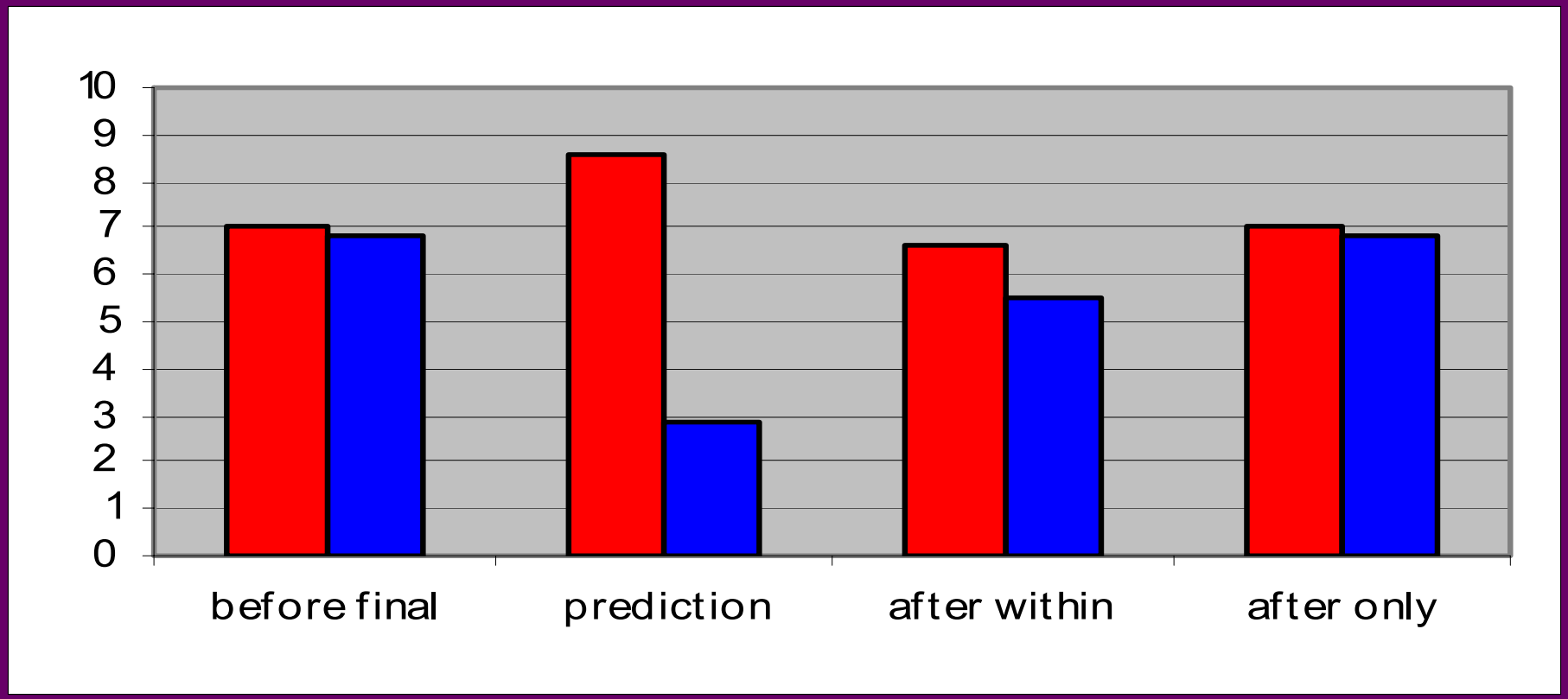
Prediction



After within



After only


10
9
8
7
6
5
4
3
2
1
0
before final
prediction
after within
after only

It’s not just football

- Evidence of over-estimating the impact of changes in job, income, health etc.

- “The great source of both the misery and disorders of human life seems to rise from over-rating the difference between one permanent situation and another”
  - Adam Smith, 1759

Focussing effects

- Predicting the impact of X means thinking about X
  - And this makes it appear important
    - Even having been asked to think about it before can make it appear important later
- But we do not think about things as often or in the same ways as we think we will
  - And we think about them less over time

Wanting and enjoying

- Predictions and preferences involve a joint evaluation of salient dimensions
  - Which job pays the most money?
- Happiness involves a separate evaluation of different dimensions
  - Why do I hate this commute so much?

Conclusion

- Focussing effects and joint evaluations can lead to misprediction and miswanting
  - And to a misallocation of resources
    - e.g. health state values used by NICE

- So we need to measure happiness alongside predictions and preferences
  - But try to ensure that we really do tap into separate evaluations

In other words …

- Illuminate the separateness alongside lighting up the joints

- THANK YOU

Rt Hon Iain Duncan Smith MP

Member of Parliament for Chingford and Woodford Green, ex Leader of the Conservative Party and Chairman for Social Justice Policy Group

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Evan Davis

Presenter, Today Programme, BBC Radio 4

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