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Chapter 3: Efficiency and Wellbeing

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A principal rationale for public policy is to address market failures. Pareto efficiency is therefore a highly common and relatively non-controversial evaluative criterion for many policy analyses and is discussed at length in policy analysis texts. This makes sense, for Pareto improvements involve making at least one person better off without making anyone worse off. Who could object to that? But does efficiency deserve the prominence it enjoys in public policy? Is one policy option better than another, at least in one respect, simply because it is more Pareto efficient? Or, is efficiency valuable for some other reason?

In this chapter, I discuss Pareto efficiency as an evaluative criterion and argue that it is a stand-in for a more foundational criterion: wellbeing. I begin with an overview of Pareto efficiency, discuss the various ways in which it is operationalized to evaluate policy options, and argue that it is valuable insofar as more efficient states of affairs promise more wellbeing than less efficient states of affairs. I then raise questions regarding whether the conception of wellbeing presupposed by Pareto efficiency – preference satisfaction – is a defensible conception of wellbeing. I go on to introduce three alternative conceptions of wellbeing which have been proposed and defended by both philosophers and policy scholars, namely, hedonism, objective goods views, and the capability approach, and suggest ways in which each can be operationalized as an evaluative criterion. I close by discussing four 'theory-free' approaches to thinking about the impact of policies on the quality of people's lives. Such approaches reject the idea that there is one single theory of wellbeing that should be used to evaluate policy options, and instead develop ways to evaluate the impact of policies on people's lives that are not grounded in a specific theory.

1 Pareto Efficiency and Policy Evaluation

A state of affairs is Pareto efficient if it is not possible to reallocate resources or change the rules of interaction in ways that would make at least one person better off without making another person worse off (Weimer and Vining 2017, 60). Defined in this way, Pareto efficiency is an optimal state. However, as an evaluative criterion Pareto efficiency is often understood as one which can be satisfied to greater or lesser degrees. Compared to the status quo A, policy option B is more efficient if it makes at least one person better off without making anyone else worse off. Policy option B is more efficient than policy option C if B makes more people better off than C without making anyone else worse off compared to A. We can thus also speak of *Pareto improvements* as policy changes that make at least one person better off without making anyone worse off. A state of affairs is *Pareto inefficient* if there are Pareto improvements to be had.

It is rare that any policy option will be a Pareto improvement on the status quo. This is so since policy changes typically have both winners and losers, making some people better off and others worse off. Consider the imposition of a carbon tax to address the negative externalities of carbon emissions. If designed appropriately, it will raise the price of gas and other sources of carbon emissions to incorporate the social costs of the emissions - i.e. costs to third parties. This ensures that all transactions are net beneficial and so promotes a level of consumption that maximizes social benefit. But while net social benefit is larger with a carbon tax than without, it also raises prices and so makes current consumers worse off than they would be absent the tax.

Policies like carbon taxes could be Pareto improvements on the status quo if the winners from the policy change compensated the losers. For example, the revenues from a carbon tax could be used to compensate consumers made worse off by imposition of the tax. This might be achievable in the case of carbon taxes if well-designed revenue-recycling schemes are implemented

alongside the tax (Budolfson et al. 2021). But in general, it is often very challenging for policymakers to construct workable, cost-effective compensation schemes.

To get around this problem, welfare economists have developed a *potential Pareto* criterion. According to what has come to be known as the Kaldor-Hicks standard, policy option A is more efficient than the status quo if the gains to the winners under A are large enough that the winners could compensate the losers, leaving no one worse off and at least one person better off than under the status quo (Adler and Posner 2006, 21). Policy option A is thus *potentially* Pareto superior to the status quo.

While a potential Pareto standard like Kaldor-Hicks is far more useful as an evaluative criterion than Pareto efficiency, it is also normatively indefensible. Why should a policy option be preferable if the outcome is such that the winners *could* compensate the losers, but do not do so? As Matthew D. Adler and Eric A. Posner (1999, 190) put it:

> The problem with the Kaldor-Hicks standard is that hypothetical compensation is not real compensation. The Loser when a project is approved is not consoled by his compensation in a hypothetical world: The Kaldor-Hicks standard lacks precisely that which makes the Pareto standard attractive.

Pareto efficiency is thus too demanding to be useful as an evaluative criterion. The Kaldor-Hicks standard is workable as a criterion, but lacks a plausible normative defense. In addition to these challenges, it's unclear whether the concept of 'efficiency' captures what is morally attractive about Pareto improvements and Pareto efficiency. Surely Pareto improvements are desirable because they involve making at least one person *better off* without making anyone *worse off*. Relatedly, Pareto efficiency is desirable because it is a state of affairs where it is not possible to make anyone *better off* without making someone *worse off*. In other words, Pareto efficiency and Pareto improvements are desirable because improvements to people's wellbeing are good, and diminishments to people's

wellbeing are bad. It therefore seems reasonable to replace efficiency as an evaluative criterion with wellbeing, a possibility I explore next.

2 Wellbeing

The concept of wellbeing captures how an individual's life is going *for them*. People whose lives are going well are rich in wellbeing; people whose lives are not going well are poor in wellbeing. Alternative terms for wellbeing include welfare, happiness, and the good life.

Conceptions or theories of wellbeing aim to specify what makes a life rich in wellbeing, that is, the conditions that must be satisfied if someone's life is to go well. There are several competing theories, each with its own strengths and weaknesses. In what follows, I provide an overview of the most prominent theories of wellbeing, illustrate how they may be employed as evaluative criteria in policy analyses, and outline their strengths and weaknesses. I begin with the view that is prominent in welfare economics and public policy: preference satisfaction.

2.1 Preference Satisfaction

Pareto efficiency includes the concept of wellbeing for it makes reference to people being made better or worse off by changes in patterns of production and consumption of goods and services. People are made better off when they buy or sell goods or services in the marketplace. They are worse off than they would otherwise be if their ability to buy or sell is frustrated. A Pareto efficient state of affairs is thus one where there are no more transactions to be had; an inefficient state of affairs is one where there is deadweight loss, that is, where transactions would occur if the market had not failed in some way..

Accordingly, the conception of wellbeing presupposed by Pareto efficiency is *preference satisfaction*. On this view, a person's wellbeing depends exclusively on their preferences (Bykvist 2016,

321-326). A state of affairs improves one's wellbeing if and only if one has a preference for it, is neutral for one's wellbeing if and only if one is indifferent towards it, and is bad for one's wellbeing if and only if one disfavors it. People are thus better off if their preference is satisfied, and, since they may have stronger and weaker preferences, better off when their stronger preferences are satisfied than when their weaker preferences are satisfied. More globally, people's lives are rich in wellbeing if and only if many or most of their stronger preferences, for example, regarding family, career, and hobbies are satisfied; they are poor in wellbeing if and only if many or most of the states of affairs they strongly disfavor obtain.

Preference satisfaction is attractive as a conception of wellbeing. It is intuitive to think that states of affairs are good for people because they favor them and that people are better off when they get what they want (Bykvist 2016, 331-332). Preference satisfaction is also pluralistic as a conception of wellbeing. Because people's preferences differ, so too will the goods, services, and activities that make them better off as well as the broader patterns of life they deem good.

Preference satisfaction can also be operationalized to evaluate policy options. The amount of money a person is willing to pay for an outcome can be understood as a reliable measure of the strength of their preference for the outcome and so the degree to which it will improve their wellbeing. If I am willing to pay $50 for a meal in a fancy French restaurant but only $10 for a meal in a diner, I strongly prefer the former meal to the latter and eating it will make me better off. Similarly, if I am willing to pay $5,000 for the city government to turn a large vacant lot two blocks from my house into a park, but only $50 for the city to turn it into a dog run, then the former option will make me much better off than the latter. People's willingness to pay for outcomes thus offers a reliable measure of the strength of their preferences for these outcomes, and so a useful metric for making *intrapersonal* comparisons of wellbeing, that is, comparisons of a single person's wellbeing in different outcomes (Adler 2019, 12).

Policy scholars have constructed methods to evaluate policy options on the basis of this insight. For a particular policy decision, people can be surveyed to determine the maximum they are willing to pay to see their preferred option implemented - i.e. their *willingness to pay* (WTP) - or the minimum they are willing to accept to see their disfavored option implemented - i.e. their *willingness to accept* (WTA) (Adler 2019, 31). Alternatively, policymakers may be able to estimate such valuations by looking at market activity, that is, how much people are willing to pay for particular goods and services. Policymakers can then aggregate these amounts to determine the amount of net monetary benefit (or cost) of the policy options on the table. To return to the park vs. dog run example, suppose that policymakers want to determine whether turning a vacant lot into a park or dog run will promote the most wellbeing (understood in terms of preference satisfaction). To determine the strength of people's preferences they can survey residents to determine their WTP/WTA for each option, or perhaps look to housing markets to determine the price of housing located close to either parks or dog runs. If policymakers find that compared to the status quo, the net benefit of a park is $1,000,000 whereas the net benefit of a dog run is only $200,000. It is reasonable to conclude that the city will produce more wellbeing by building a park compared to building a dog run. More generally, WTP/WTA are commonly used by federal agencies to conduct cost-benefit analyses of proposed rules and regulations (Sunstein 2018, 39-66).

Despite its intuitive plausibility and utility for policy evaluation however, preference satisfaction also faces several challenges. To begin, preference satisfaction faces two compelling objections considered as a philosophical theory of wellbeing. First, it seems to get the order of explanation wrong (Bykvist 2016, 333) Preference satisfaction holds that goods, services, and activities are good for people because they favor them. But doesn't it make more sense to think that people favor such objects because they are good, with the goodness of such objects explained independently of people's preferences? There are also, second, at least four types of cases where the

satisfaction of a person's preference does not make them better off. One type of case is where people have a preference for a good, service, activity, or occupation that is formed without adequate information (Bykvist 2016, 333-334). For example, suppose you go to see the latest Marvel movie, not knowing that it has received terrible reviews. You hate the movie and wish you could get back the 2 hours you spent watching it, not to mention the $15. In this case, your preference has been satisfied, but you seem to have been made worse off. Similarly, suppose you form a preference to take up mountain biking as a leisure activity. You buy a bike and all the necessary gear and then hit the trails, only to find that it's actually a lot of hard work and quite terrifying to ride over roots and rocks. As in the movie case, your preference has been satisfied, but you appear to be worse off. The satisfaction of uninformed preferences doesn't always make people better off; sometimes it makes them worse off.

A different type of case is when people satisfy preferences that they do not endorse. People with substance use disorders clearly have a strong preference for the substance to which they are addicted. But many wish to be free of this preference, recognizing that their lives would go better if they did not have it. For example, many people who are addicted to cigarettes would like to quit. When people in these circumstances satisfy these unendorsed preferences, they are made worse off, not better off.

Turning to more global preferences, that is, preferences regarding the shape of one's life, there is a further problem regarding preferences formed under oppressive circumstances (Sen 2009, 18-19). Suppose you've been raised in a closeted religious community. You have very little knowledge of the outside world and the options available to people, and you have been raised to believe that the good life for you consists in living up to a restrictive set of gender norms. Your preferences align with this conception of the good life, and they are satisfied - you live the life set out for you in religious texts. But, are you living a good life? Your preferences have arguably been

formed under oppressive circumstances and so you have a very restricted understanding of the life options that are available to you. For these reasons, some think that this is an additional problem for preference satisfaction.

Finally, often we have preferences for things that don't seem to bear on how our lives go, that is, preferences that are *other-regarding*. Take an example from the philosopher Derek Parfit (1984, 494).

> Suppose that I meet a stranger who has what is believed to be a fatal disease. My sympathy is aroused, and I strongly want this stranger to be cured. We never meet again. Later, unknown to me, this stranger is cured. On the Unrestricted Desire Fulfillment Theory, this event is good for me, and makes my life go better. This is not plausible. We should reject this theory.

Many side with Parfit, agreeing that it is counter-intuitive to think that the satisfaction of other-regarding preferences which have very little to do with how our individual lives go make us better off.

There is a further practical problem with the willingness to pay methodology, which is the dominant way to implement preference satisfaction. As I note above, such methods allow intrapersonal comparisons of wellbeing. If I'm willing to pay more for a park than a dog run, I will be better off if the city builds a park rather than a dog run. But these methods do not permit *interpersonal* comparisons of wellbeing, that is, comparisons of different people's wellbeing in a certain state of affairs (Adler 2019, 12). Suppose instead that the city must decide whether to locate the park in a low-income neighborhood or a high-income neighborhood. To determine which location would promote the most wellbeing, policymakers decide to survey residents of each neighborhood, asking them how much they'd be willing to pay for the park to be located in their neighborhood. Residents of the high-income neighborhood are on average willing to pay $10,000 whereas residents of the low-income neighborhood are willing to pay $500. Residents of both

neighborhoods, on average, thus judge that they will be better off with a park in their neighborhood than without. And, assuming equal neighborhood population and representative sampling, among other things, the net monetary benefit will be greater if the park is located in the high-income neighborhood. But, can we conclude that the city will promote more wellbeing if it builds the park in the high-income neighborhood? It's possible that the higher willingness to pay of residents of this neighborhood is due to their having stronger preferences on average for a park than residents of the low-income neighborhood, meaning that building a park in the former would generate more wellbeing than building a park in the latter. But isn't it more likely that the difference in willingness to pay is simply due to the amount of money residents have? Residents of high- and low-income neighborhoods may have equally strong preferences for a park, but the former may be willing to pay more for it because of the diminishing marginal utility of money (Adler 2019, 33-34)

Philosophers and social scientists have proposed solutions to these problems. To address the problem that there seem to be cases where preference satisfaction does not make people better off, some have proposed *laundering* preferences (Crisp 2021). On this view, only the satisfaction of 'cleaned up' preferences improve people's wellbeing. More specifically, the satisfaction of preferences which are informed, endorsed, self-regarding, and formed under non-oppressive conditions make people better off. Policymakers can thus be confident that the satisfaction of preferences which satisfy these conditions improve wellbeing. They can also take steps to ensure that people's preferences are informed, endorsed, and formed under non-oppressive conditions by requiring goods and service providers to disclose relevant information regarding their products, ensuring all children and youth receive a wide-ranging education, and limiting access to addictive substances. They can also design willingness to pay surveys in ways that tease out respondents' willingness to pay for certain projects given its impact on them, not others.

Policy scholars have also proposed methods to address the ways in which people's background income and/wealth influences their willingness to pay for certain goods and services and so exaggerates the impact of projects on people with resources. For example, the United Kingdom's *Green Book*, which offers HM Treasury's (2022) guidance on how to evaluate policies, recommends that distributional weights be used to counter the diminishing marginal utility of money. Monetized benefits and costs for low-income people are thus given greater weight than those for high-income people. Similarly, in the United States, federal agencies impose a monetary value on a human life in order to value the reduction of risk in mortality from proposed regulations in the context of cost-benefit analyses (Thomson-DeVeaux 2020). This statistical value of a human life is identified by asking people how much they would be willing to pay to lower their risk of death. But, the resulting value of a human life used by federal agencies does not vary by income or wealth, even though rich people are willing to pay more to decrease risk of mortality than poor people. These tweaks do not solve the underlying problem, namely that WTP/WTA does not allow interpersonal comparisons of wellbeing, but they may address the most worrisome implications of the unreflective use of this tool.

2.2 Hedonism

Some remain unconvinced that preference satisfaction can be saved simply by laundering preferences. For them, the fact that the satisfaction of a preference does not always improve wellbeing is a serious problem. Moreover, since we can speak meaningfully of cases where the satisfaction of someone's preference makes them *worse off*, at least some dimension of wellbeing is independent of preferences, that is, the dimension that informs the judgment that they are worse off. The attempt to launder preferences, some argue, is just a way to isolate the conditions under which people reliably prefer what is good for them.

Hedonists suggest that the satisfaction of a preference makes people better off when it gives them pleasure, and makes them worse off when it leads to pain or suffering. The satisfaction of laundered preferences reliably makes people better off because people tend to seek pleasure and will experience it when their preferences are informed, endorsed, self-regarding, and formed under non-oppressive circumstances. Wellbeing is thus pleasure and the absence of pain, not the satisfaction of preferences.

More precisely, hedonism is the view that the goodness of an activity or life is determined by the quality of the person's subjective experience. As John Bronsteen, Christopher Buccafusco, and Jonathan S. Masur (2010, 1591) write, "the measure of welfare for a period of any duration, from a couple of minutes to an entire lifetime, is the aggregate of a person's moment-by-moment experiences of positive and negative feeling." One person's life goes better than another's if they experience a greater amount of net positive feeling (aggregate positive feeling minus aggregate negative feeling). One activity promises more wellbeing if it is more pleasurable on net than another. The best life is the one with the most net positive feeling.

The idea that pleasure improves people's wellbeing and pain and suffering detract from it is intuitive, but what's the argument for hedonism? Bronsteen, Buccafusco, and Masur (2010, 1590-1591) propose the following:

1. Human life is fundamentally experiential: people encounter life through their thoughts, feelings, and sensory perceptions.
2. Experiences can be negative (pain, suffering, anxiety, etc.), positive (pleasure, love, joy, awe, etc.), or neutral.
3. Positive, negative, and neutral experiences are constitutive of a person's subjective quality of life (from 1 and 2).
4. Subjective quality of life is determinative of wellbeing.

5. A person's well-being is determined by the aggregate sum of negative and positive experiences (from 3 and 4).

Put succinctly, we are experiential beings, so what else could matter for our wellbeing except for the quality of our experiences, how life feels from the inside?

In popular culture, a hedonistic lifestyle is usually associated with people who are rich, have lots of sex with multiple partners, and frequently ingest copious amounts of drugs and alcohol. But which lifestyle and/or set of activities promises the greatest amount of *lifetime* wellbeing is an empirical question. Given the risks associated with drug and alcohol use, the stereotypical hedonistic lifestyle is unlikely to be very hedonistic at all, for all else equal, a long and healthy life promises greater opportunity for pleasurable experiences than a short one. Similarly, while sex is no doubt among the most pleasurable activities on offer, other more mundane activities also promote positive feeling, including attending the theater or a concert, visiting a museum, gardening, playing sports, socializing, and walking or hiking (Bryson and MacKerron 2017, 117). There is also research showing that while income is positively correlated with experienced wellbeing, experienced wellbeing rises linearly only with log(income), not raw income (Killingsworth 2021). This means that households earning $40,000 and $80,000 exhibit the same difference in experienced wellbeing as households earning $80,000 and $160,000. To the extent that the relationship is causal, this means that money has a diminishing marginal impact on experienced wellbeing. Given these findings, it's quite likely that the hedonistic lifestyle involves, yes, frequent sex, but also healthy eating, regular exercise, sufficient sleep, avoidance of risky behaviors, engaging hobbies such as hiking or theater-going, and a middle-class salary.

One might find the above argument for hedonism persuasive, but question how hedonism is relevant to policy analysis. In 1881, the philosopher and economist Francis Ysidro Edgeworth (1881, 101) proposed the "hedonimeter," as "an ideally perfect instrument, a psychophysical machine,

continually registering the height of pleasure experienced by an individual." A hedonimeter would directly access our conscious experiences and measure them on a cardinal scale according to how many 'hedons' - i.e. units of pleasure/displeasure - they contain. One could imagine a contemporary hedonimeter offering users an app on their smartphone, which would display their levels of hedons over the course of their day. Policymakers could collect this data, determine the association between hedon levels and activities and conditions, and use this to evaluate policy options in terms of their likely impact on the quality of people's experience. Unfortunately, the hedonimeter remains a proposal, raising the question of how hedonism could be relevant for policymakers.

While perhaps not as accurate as the fanciful hedonimeter promises to be, social scientists regularly employ 'experience sampling' to determine the quality of people's experiences. Indeed, the findings I discuss above regarding the activities and conditions that give people pleasure come from studies employing this method. Experience sampling involves asking people at random times of day to rate the nature and quality of their mental experience, describe the activity they are currently engaged in, and, often, report whether they are with anyone (Csikszentmihalyi and Larson 1987). For example, social scientists may inquire into whether people are feeling sad, angry, anxious, or experiencing pleasure, or to simply ask them to report how happy they are. By having people rate their experiences using cardinal scales, intra- and interpersonal comparisons are possible, at least in principle. Researchers are currently collecting large amounts of data by employing apps which 'ping' people at random times of day and have them report on their experiences using their smartphones.

For example, the *Mappiness* project collects data from tens of thousands of people in the UK via their smartphones, asking them to report on their experience at random times of day, as well as their current activity, who they are with or whether they are alone, and their location (Bryson and MacKerron 2017, 110-111). Respondents also complete a brief survey when they sign up for the app, answering various demographic questions. Using this data, Alex Bryson and George

MacKerron (2017, 117) prepared an overview of the correlations between people's happiness and activities. The coefficient is the percentage increase or decrease in happiness for an activity compared to not engaging in that activity:

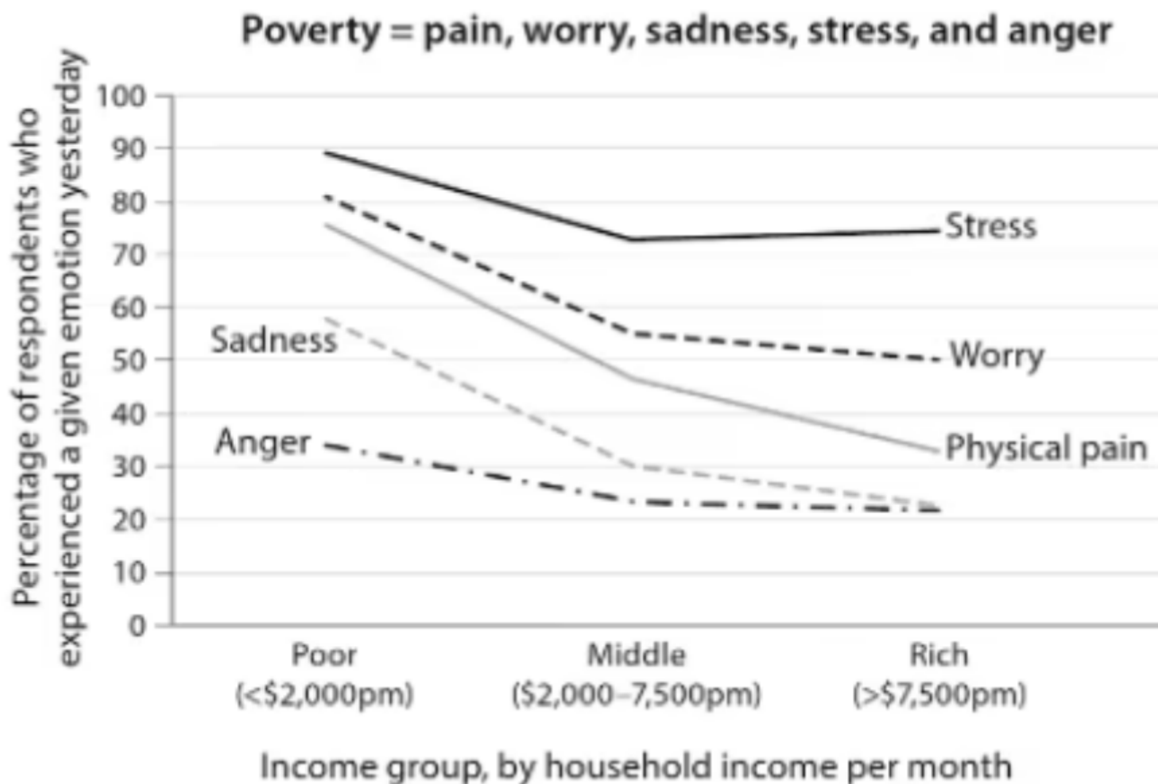
Table 4

Happiness in Different Activities (fixed effects regression model)

Happy (0–100) Activities (in rank order)	Coefficient	t
Intimacy, making love	14.20	(44.4)
Theatre, dance, concert	9.29	(29.6)
Exhibition, museum, library	8.77	(25.0)
Sports, running, exercise	8.12	(45.5)
Gardening, allotment	7.83	(22.8)
Singing, performing	6.95	(17.5)
Talking, chatting, socialising	6.38	(75.2)
Birdwatching, nature watching	6.28	(11.4)
Walking, hiking	6.18	(37.0)
Hunting, fishing	5.82	(3.98)
Drinking alcohol	5.73	(54.0)
Hobbies, arts, crafts	5.53	(22.5)
Meditating, religious activities	4.95	(11.2)
Match, sporting event	4.39	(15.2)
Childcare, playing with children	4.10	(19.4)
Pet care, playing with pets	3.63	(17.1)
Listening to music	3.56	(27.6)
Other games, puzzles	3.07	(11.1)
Shopping, errands	2.74	(25.1)
Gambling, betting	2.62	(2.82)
Watching TV, film	2.55	(36.3)
Computer games, iPhone games	2.39	(18.4)
Eating, snacking	2.38	(37.1)
Cooking, preparing food	2.14	(22.0)
Drinking tea/coffee	1.83	(18.4)
Reading	1.47	(13.3)
Listening to speech/podcast	1.41	(9.62)
Washing, dressing, grooming	1.18	(11.5)
Sleeping, resting, relaxing	1.08	(11.4)
Smoking	0.69	(3.16)
Browsing the Internet	0.59	(6.13)
Texting, email, social media	0.56	(5.64)
Housework, chores, DIY	−0.65	(−6.59)
Travelling, commuting	−1.47	(−16.2)
In a meeting, seminar, class	−1.50	(−9.01)
Admin, finances, organising	−2.45	(−14.2)
Waiting, queueing	−3.51	(−22.7)
Care or help for adults	−4.30	(−7.75)
Working, studying	−5.43	(−44.0)
Sick in bed	−20.4	(−67.9)
Something else (version $<$ 1.0.2)	−1.00	(−5.43)
Something else (version $\geq$ 1.0.2)	−2.31	(−13.6)
Person fixed effects	Yes	
Constant	65.6	(978)
Observations	1,321,279	
Number of groups	20,946	

Given the ubiquity of smartphones, it should not be difficult or expensive for policymakers to collect massive amounts of data on which types of experiences are associated with better and worse experiences.

Researchers also use more traditional survey techniques to understand the quality of people's experiences and the contributing factors underlying them. People who differ by income, age, gender, race, education, and employment status, among other factors, can be asked to report on how much stress, anxiety, and happiness they experience day to day, with the aim of identifying correlations between their quality of experience and characteristics and circumstances. For example, low-income Americans report experiencing significantly more stress, worry, physical pain, sadness, and anger than middle- or high-income Americans (Graham 2017, 80):



With greater amounts of data drawing connections between people's quality of experience, activities, and conditions of life, it is not difficult to see how a hedonistic conception of wellbeing

could be employed as an evaluative criterion in policy analyses. Policy options could be evaluated in light of their expected impact on the quality of people's experiences, with this expected impact informed by available data. For example, suppose policymakers are considering how to reduce the number of people in poverty. Using a hedonistic criterion, policymakers may have at least one reason to favor unconditional cash transfers rather than programs which condition people's access to help on specific behaviors and administrative processes, namely, that people living in poverty find conditional programs very stressful. Not only do such programs make people's receipt of assistance contingent on their satisfaction of a set of conditions, for example, that they are actively looking for work, but many people find completing forms incredibly stressful. Similarly, a brief glance at Bryson and MacKerron's findings above suggests that people would be happier if they spent less time at work and commuting, and more time engaged in various leisure activities and spending time with their children. This finding could be relevant for many policy decisions regarding vacation time, working hours, parental and family leave, the provision of efficient transportation, and remote working, among others.

Proponents of hedonism favor it over preference satisfaction in part because it seems to more directly capture what contributes to and detracts from wellbeing. Sometimes the satisfaction of a preference makes one worse off, but it's hard to argue that, all else equal, pleasure improves one's life and pain diminishes it. Still, some object to the idea that pleasure and pain are the *sole* determinants of a person's wellbeing, and so that hedonism fully captures the nature of wellbeing.

Robert Nozick offers what is perhaps the most famous objection to hedonism in his book *Anarchy, State, and Utopia*. Nozick (1974, 42-43) asks readers to consider the "experience machine:"

> Suppose there were an experience machine that would give you any experience you desired. Superduper neuropsychologists could stimulate your brain so that you would think and feel you were writing a great novel, or making a friend, or reading an interesting book. All the

> time you would be floating in a tank, with electrodes attached to your brain. Should you plug into this machine for life, preprogramming your life's experiences?...*What else can matter to us, other than how our lives feel from the inside?*

We can stipulate further that preprogramming is not necessary but rather that the experience machine employs machine learning to provide the user with experiences that maximize their pleasure over the period they are plugged in. Note, too, that users' experiences need not be limited to "writing a great novel," "making a friend," or "reading an interesting book," though in the interests of keeping this book family friendly, I shall not elaborate further.

For hedonists, all that matters is how our lives feel from the inside and so Nozick's question is a no brainer: people should plug in. The experience machine, after all, is impeccably designed to maximize users' pleasure. But some readers resist this conclusion, and this resistance may point to an objection to hedonism. Perhaps quality of experience is not the only thing that matters for wellbeing. To return to Bronsteen, Buccafusco, and Masur's (2010, 1590-1591) argument for hedonism, perhaps premise 4, the claim that subjective quality of life is determinative of wellbeing, is false. But what else could matter?

Some argue that whether one's experiences are *real* also matters. The experiences of the experience machine are made up - one has the experience of writing a great novel, but one is not actually doing so. Surely, the argument goes, whether one's experiences are real or not matters for whether one's life is good or rich in wellbeing. It is better to *actually* write a great novel than to simply have the experience of doing so. To take a different example, suppose you derive great pleasure from the belief that your spouse loves you and is faithful to you (Hausman 2010, 328). After 20 years of marriage however, you discover that they've had a long-running affair and are only staying with you for the sake of your children. Now, the news of the affair would be devastating, but consider your life before you know the truth, or consider the case where you never discover the

truth. Does it matter for how your life is going that your belief is false? Would your life be better off, at least in one respect, if your belief was true and your spouse did love you and was faithful? If so, then how one's life feels from the inside is not all that matters.

A related objection is that things like meaning or accomplishment also matter for wellbeing. Consider that people often take on challenging projects which promise a good deal of pain and suffering and not much pleasure. People may decide to write a novel, complete a PhD, run a marathon, contribute to science, rebuild a classic car, chair an academic department, or restore an old home. No doubt these projects promise some pleasure, particularly if they are successful, but were one only to be concerned with maximizing one's pleasure, it would make sense to do something else. People are instead drawn to these projects precisely because they are difficult and challenging and so necessarily involve feelings of stress, struggle, and anxiety. Such projects offer people meaning or the possibility of accomplishment. If we think it is rational for people concerned with their wellbeing to choose such projects over ones that promise greater pleasure and less pain, then there is something else other than pleasure which contributes to wellbeing. Perhaps the degree to which an activity or project contributes to one's wellbeing depends both on pleasure and how meaningful it is.

These objections raise problems for hedonism, understood as an evaluative criterion, for it may lead policymakers astray. Consider child-rearing. Some studies find that spending time with young children doesn't contribute to the quality of people's experience nearly as much as various leisure activities (Bryson and MacKerron 2017, 117). Policy analysts employing a hedonistic evaluative criterion might take this as a reason to disfavor policy options that encourage people to have children and to spend time with them in the home. But such an approach would surely fly in the face of people's own preferences and such preferences seem rational: many people find it deeply

meaningful to have children and spend time with them, even if doing so introduces more anxiety and stress and less sleep into their lives (Hausman 2010, 335-337).

Still, the quality of people's experiences surely matters to wellbeing. Even if pleasure isn't all that matters to wellbeing, it is worthwhile for policymakers to collect data to determine which circumstances and activities contribute to and detract from people's experiences, and to consider such data as an important consideration when evaluating policy options. We turn next to a view that is capable of accommodating pleasure and other goods in a single theory of wellbeing.

2.3 Objective Goods View

The insight that the value of some activities or projects is not solely determined by the amount of pleasure they promise is a central motivation for the *objective goods* view of wellbeing. On this view, some things contribute to people's wellbeing regardless of their attitude towards them, that is, regardless of whether people have a preference for them or receive pleasure from them (Hurka 2016, 379). For *subjective* views of wellbeing such as hedonism and preference satisfaction, by contrast, whether a particular good or activity contributes to one's wellbeing depends on whether the subject has a 'pro-attitude' toward it, that is, has a preference for it or derives pleasure from it. Examples of objective goods include knowledge, achievement, friendship, athletic excellence, and aesthetic experience. Objective goods theories can also incorporate subjective goods such as pleasure or preference satisfaction (Hurka 2016, 380). For a theory of wellbeing to be objective, therefore, it must thus identify at least one objective good as a contributor to wellbeing.

Objective goods theories offer a promising solution to some of the problems with subjective views of wellbeing such as preference satisfaction and hedonism. Regarding preference satisfaction, objective goods proponents argue that the satisfaction of some preferences doesn't improve people's wellbeing because the objects of these preferences are not always good. That one has a

preference for something doesn't entail it will improve one's wellbeing; instead, it will only do so if it is in fact good. Similarly, people are right to resist plugging into the experience machine since while it offers pleasure, it does not promise people objective goods such as knowledge, athletic achievement, or friendship. As Thomas Hurka (2016, 380) puts it, for hedonism a life full of "mindless pleasures, ones that are passive and involve no intelligence, creativity, or challenge…could be as good as a life can be."

Moreover, while objective goods theories are not nearly as prominent in economics or public policy scholarship as preference satisfaction or even hedonism, they provide a direct justification for important areas of government activity. For example, it is difficult to justify government spending on the arts, national parks, space exploration, athletics (e.g. the Olympics), and non-practical academic education and research such as astrophysics, literature, and philosophy, among others, without making reference to the idea that aesthetic experience, knowledge, and athletic excellence are good (Hurka 2016, 391-393). Justifications which appeal to pleasure or the satisfaction of people's preferences are likely to be incredibly convoluted and fail to explain why the above-mentioned government activities are understood to be defensible.

Objective goods theories can also inform the construction of a wellbeing evaluative criterion, though the details will depend on the objective goods theory in question. As with many ethical questions, scholars disagree on exactly which proposed goods contribute to people's wellbeing. Some philosophers hold that objective goods can be identified through philosophical analysis. Others think that such goods are tied to human nature: since conceptions of wellbeing aspire to determine what the good *human* life is, some think, wellbeing consists in the realization of truly human capacities. As embodied, rational agents with the capacities for aesthetic experience and setting and pursuing goals, it thus makes sense that objective goods include knowledge, aesthetic experience, athletic excellence, and achievement (Hurka 2016, 380). For any objective goods theory

however, once a set of goods is identified, measures can be constructed for each and policy options evaluated in light of them. Policy analysts will also require rules for aggregating goods so that they are able to compare policy options offering different levels of the goods in question and determine which offers the most wellbeing overall. This is a challenge preferences satisfaction and hedonism do not face since each view, at least in principle, can be operationalized through a criterion which employs only one measure, for example WTP/WTA in the case of preference satisfaction.

While the objective goods view avoids some of the shortcomings of hedonism and preference satisfaction, it too suffers from several objections. A first weakness of the view is the flip side of one of its strengths. Some may be attracted to the objective goods view because it implies that people may be mistaken that some activity to which they have a pro-attitude toward makes them better off. Many people have a revealed preference to mindlessly scroll through their social media accounts but does this activity really improve their wellbeing? Wouldn't they be better off if they spent time with friends, went for a walk in a beautiful park, or advanced some goal? But consider the case of Omar. Omar is inspired by the objective goods view and decides he will be better off if he engages in more activities involving aesthetic appreciation. He visits art galleries, attends operas and symphonies, and spends time in beautiful landscapes. After months of these activities, however, he neither forms a preference for them nor gains any pleasure from them. They remain a slog, a chore to be dispatched, not something to look forward to. Does Omar's engagement in these activities *really* make him better off? More broadly, for an activity to improve one's wellbeing, isn't it necessary that one has a pro-attitude towards it, either deriving pleasure from it or eventually forming a preference for it?

A second objection to the objective goods view is that it is anti-pluralistic. In free societies, people develop all sorts of ways of life. Some of these may be consistent with a wide-ranging objective goods view, for example, one involving close friendships, appreciation of the arts and

nature, the cultivation of knowledge, rigorous exercise, and professional achievement. But many may not be consistent with such a view (or simply score low in wellbeing on it) and the people in question may nonetheless seem to be thriving. Perhaps reasonable disagreement is possible regarding the features of a good life? Of course, objective goods views can accommodate some pluralism insofar as they include pleasure or preference satisfaction as an objective good. But, they also affirm that goods such as achievement or knowledge contribute to one's wellbeing, regardless of the objections or experiences of people who disagree.

2.4 The Capability Approach

For those who find these two objections compelling but who are still attracted to the objective nature of the objective goods view, the capability approach may offer a promising option. The capability approach was first formulated by the economist Amartya Sen and later developed by the philosopher Martha Nussbaum as well as many philosophers and social scientists. The core idea of the capability approach is that one's wellbeing is determined by one's ability to perform actions and inhabit states of being that one has reason to value (Sen 1993, 31).

Two concepts are key to the capability approach: functionings and capabilities. Functionings are states of being or doing (Sen 1993, 31). Being well nourished, in good health, and knowledgeable are functionings, as are states of doing such as reading, eating, walking, and working. Capabilities are the real opportunities one has to realize functionings (Sen 1993, 31). One has the capability to be well nourished if one has the real ability to access nutritious foods; one has the capability to work if one has skills that are in demand in the marketplace and is not subject to employment discrimination; one has the capability to be knowledgeable if one has access to free or affordable education as well as resources such as internet access, books, journals, and newspapers. Crucially, to have the capability to realize a functioning, one must have the real opportunity or real freedom to

realize the functioning in question. This means people must not only have a formal freedom to do so - i.e. are not subject to external interference - but must also have the necessary resources. I don't have the capability to attend college if I've been accepted to a school but cannot afford to go.

The capability approach avoids many of the problems to which other views of wellbeing are subject. Consider preference satisfaction and the problem of oppressive preferences. According to preference satisfaction, the person who grew up in a closeted religious community and is subject to a restrictive set of gender norms may be living a good life insofar as her preferences are satisfied. But the capability approach can capture the way in which this is not so, for while this person's preferences are satisfied, they may have a minimal set of capabilities (Sen 2009, 18-19). They may not have the ability to work outside the home, both because of a lack of marketable skills but also because they would face social sanction from their community if they did so. They may not have the capability to be knowledgeable if they lack access to alternative sources of information or even the literacy and numeracy skills necessary to learn from such courses. They may lack the capability to be healthy if their access to health care services is limited or subject to the choice of their male relatives. On the capability approach, this person is living a life poor in wellbeing for they lack certain central capabilities, the real freedom to realize various valuable functionings. Similarly, a life lived indulging in mindless pleasures is nonetheless low in wellbeing if one has few capabilities.

As such, the capability approach is like the objective goods view in that it avoids some of the problems with subjective views of wellbeing such as preference satisfaction and hedonism. But it also avoids the central problems with objective goods view. First, the capability approach holds that one's wellbeing is a function of one's capabilities, not one's functionings. It is imperative that people have the capability to be knowledgeable, or the capability to have friends, but the capability approach does not require people to achieve these functionings to live a good life. The capability approach does not therefore imply that one's life goes better if one becomes knowledgeable,

regardless of their attitude towards knowledge. Regarding the above discussed case of Omar, the capability approach applauds the fact that Omar has the capability for aesthetic appreciation, but does not have the counterintuitive implication that his life goes better when he visits an art gallery or attends the symphony even though he loathes these activities. The capability approach recognizes that freedom is intrinsically valuable and so is concerned to ensure that people have the real freedom to pursue whatever ends they have reason to value (Sen 1993, 39-40).

For this reason, the capability approach is pluralistic, thus avoiding the second problem with objective goods views. It recognizes that people have a diversity of life plans and goals, and aims to ensure that people have the real freedom to pursue the conception of the good life they have reason to value. Indeed, Sen (2005, 158) even refused to specify a "canonical list" of capabilities, thinking that any use of the capability approach must be informed by the relevant context and public deliberation. Nussbaum (2000, 71-80) did formulate such a list, but argues that the ten central capabilities it contains are universal and the prerequisites of a dignified human life:

1. Life. Being able to live to the end of a human life of normal length; not dying prematurely, or before one's life is so reduced as to be not worth living.
2. Bodily Health. Being able to have good health, including reproductive health; to be adequately nourished; to have adequate shelter.
3. Bodily Integrity. Being able to move freely from place to place; having one's bodily boundaries treated as sovereign, i.e. being able to be secure against assault, including sexual assault, child sexual abuse, and domestic violence; having opportunities for sexual satisfaction and for choice in matters of reproduction.
4. Senses, Imagination, and Thought. Being able to use the senses, to imagine, think, and reason – and to do these things in a "truly human" way….

5. Emotions. Being able to have attachments to things and people outside ourselves; to love those who love and care for us, to grieve at their absence; in general, to love, to grieve, to experience longing, gratitude, and justified anger….
6. Practical Reason. Being able to form a conception of the good and to engage in critical reflection about the planning of one's life…
7. Affiliation. A. Being able to live with and toward others, to recognize and show concern for other human beings, to engage in various forms of social interaction; to be able to imagine the situation of another and to have compassion for that situation; to have the capability for both justice and friendship….B. Having the social bases of self-respect and non-humiliation; being able to be treated as a dignified being whose worth is equal to that of others.
8. Other Species. Being able to live with concern for and in relation to animals, plants, and the world of nature.
9. Play. Being able to laugh, to play, to enjoy recreational activities.
10. Control over One's Environment. A. Political. Being able to participate effectively in political choices that govern one's life; having the right of political participation, protections of free speech and association. B. Material. Being able to hold property (both land and movable goods), not just formally but in terms of real opportunity; and having property rights on an equal basis with others; having the right to seek employment on an equal basis with others; having the freedom from unwarranted search and seizure.

Nussbaum's list aims to identify the preconditions of a dignified human life, not a life rich in wellbeing, but it provides an idea of how the capability approach could be employed in policy evaluation. Policymakers could specify a list of capabilities and evaluate policies in terms of the degree to which they realize them.

A recent and prominent appeal to the capability approach is to be found in Joseph E. Stiglitz, Amartya Sen, and Jean-Paul Fitoussi's (2009) *Report by the Commission on the Measurement of Economic Performance and Social Progress*. Commissioned in 2008 by the President of the French Republic, Nicholas Sarkozy, the *Report* aims to identify the limits of gross domestic product as a measure of social progress and to explore alternative indicators. Stiglitz, Sen, and Fitoussi (2009, 143-144) recommend that policymakers should measure wellbeing rather than economic production, and suggest that wellbeing is multi-dimensional, consisting of subjective dimensions such as quality of experience, but also capabilities. More specifically, Stiglitz, Sen, and Fitoussi (2009, 156-203) recommend that policymakers evaluate policies in terms of their promotion of the capabilities for health, education, political voice, social connections, healthy environmental conditions, personal security, and economic security in addition to measures of subjective wellbeing.

The capability approach is thus motivated by a promising idea, that wellbeing consists in the real freedom to do and be various things, avoids many of the problems to which other views are subject, and can be implemented as a tool of high-level policy evaluation. It is not without problems however. First, it is subject to the same aggregation challenges as the objective list view. In contrast to preference satisfaction and hedonism, which provide a single measure of wellbeing against which to evaluate policy options, the capability approach offers a multidimensional conception of wellbeing, requiring aggregation across the capabilities impacted by the policy options under consideration.

An additional challenge is whether the capability approach offers an account of *wellbeing*. Suppose a person's central capabilities are secured, but they make choices that leave them miserable. Is their life rich in wellbeing (Hurka 2016, 395)? Intuitively, it would seem not. The capability approach also suffers from several conceptual unclarities. Are the basic functionings *intrinsically* good, meaning that they contribute directly to people's wellbeing, or are they merely *instrumentally*

good, meaning that they are good as means to wellbeing (Hurka 2016, 396-398)? If the basic functionings are only instrumentally good, then the capability approach leaves the question of wellbeing unanswered, failing to specify what they are good for. If the basic functionings are intrinsically good, then why shouldn't policymakers care about whether people achieve them or not? One potential implication of these challenges is that the capability approach is best not seen as an account of wellbeing, but instead as an account of the basic things people need to have a decent quality of life. As we'll see in the next section, some thinkers argue that this is a potential benefit of the view for governments shouldn't concern themselves with promoting any particular conception of wellbeing.

3 Theory-Free Approaches

Preference satisfaction, hedonism, objective goods views, and the capability approach are rival *theories* of wellbeing, systematic and coherent accounts of what makes a person's life go well. As we've seen, all four theories, with differing levels of difficulty, can be operationalized as evaluative criteria for policy analyses. But some scholars reject the idea that policymakers should be guided by one or more philosophical theories of wellbeing. Instead, they offer *theory-free* approaches from which evaluative criteria can be developed to evaluate policy options in light of their impact on people's lives. I discuss four such approaches here.

3.1 Liberal Neutrality

A central challenge to objective goods views is that they are anti-pluralistic, failing to recognize that people reasonably disagree about the nature of the good life. The political philosopher John Rawls takes this fact of reasonable disagreement as grounds to argue that governments should not act on the basis of any particular conception of the good life (Rawls 2005,

190-195). For governments' exercise of coercive authority to be respectful of their residents, according to him, they must comply with principles that are justifiable to all considered as free and equal people. Because people reasonably disagree about the nature of wellbeing, governments cannot appeal to a particular theory or conception to justify specific uses of coercive authority. Rather, they must be neutral among conceptions of the good life, acting in accordance with the principle of *liberal neutrality*:

> Liberal Neutrality: Social, political, and economic institutions, as well as public policies, should not be designed to favor, or be justified by reference to, any particular conception of the good life (Rawls 2005, 194).

Proponents of this principle understand it to be an intellectual descendent of the separation of church and state (Heath 2020, 94-148). Just as governments should not act on the basis of any particular religious faith, so too they should not act on the basis of any controversial conception of the good life.

Proponents of liberal neutrality recognize that governments require some way to determine if people are well off or badly off and if particular policy options improve people's lives or make them worse. They therefore develop theory-free approaches which they claim are justifiable to all, regardless of their view of the good life. First, Rawls (1999, 54) introduces the concept of "social primary goods." Such goods are 'social' in that they are produced and distributed by government institutions and policies, and they are 'primary' since they are desirable no matter a person's conception of the good life. Such goods include:

1. Basic rights and liberties…;
2. Freedom of movement and free choice of occupation against a background of of diverse opportunities;

3. Powers and prerogatives of offices and positions of responsibility in the political and economic institutions of the basic structure;
4. Income and wealth; and finally,
5. The social bases of self-respect (Rawls 2005, 181).

Institutions and policies are better, Rawls claims, insofar as they grant people more liberties and rights, greater freedom of movement and occupation, wider opportunity for jobs and careers, more income and wealth, and a secure sense of self-respect. Since such goods refer to people's objective circumstances, constructing an evaluative criterion to evaluate policies is feasible and also allows for interpersonal comparisons (Rawls 2005, 181).

Like the objective goods view and the capability approach, policy analysts wishing to employ Rawls's view as an evaluative criterion face a problem of aggregation. Rawls recognizes this problem and suggests that the basic rights and liberties, freedom of movement and occupation, and the social bases of self-respect are more important than the other goods since they are more foundational for people's ability to set, revise, and pursue a conception of the good life (Rawls 1999, 474-480). Institutions and policies should not also force trade-offs among these goods for institutionally protected freedoms are also a social foundation of self-respect (Rawls 1999, 477). But there is still the challenge of whether to prioritize income and wealth or greater occupational opportunities when policies offer different amounts of each (Rawls 1999, 78-81).

In addition, the list of social primary goods is arguably far too limited, preventing policymakers from comparing policies which have important impacts on people's lives that are not reducible to income or career opportunities. Regarding questions of public health policy, for example, we may wish to know how different options fare in terms of their impact on people's health, a dimension that is not captured by Rawls's list. Relatedly, proponents of the capability approach often point out that people can have equal amounts of social primary goods but still have

starkly varying abilities to achieve specific states of doing and being. A person in a wheelchair may have the same legally protected freedoms and income as everyone else, but face much greater mobility challenges if their city's workplaces, transportation infrastructure, public spaces, and shopping areas are not accessible and so also have to devote a much greater share of their income to mobility (Sen 1979, 215-216). For these reasons, Rawls's social primary goods account may need to be supplemented by insights from the capability approach.

Second, Joseph Heath (2020, 194-195) suggests that the use of WTP/WTA measures are consistent with liberal neutrality and a commitment to equality. Such measures do not impose any particular values on people, but instead invite them to express their views on policy options, given the values and conception of the good life that they happen to have. The use of money as a metric treats people equally insofar as it allows people to express the strength or intensity of their preference for or against a particular policy option. Consider the above example wherein a city government must decide whether to turn a large vacant lot into a dog run or park. People for whom having a dog is an important part of their life can express this through a willingness to pay a great deal for a dog run. Nature lovers can do the same regarding the park option. WTP/WTA measures thus treat equally weighty interests equally (Heath 2020, 194-195). In cases where respondents have significantly different incomes, policymakers can also give extra weight to the WTP/WTA values of low-income people to ensure that the values and preferences of the rich are not systematically given greater priority, as is discussed above.

By favoring policy options with the greatest net benefit, governments will inevitably favor those policy options that reflect the strongly held values of the majority. But this is nonetheless consistent with liberal neutrality since policymakers can justify their decisions by appealing to a procedure - WTP/WTA - which treats people's comparatively strong preferences and interests equally. The city government's decision to build a park does not require a public value judgment that

parks are more valuable than dog runs; it is rather the result of a decision procedure which gives each person's views a fair hearing.

3.2 Evidential Accounts

A second type of theory-free approach is evidential accounts of wellbeing. Evidential accounts start from the premise that the objections to theories of wellbeing are severe enough to show that no theory identifies the true nature of wellbeing. They then argue that it is possible to identify *evidence* of wellbeing. In other words, where people's lives or choices exhibit certain features, we can be confident that their wellbeing is being improved or that their life is going well.

Daniel M. Hausman and Michael S. McPherson (2009) defend the most prominent evidential account. They argue that while preference satisfaction is not wellbeing, there is an evidential relation between the satisfaction of preferences and wellbeing. The satisfaction of preferences which are informed and self-regarding, they argue, provide good - though imperfect - evidence of wellbeing improvement (Hausman and McPherson 2009, 16-17). People care about their wellbeing and are likely to be the best judges of what makes them better off, and so where people's preferences are self-regarding and informed, there is good reason to think that the satisfaction of these preferences will make them better off, whatever wellbeing happens to be. As they put it, "[r]egardless of what philosophical theory of human well-being one accepts, the best indicator of well-being in certain circumstances is the extent to which preferences are satisfied (Hausman and McPherson 2009, 18)."

With respect to public policy, Hausman and McPherson (2009, 16-19) suggest that policy analysts can proceed to evaluate policy options' impact on the quality of people's lives without a theory of wellbeing. They can instead deploy a laundered preference satisfaction account, with the stipulation that the satisfaction of informed and self-regarding preferences is not wellbeing, but merely evidence of wellbeing. This means that policy analysts may make use of WTP/WTA metrics

where people's preferences are likely to be informed and self-regarding (Hausman and McPherson 2009, 20). They also hypothesize that it may be possible to correct willingness to pay information, whether it is derived from surveys or market activity, where it is corrupted by cognitive biases and misinformation. Hausman and McPherson's approach thus has similar policy implications as Heath's.

3.3 Life Satisfaction

A third theory-free approach is to rely on a long-used social scientific measure of wellbeing, life satisfaction surveys. Life satisfaction surveys ask people to rate, often on a scale of 1-10, how satisfied they are with their lives. They can also take the form of Cantril ladders, which ask people to imagine the quality of their life as a ladder with ten rungs, imagine that the top rung is the best possible life, and estimate which rung they have reached (Graham 2016, 425-428). In contrast to experience sampling methods, they thus involve a cognitive and evaluative dimension, with respondents being asked to judge how satisfied they are with their life, not simply report on how they feel. Life satisfaction surveys are theory-free in the sense that they don't line up with or presuppose any particular philosophical theory of wellbeing. Nonetheless, it is intuitive to think that people who report being satisfied with their lives are rich in wellbeing.

Life satisfaction surveys are relatively cheap to administer and have been used for years in different countries (Frijters et al 2020, 132-142). Indeed, the Gallup World Poll uses a Cantril ladder methodology to measure people's life satisfaction in over 100 countries and this data provides the basis for the happiness rankings presented each year in the World Happiness Report (World Happiness Report; Gallup). As such, there is a large amount of existing data and researchers have run regression analyses to determine which factors are most closely associated with high life satisfaction scores. Of interest, researchers find that people who are employed, in good health, are

partnered, have higher incomes, and are either young or old report having higher life satisfaction (Frijters et al 2020, 138). The What Works Centre for Wellbeing collects such evidence regarding wellbeing with an aim towards impacting policymakers (What Works Wellbeing).

Recently, Paul Frijters, Andrew E. Clark, Christian Krekel, and Richard Layard (2020) have proposed evaluating policy options in light of the number of wellbeing-adjusted life years (WELLBYs) they promise. WELLBYs are modeled on quality adjusted life years (QALYs) which have been used in health policy and health policy scholarship to measure the impact of health interventions. QALYs employ a scale of 0-1, with 0 being death and 1 being one year in perfect health. States of ill health are assigned a value between 0-1, depending on their impact on people's quality of life. Such values are assigned by asking people to evaluate health states using various survey methodologies (Pinto-Prades, Herrero, and Abellán 2016, 161-162). The value of health interventions can thus be determined by reference to the number of QALYs they promise (with cost also an important factor in determining whether the interventions should be offered or not).

Frijters et al (2020, 128-129) model WELLBYs on QALYS and suggest that they should be calculated using life satisfaction surveys. 1 WELLBY is thus equivalent to one year of life fully satisfied. 0.5 WELLBYs is one year of life with the respondent rating their life satisfaction 5/10. Most importantly for policy evaluation, Frijters et al (2020, 129) argue that where sufficient evidence regarding the causal impacts of interventions on life satisfaction exists, it is possible to evaluate policy options in terms of the number of WELLBYs they promise. For example, working from various forms of studies, including natural experiments, randomized controlled trials, and longitudinal studies, Frijters et al (2020, 146-150) estimate effects on WELLBYs for changes in employment, commute times, income, education, romantic partnerships, and health, among others. If evidence exists regarding the impacts of policy options on these changes, it may be feasible to evaluate policy options in terms of their impacts on WELLBYs.

One potential worry with both evidential accounts and Frijters et al's WELLBY approach is whether we can be confident that either people's informed preferences or life satisfaction evaluations are good proxies for wellbeing if we don't know what wellbeing is. Is it possible to identify evidence of X, if we don't know what X is? Even though the above discussed theories of wellbeing face objections, they nonetheless offer rational and coherent accounts of the nature of wellbeing. Perhaps for this reason, evaluative criteria supported by the most defensible theory of wellbeing are better justified than the criteria supported by Hausman and McPherson's evidential account or WELLBYs.

3.4 Well-Being Variantism

Finally, Anna Alexandrova (2017) develops a further theory-free approach, *Well-Being Variantism*. For Alexandrova (2017, 3-23), the existence of multiple, plausible theories of wellbeing as well as the deployment of different theoretically informed measures of wellbeing in different social sciences, for example WTP/WTA in economics and experience sampling in psychology, suggests that different standards or conceptions of wellbeing are appropriate for different contexts. In this view, economists are right to employ a preference satisfaction view of wellbeing when discussing markets and market failures since markets are valuable to the extent that they facilitate the satisfaction of consumers' preferences. Similarly, the capability approach is the right approach to employ in the context of economic development, for a chief goal of economic development is ensuring people's objective quality of life meets a certain standard.

According to Well-Being Variantism, there is no single theory of wellbeing that is useful and appropriate for all contexts; instead, for the purposes of policy evaluation in different contexts, multiple theories of wellbeing are needed (Alexandrova 2017, 40-45). For Alexandrova (2017, 38-40) the various theories and measures of wellbeing discussed above are tools in a philosophical toolbox,

with some useful in some contexts and others useful in others. But in addition to these "high" theories of wellbeing, Alexandrova (2017, 51) suggests that policy scholars should construct "mid-level" theories of wellbeing, that is, "theories of well-being in a particular context - the well-being of children, of the elderly, of the chronically ill and disabled, of people in stressful jobs, of institutionalised children, of an industrialised country, and so on." Well-Being Variantism is thus not theory free in the sense of dispensing with all discussion of theories of wellbeing, but is instead theory free in the sense of rejecting the idea there is one theory of wellbeing that is appropriate for all contexts.

Alexandrova does not specify mid-level theories which are appropriate for every policy context. The formation of such theories instead requires highly-contextualized normative, empirical, and practical judgments and so must be carried out by policy scholars and policymakers. But she does build a mid-level theory of child wellbeing which can be used, with some tailoring, in spheres as diverse as research, education, welfare, and parenting (Alexandrova 2017, 54-76). The method by which she does so is in principle applicable to other domains and so I provide a brief overview of it here.

Alexandrova (2017, 56) first identifies the "raw materials" for such a theory, including theories of wellbeing, existing measures of child wellbeing used by social scientists and policymakers, and accounts of "normal child functioning" found in development psychology and philosophical theories of childhood. She builds from the "bottom up," uncovering assumptions regarding the nature of child wellbeing that underlay social indicators employed by social scientists and policymakers (Alexandrova 2017, 56-59). These assumptions represent the current views of experts and so provide a set of constraints a successful mid-level theory should observe. She then builds from the "top down," relying on theories of wellbeing and the theories of normal child functioning found in development psychology and the philosophy of childhood to construct a mid-level theory

which fits these constraints (Alexandrova 2017, 59-75). She arrives at an objective goods theory of child wellbeing, according to which "children do well to the extent that they:

1. Develop those stage-appropriate capacities that would, for all we know, equip them for [a] successful future, given their environment.
2. And engage with the world in child-appropriate ways, for instance, with curiosity and exploration, spontaneity, and emotional security" (Alexandrova 2017, 68-69).

While Alexandrova builds a mid-level theory of child wellbeing, the methodology she employs, building from the bottom up with social indicators and building from the top down with normative theories is in principle applicable to multiple spheres of policy. Alexandrova thus offers an approach which enables policy analysts to construct wellbeing criteria which are tailored to the policy sphere that is the subject of their analysis.

Conclusion

Efficiency (Pareto) is often employed as an evaluative criterion in policy analyses. One aim of this chapter has been to show that efficiency is best understood as a stand-in for a more foundational consideration: wellbeing. The reason efficient states of affairs are preferable to inefficient ones, at least in one respect, is that they feature more wellbeing. A second aim of this chapter has been to show that the preference satisfaction account of wellbeing that is presupposed by efficiency faces problems and that there are several competing conceptions of wellbeing on offer, each with their own strengths and drawbacks. There are also several theory-free approaches which attempt to bypass the need for the single 'correct' account of wellbeing. Table 1 summarizes the views we've canvassed, as well as how measures and evaluative criteria may be developed for the purposes of evaluating policy options.

Table 1 Accounts of Wellbeing, Measures, and Evaluative Criteria

Account	**Measure**	**Evaluative Criterion**
Preference satisfaction	WTP/WTA, market values	Net monetary benefit
Hedonism	Experience sampling, surveys	Net positive experience
Objective goods	Objective indicators matching specified objective goods	Net sum of realized objective goods
Capability approach	Objective indicators matching specified capabilities	Net sum of realized capabilities
Liberal neutrality	Objective indicators matching social primary goods WTP/WTA, market values	Net sum of appropriately weighted social primary goods Net monetary benefit
Evidential account	Informed WTP/WTA, market values	Net monetary benefit
Life satisfaction	Life satisfaction surveys	Net WELLBYs
Well-Being Variantism	Context-dependent	Context-dependent

Some readers may wonder what the right path forward is, given that no approach is problem-free, and given that people have been arguing over the nature of the good life at least since the time of Ancient Greece. Ultimately, there is no alternative to making the best all things considered judgment regarding which evaluative criterion is most appropriate for the analysis one is working on. Alexandrova's Well-Being Variantism approach is interesting insofar as it rejects the idea that there is one single correct wellbeing criterion which should be deployed for all policy analyses. Instead, analysts should make use of existing social indicators and consider normative theories as tools with which to construct a criterion that is appropriate for the sphere in which they are working. Alexandrova's approach arguably offers a practical way forward for analysts, while also permitting them to retain and make use of the important insights of the theories and approaches sketched above.

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