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Can social policy make a difference to the quality of life?

Different dimensions of the quality of life, Turning Economic Growth into Better Quality of Life in Europe, 14th September 2010

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If life expectancy measures quantity of life, how can we measure quality of life?

Two broad traditions

- Objective measures of quality of life, e.g. physical functioning, income, etc.
- Subjective measures of quality of life

Each approach has its strengths and weaknesses...

...my focus is on subjective measures...

I do not believe an objective approach is irrelevant; rather, complementary.



Measures of subjective well-being

Cognitive:

“On the whole, are you very satisfied, fairly satisfied, not very satisfied or not at all satisfied with the life you lead?”

From the *Eurobarometer*.

Experiential:

Positive - “Did you smile or laugh a lot yesterday?”

Negative – “Did you experience the following feelings during A LOT OF THE DAY yesterday? How about Sadness?”

From the *Gallup World Poll*.

Most academic work relevant to social policy focuses on influences on single item cognitive questions of subjective well-being.



Do people have a fixed level of subjective well-being?

To some degree, yes...

- A substantial part of subjective well-being is stable and unique to each person (genes/personality)
- People do adapt to many positive and negative changes in their environment

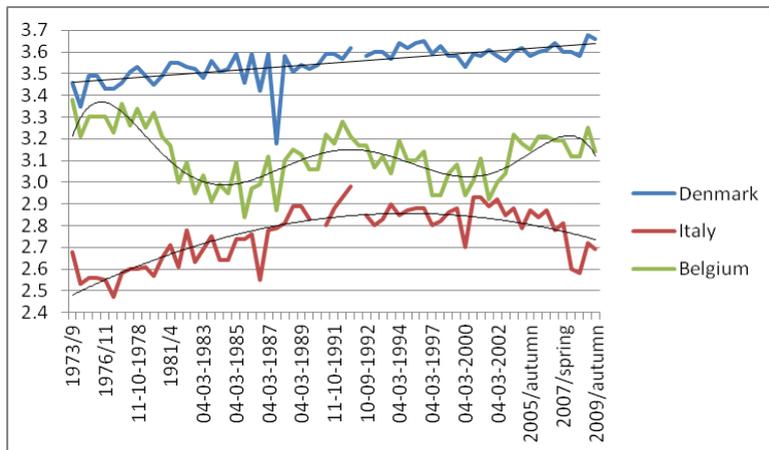
But...

- Speed of convergence to baseline (days or decades?) matters for policy makers
- Some environmental changes cause permanent changes in self-assessed quality of life

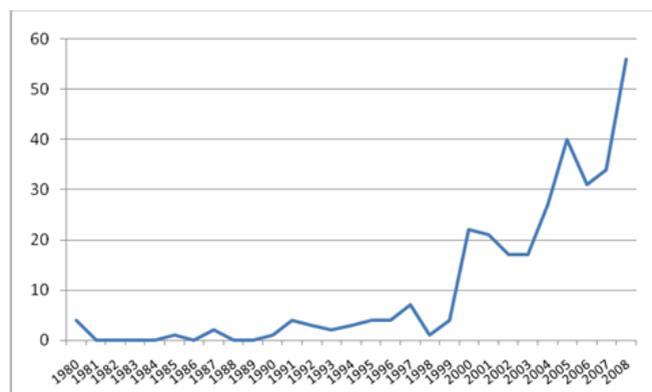


And subjective well-being is not stable over time in Europe!

Eurobarometer, average life satisfaction on a 4 point scale



Numbers of published papers with subjective well-being or similar in the title by year (EconLit)



Policy warning! No mature, settled body of knowledge easily applied by social policy advisors



The current academic consensus: The following matter for subjective well-being...

The Good...

- Marriage
- Social networks
- Self-assessed health
- Good governance

...the Bad...

- Unemployment
- Divorce
- Bereavement
- Disability
- Mental illness

...and the Not so very important.

- Family income (small, diminishing or no effect)
- Children



What does this academic literature tell us about social policy that we didn't know before?

- It tells us something of where to direct our policy attention, providing an alternative view of what is important and what may be less so
- But all this remains one degree removed from direct policy choices
- What about the more directly policy related literature?



Some have looked at total social spending and national well-being using *Eurobarometer* country panel data....

...dollars of social spending generally do not matter for quality of life once one controls for fixed, country-specific features.



Others have considered the relationship between decommodification and national well-being using the same sort of data and method...

...higher decommodification – a composite indicator of the extent to which people don't have to rely on the market for an income – means higher national well-being....

...but is decommodification a direct policy instrument? No!



A more direct approach to whether social policy matters

- Use of policy changes to see if policy makes a difference (*natural or quasi-experimental approach*)
- There is a very small literature using actual policy changes to see if social policies can influence quality of life...



Expansion of women's choices in Europe

- Introduction of abortion rights and the contraceptive pill increased European women's life satisfaction
- The shift to mutual consent divorce lowered women's quality of life
- Rising maternity leave durations had no effect on women's quality of life
- Men? No effect!

Silvia Pezzini (2005), "The Effect of Women's Rights on Women's Welfare: Evidence from a Natural Experiment", *The Economic Journal*.



Social policy change in pensions and subjective well-being of older people

- A rising real pension and introduction of State Earnings Related Pension Scheme 1976 has no effect in the UK
- A reduction in age of pension entitlement and a rising real pension has no effect in Canada
- Policy change allowing earlier retirement makes people happier in the USA
- Introduction of early retirement schemes in Denmark in 1979 increases well-being
- A reduction in pensions reduces well-being in the Netherlands

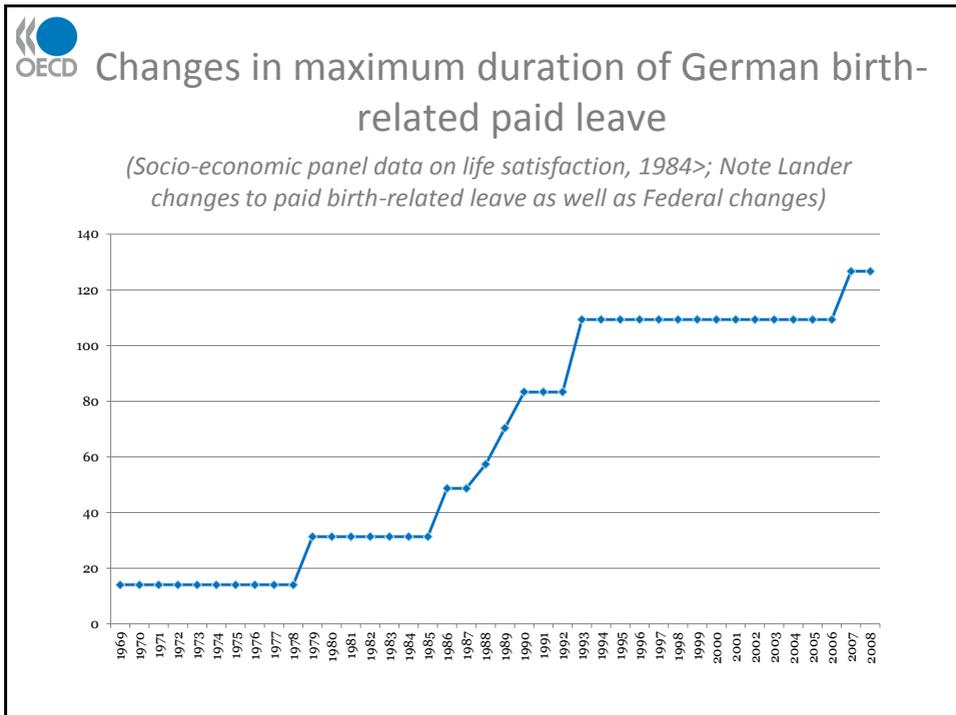


To know more, we need to find significant social policy changes in countries where we have data on subjective quality of life

Several promising and important social policy areas where there are changes:

(1) Birth-related leave

(2) Pensionable age of retirement



 **Changes in minimum retirement ages in Europe: Some examples of policy changes**

- Ireland: Pensionable age fell from 70 to 66 years, 1973-1976
- France: Late 1970s-early 1980s expansion of early retirement schemes, 1983 reduction in retirement age from 65 to 60 years
- Germany: Retirement age rose from 63 to 65 years for men and from 60 to 65 years for women between 2002-2010
- Belgium: Female age of retirement rose from 60 to 65 years between 1996-2009

In all cases there is *Eurobarometer* data (small samples) and for Germany, *Socio-economic panel* data.

This work remains to be done.



So, can social policy make a difference to subjective quality of life?

Maybe...but very early days...

- What is the best subjective measure of quality of life for social policy? One measure? Or several?
- Simply allocating more money to social spending will not do (but this belief was always naïve)
- More focus on spending type and composition rather than total social spending
- More social policy emphasis placed on jobs, mental health, disability, social relationships and governance and less on increasing household incomes
- More focus needed on laws as instruments of social policy
- Need for more social *policy-related* research



THE END: Some relevant links

- OECD social policy division, via www.oecd.org/els/social
- Society at a Glance (2009), via www.oecd.org/els/social/indicators/SAG
- Doing Better for Children (2009), via www.oecd.org/els/social/childwellbeing
- Growing Unequal? Income Distribution and Poverty in OECD Countries (2008), via www.oecd.org/els/social/inequality
- OECD Social Expenditure database, via www.oecd.org/els/social/expenditure
- OECD Family database, via www.oecd.org/els/social/family/database