Policymaking must become more empathetic rather than continuing its current overreliance on economic measures

*In many cases policymaking is conducted without engaging with the public. It is economic measures, rather than any official public consultation, that inform monetary policy, for example. But does this contribute to the perception of policymakers as "out of touch"? **Emmanuel Lee** argues that policymaking must become more empathetic, with aggregate economic measures often failing to accurately reflect the wellbeing of the individuals who make up the economy. Greater use of qualitative research, including radical methodologies such as ethnography, would help; as would the development of new, more holistic, measures of wellbeing.*

There's a popular image of policymaking. It depicts politicians pulling strings from an ivory tower without sight of the society attached below. Civil servants are a couple of floors beneath them, helping to thread the strings, but still not much closer to the ground. It is the image of the apathetic policymaker and some would argue that you don't have to go too much further than replacing the proverbial ivory with the Portland stone of Her Majesty's Treasury to turn this image into a reality.

It is true, in many cases, that policymaking is conducted without engaging the public. Monetary policy, for example, is not informed by any official public consultation. Rather, it is economic measures like GDP and inflation rates which help the Monetary Policy Committee to set the official bank rate. Nor is it likely that you've ever been asked how the UK should set its trade tariffs or how high the sugar tax should be. Public policy made without public opinion… and yet, so what?

What good is it anyway, to ask Joe Bloggs what impact the official bank rate will have on his life? He probably won't be sure, and even if he is, it's one person's perspective amongst 64 million others'. As policy levers go the official bank rate is a fairly blunt tool; it either stays the same, goes up, or goes down, and rarely by more than a percentage point. With just a few discrete choices, it's not hard to see the appeal of aggregate measures which neatly capture an overview of the economy. But can this form of policymaking explain why politicians and policymakers are so often accused of being "out of touch"?

Last year, in a speech on the economic recovery, the Chief Economist at the Bank of England, Andrew Haldane, demonstrated why this might be the case. Addressing an audience in Port Talbot, Haldane explained how regional trips helped him to make sense of the economy and inform his decision on how to set interest rates. He noted that aggregate measures had been painting a picture of a steadily recovering economy, yet the feeling for many was still one of hardship.

To explore this discrepancy between sentiment and statistics, he begins to untangle the data on the UK's economic recovery since 2009. At the time, the headline figure was that since the crash GDP had risen by 14%. On the surface this suggested a strong recovery. However, as Haldane explained there are important caveats, like the effects of population size or the distribution of outcomes, which can indicate why these positive GDP measures aren't always matched by an equivalent feeling amongst the public. Yet there is still a deeper problem in the extent to which aggregate economic measures accurately reflect societal wellbeing in general. This is also explored in Haldane's speech, but not emphasised enough.

Consider the fact you often hear politicians talk about the economy as if it's an emotional being which needs to be nurtured: "we must do X to help improve the health of the economy" or "we can't do Y because that would be bad for the economy". Whilst there is clearly truth in the assertion that a good economy is the foundation of a good society, we seem to have taken these maxims so far that we have forgotten that what we're actually trying to do is not increase the health and wellbeing of the economy, but the health and wellbeing of the individuals who make up the economy. Hence, the danger comes when policymakers extend this to take measures such as GDP to be a complete reflection of societal wellbeing, when in reality the factors which contribute to positive wellbeing are much more complex.

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So complex, in fact, that policymakers have difficulty pinning down exactly what is meant by "wellbeing" (also sometimes referred to as "welfare" and by economists as "utility"). However, what we're broadly referring to are the things that we value; the things from which we derive satisfaction, enjoyment and happiness.

And these things can be measured in different ways, but it is telling when Haldane talks about an economic recovery which to some "has not been *felt*", or to others will "likely *feel* quite anaemic", or "likely to have *felt* invisible", or "will have *felt* tangible". Evidently, he conceptualises wellbeing as having a subjective quality which can't always be captured by aggregate economic measures.

This discrepancy between a subjective feeling of wellbeing and objective measures of the economy can be even more easily demonstrated using another measure: the employment rate. The employment rate is currently at a record high, yet research will tell you that there's still dissatisfaction in the labour market. A more nuanced story emerges when you consider the rise in zero-hour contracts and greater feelings of insecurity. And of course, there are many other factors related to our working lives which leave us feeling satisfied or dissatisfied. Thus, to really increase wellbeing and make society better off through government intervention, you need to do more to understand the human experience than simply try to manipulate aggregate economic measures.

So how do we begin to make policy which incorporates a more comprehensive understanding of wellbeing; policy which is more empathetic? There's no short answer to this, but there are a number of emerging tools, methods, and movements which policymakers can draw from.

Firstly, policymaking could benefit, in this sense, from greater use of qualitative research which helps to capture the attitudes, motivations, and values of the public. This includes traditional methods such as the use of focus groups, interviews, and surveys, but also more radical methodologies such as ethnography, which enable policymakers to gain a deeper insight into the human experience. This also feeds into a wider movement of people attempting to introduce design principles into policymaking and encourage development of policies centred around the "user-need".

Economists also continue to develop new measures for wellbeing, such as the Gallup-Healthways Well-Being index, which merges clinical research, health leadership, and behavioural economics research to track and understand the key factors that drive wellbeing in America and around the world. Then there are academics like Eldar Shafir who are helping to lay the foundations for behavioural science approaches in policymaking, and movements like "deliberative democracy" which seek to introduce public discussion and deliberation into the policymaking process. In fact, the expertise and innovation is out there, it's just that most of it still remains on the fringes of policymaking, overshadowed, predominantly, by traditional economic approaches.

Referring back to her commitment to helping out those "just about managing", Theresa May recently expressed frustration at Whitehall attempting to "box them into a simple descriptor category", which suggests that even the Prime Minister is searching for some new answers to our policy problems.

So the real challenge now is to work on bringing these new approaches further into the mainstream. This way we can continue to develop better understandings of societal wellbeing, regain touch with the public, and, hopefully, start to build an image of the empathetic policymaker.

Note: This article gives the views of the authors, and not the position of the LSE Impact Blog, nor of the London School of Economics. Please review our comments policy if you have any concerns on posting a comment below.

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