



Episode 983: Can We Really Measure the “Happiest” Countries?

Guest: Gene Epstein

WOODS: All right, before we get into our topic today, I do want to give you an opportunity to say something about the wonderful Soho Forum. I'm going to be in New York in early October, so I actually went to the website to see if there's going to be a Soho Forum debate while I'm in town, but it's the following week so I'm crushed.

EPSTEIN: Okay –

WOODS: But if I lived in New York, there's no way I would let a month go by without –

EPSTEIN: [laughing]

WOODS: Seriously. Amazing debates on important topics with interesting people. So tell people about it and what's coming up, how they can find out about it, how they can get a free drink, the whole story.

EPSTEIN: I definitely will, and first of all, I'm happy you'll be in New York and I'll be able to encounter you there because you're just going to be a few blocks away, so I'm looking forward to the Mises conference and that'll be fun. But getting back to my Soho Forum, we had a very successful season in 2016-2017, 11 episodes spaced out from September through July. And we're taking August off, but once again, we have a whole lineup of seven debates already scheduled to beginning with September through February, debates that are indeed of course geared toward the interests of freedom-loving folks.

And the offer still goes, the offer of course famously – infamously, so to speak. I said that anybody who comes up to me and just mouths the words "Tom Woods" gets a free drink at the bar, alcohol or non-alcoholic. And in fact, two people already took me up on that, and I hope there will be many more. So please go to TheSohoForum.org, look at our schedule. Normally our debates are early in the week in the middle of the month. We have debates spanning from September through February, and if you're an out-of-towner planning to be in New York around those times, then please come and please come up to me and collect your drink. The name "Tom Woods" is now exchangeable for a drink, and that's of course – never have you had such an honor, Tom, and I'm happy to bestow it on you.

WOODS: [laughing]

EPSTEIN: So please collect. Please collect on the "Tom Woods." Just say it and you get a free drink.

WOODS: That's amazing.

EPSTEIN: So how can you say no to that?

WOODS: Exactly, exactly. That's wonderful. Well, you know, maybe someday if I'm able to make it, I'll come up to you and say, "Tom Woods," and I want my free drink [laughing].

EPSTEIN: [laughing] That's right.

WOODS: All right –

EPSTEIN: That's right. You'll just have to remember your own name, Tom. That's all that's expected of you.

WOODS: Yeah, that I know I can do. So you had a recent column on a topic that I hit on a long, long time ago on the show, which is happiness research –

EPSTEIN: Oh, you did? Oh, wow.

WOODS: Yeah, because I had somebody on, a professor of economics in Denmark because we were getting this whole thing about Denmark being the happiest country in the world –

EPSTEIN: Oh, how happy the Danes are, yeah, yeah.

WOODS: Now apparently Norway's the happiest country in the world –

EPSTEIN: Yeah, but Denmark I guess is still up there, yeah.

WOODS: So they're drawing, as you know, all these policy conclusions as to why these people must be happy. And he came on to address that, but that was probably back in my first hundred or so episodes. That was really early, so nobody remembers anything about that. So now you're going to carry the torch here in the happiness research. What is the point of your column, "The Happiness Conundrum"? What's the UN trying to convince us of now?

EPSTEIN: Well, and of course I should emphasize that I owe a lot to Tom DiLorenzo, who I gather is going to be a featured guest on your 1,000th show.

WOODS: Yep.

EPSTEIN: Tom did a very good piece a few years back on the happiness research, and he basically showed that it's nakedly all about enhancing government power over our lives. And I essentially am doing an update of Tom DiLorenzo's findings by focusing on the World Happiness Report 2017, published in association with the United Nations, in

which they very specifically state – happily, no doubt – that happiness is increasingly considered the proper measure of social progress and the goal of public policy. And I think that it's important to ask yourself: is it really true that only the interventionists and the collectivists are interested in happiness? Well, you know, everybody is sort of interested in happiness. One hopes that we are interested, as the Declaration of Independence stated, in the pursuit of happiness, in pursuing happiness in our own way, or perhaps perversely, as David Friedman once put it, the libertarian creed that every man has a right to go to hell in his own fashion, just like we all have a right to be happy in our own fashion. There are various views of happiness. It's all very interesting.

But why is it that we are not interested in the idea of measuring happiness specifically on a scale of 0 to 10 and then ranking 155 countries in terms of the happiness that prevails in each country, as the UN has done? Well, I would say that, well, Tom is absolutely right to point out that Murray Rothbard specifically early on inveighed against the idea that there can be what's called cardinal utility, that we can actually measure satisfaction or the utility that you get out of something. We can only talk about it ordinally, in other words, that we prefer one thing to another. We can't say we prefer it twice as much as we prefer the other thing. We can't really talk in those terms. And by and large, the standard economics textbooks by now sort of give the nod to that point. And so that in itself should explode the idea that happiness can actually be measured and that the happiness prevailing in each country, all 155 countries around the world, can be measured. So in other words, you don't even have to be a libertarian or a classical liberal to dismiss the idea.

But I think that a deeper point is that, even if you don't think about it, the idea that – If you're a libertarian, if you just agree with the nonaggression principle, you sort of implicitly understand that human beings are highly diverse lot in terms of abilities, attitudes, goals, and so on, and that nobody's happiness can be put along the same metric. On the other hand, if you're power-hungry, if you love the idea of government dominating our lives, then you sort of want to believe that we're all sort of slightly automaton types and that our happiness can be measured. So I think that's sort of at the root of it, but meanwhile, of course, in the column, I try to have a lot of fun at the happiness people's expense.

WOODS: When I had, as I mentioned, a professor on – his name was Christian Bjørnskov from Denmark. When I had him on, he was answering the claim that the reason everybody in Denmark is happy is because of the Scandinavian welfare state policy. And what he said was the problem with that is that does not explain ongoing happiness. He said that something like that that's static, that's in the background, your welfare state policy, becomes part of your baseline expectations for your life, the same way you get a new car, you get a burst of happiness, but then it comes the baseline of your expectations going on from that point. So he was inclined to place the explanation for the – I mean, I don't think he was necessarily saying there's no value in happiness research, but he thought that the tremendous amount of social trust that existed in Denmark could account for that – although I'm not sure why that wouldn't also be just background noise in effect. But the point is it is not by any means a home run to say they have a big welfare state.

And Tom DiLorenzo points out that one of the critics of some of these happiness researchers who have said that if you have less inequality, you have more of these other happy, good results – mental health, physical health, intelligence, all that. And you could do exactly the same thing by plotting recycling against suicide, and it turns out that high recycling countries are also high suicide countries. What the heck does that prove?

EPSTEIN: [laughing] Right. No, absolutely. Speaking of countries like Denmark, like Sweden, like Norway, which now gets number one rating, I don't – on the one hand, it's ridiculous from my standpoint and I think from the standpoint of anybody who respects social science, as we might call it. But this is just mad-scientist ideas, and specifically, a couple points that are interesting are how these particular happiness researchers – I actually didn't do a huge survey of the literature like Tom did; I just read this happiness report carefully. They pin it on one question that is put to what is supposedly a sample of people that essentially boils down to the idea: on a scale of 0 to 10, how do you rate yourself in terms of happiness? They gave it a lot of pseudoscience by talking about a ladder, that if you imagine a ladder and the ladder has a 0 rung and a 10th rung, where would you place yourself on the ladder. And I mean, it's clear enough that – and this of course is a throwback to the old male chauvinist rating of rating women as sex objects on a scale of 0 to 10. This is their so-called science in supposedly deciding that Denmark has more happy people, proportionately more happy people than, say, the United Kingdom does.

Speaking of suicide, I found that 4 of the countries in the top 10 – the U.S. ranks 14th – that four of the countries in the top 10, which are Iceland, Switzerland, Finland, and Sweden, have unusually high suicide rates, noticeably higher suicide rates than a number of countries that come in a lot lower, like the United Kingdom, Chile, Mexico, Spain, Germany. And I thought this was a little bit anomalous, especially since if you have a high suicide rate, there are multiple numbers of people who might be on the brink of suicide sort of unhappy, and then the happiness researchers resolve this by pointing out that, well, it's the flipside of "misery loves company." If you're living in a happy country and you tend to be very sad, you're going to become even sadder if you're hanging around with a bunch of very happy people. And so I think this is all absurd and all beyond measure.

The other irony that I talked about was that they think that it's fascinating that in China over the years, there was a near tripling of gross domestic product, huge increase in economic output because of market reforms and because of an increase in economic freedom, and yet the Chinese got a little lower on their 0-to-10 happiness scale. And they, of course, since they're always looking for government solutions that they want to create, they attributed this to problems that government might be able to address. But I point out there's also the obvious explanation of a revolution of rising expectations; namely, that Chinese today have much wider horizons, so perhaps they regard that 9th and 10th rung on the ladder as less attainable than it used to be when they were poor.

And so this is all just sort of a riot of ridiculousness in terms of rating countries and finding out how happy they are. As a research assistant of mine said, if you were filling out this ladder question, you would bear in mind the 9th and 10th rung on the ladder is sort of like the most dangerous and highest rungs. A little dangerous, so who knows

who could be up there? Or some people might even spurn the question altogether. So it is ridiculous. But getting back to your question about Denmark, I think of course obviously it is a bit unanswerable as to why in this particular case the Danes tend to put themselves on higher rungs of the ladder than the Germans do. But I don't think it means anything; it just means how do Germans react to questions about ladders and 0-10 versus the way the Danes do or the way the Swedes do, despite their high suicide rate. It's all ridiculous.

Although I would say that the idea that the welfare state is in any way helpful in these very tiny countries – I mean, all of these countries, Sweden, Denmark, Norway – Norway has a population of 5 million, Denmark 8 million. These countries have a smaller population than New York City and they're very homogeneous. It gets back to the old quip from Milton Friedman when he was told we have no poverty in Sweden, and Milton Friedman responded by saying, "That's interesting. We have no poverty among Swedish-Americans either." It's all about their culture and their cohesiveness, and I'm prepared to believe that people who live in relatively homogeneous, small cultures tend to be happier, tend to have a greater sense of group identification. That I'm sure is the case. But it obviously means nothing in terms of what anybody can really demonstrate.

And if you actually just read – ironically, *The New York Times* had begun a couple of years ago to write exposes about the same sort of social pathologies of the Danish welfare state that we find in our much larger country of the United States. People are probably less happy in the United States when they make the Faustian bargain with disability payments and they drop out of the labor force and they have nothing to do with themselves except get high on opioids that are paid for by Medicaid. Probably most of our judges would agree that's not the way to happiness, and that's due to government intervention. And indeed, there's a lot of abuse of the Danish welfare system. The Danes don't need their government welfare system. I'm sure they're plenty charitable toward the relative handful of Danes who might have financial hardship through no fault of their own, and so that could be solved very easily in a small, cohesive country like Denmark without the apparatus of the welfare state.

But with respect to the question you asked, why do the Danes generally speaking answer these surveys saying that they're happier and why do the Swedes, I think it's mysterious. We don't really know. But the main point to make is that this is all pseudoscience anyway.

WOODS: Your point about how people in different countries might simply respond to questions like this, questions where there's no unit, there's no happiness unit, it reminded me of something I read in a book by Thomas Sowell, one of his lesser known books.

EPSTEIN: Yeah.

WOODS: He has a book called *Inside American Education*.

EPSTEIN: Yes.

WOODS: And in that book, he reports on an interesting study that showed that when you ask 13-year-old Korean children, "Do you believe you are good at math?", 23% said yes. When you ask American children, "Do you believe you are good at math?", 68% said yes, even though they're much worse than Koreans. Koreans are much better than they are at math, and yet you ask them what seems to be an objective question about their own skills, and you get dramatically different results. And the results are exactly the opposite of what they ought to be, so it seems to me the happiness research falls somewhere on that spectrum.

EPSTEIN: Absolutely. I tend to think that people are sort of secure in themselves, for whom sort of the pursuit of happiness is the way to happiness. And I was trying to look for an insight of, of all people, John Stuart Mill, who certainly had, for all his faults, strong libertarian tendencies. What he had learned was that thinking about happiness and focusing on being happy is not the way to be happy, that not thinking about it is the best way to be happy, the paradox, the irony of happiness. And so I tend to believe that people who are secure and who are content in themselves, certainly the people who I've met, are likely to put themselves, when asked this absurd question, imagine the ladder and the 0-rung is the least happy and the 10th rung is the most happy, they would tend to put themselves on like the middle rung, if you want to think about it, because oftentimes they don't think about it. But people who read all kinds of books about how to be happy and self-help books, who are sort of deeply unhappy will put themselves on higher rungs of the ladder for all we know. So probably, just as you indicate, the same sort of irony applies, that people who are better at math rate themselves lower than people who are worse at math and so on. So again, it's all pretty ridiculous.

I also want to say that when we think in terms of the way in which the idea of happiness collides with the values of a libertarian – we find, of course, that the happiness researchers think government can solve the problem of inequality by simply taking from some people and giving money to others, and that this sort of collides with our sense of something else, which is rights, human rights and the nonaggression principle. The Tenth Commandment clause, as one economist put it, that thou shalt not covet. And certainly, we know people who are smitten and suffused by envy are deeply unhappy and the only way for them to become less unhappy is to try to get past that, to quit looking at what other people have and what other people have achieved and becoming more secure in yourself.

But the happiness researchers want to keep that going, want to keep you deeply unhappy with inequality, with the fact that somebody else, your neighbor has more than you have, and by fanning the flames of that unhappiness, they want to intervene. But of course we know that that's a never-ending spiral. People who compare themselves with others will never be happy, because they're will always be crucial ways in which they won't have things that others have, and so they will always be unhappy. And the happiness researchers are therefore only fanning the flames of unhappiness by constantly emphasizing the issue of inequality.

WOODS: Does it seem to you like the happiness research – now, maybe there's some merit to it. Who knows? But it seems to me anyway, just as an outside observer, that it's something very slippery that can be used to push the, let's say, political agenda of the researchers. You know, I'm just sitting here reporting the facts, people, but what

are we supposed to conclude when Norway's number one? Well, it must be because they have daycare for kids or something.

EPSTEIN: Well, sure. I mean, I'm going to respond to you, Tom, by saying I only read this report associated with the UN, on a scale of 0 to 10, and then they sort of try to correlate it with other variables. On a scale of 0 to 10 on a ladder, how happy are you? And I'm supposed to believe that the U.S. is 14 and that, even though a country like the United Kingdom has a lower suicide rate than Sweden, they're less happy there, and Germany is less happy – the Germans are less happy than the Americans. I don't see that any of this means anything, but of course as you indicate, the whole reason for this research or for this war paint is to try to associate happiness and unhappiness with things that government can do.

Now, clearly, the Norwegians, what makes the Norwegians reasonably happy? Well, they're 5 million people, essentially a little bit more than half the population of the United States, basically a fairly homogeneous group, and they're sitting on a mountain of oil. And they really don't need the discipline of a country, a government to sort of run it, because they'd be living well without massive government intervention. But they're quite rich per capita. They export more oil per capita than any other country in the world, certainly including Saudi Arabia, and so they're rich. They're cohesive. Most of them are Norwegian to the extent, by and large, that they have immigrants, but the immigrants are usually Scandinavian, because a number of these countries do now have Muslim immigrants that are causing trouble. On the other hand, this isn't something that faces them all the time. So if somebody wants to argue that actually having a purpose in life, having a cohesive society, all of those things makes for happiness, that's great.

I would say that on the other side, the U.S. with its 330 million people of course is a racially torn society. It's got all kinds of problems of different kinds that are unique to a country of this size. But it also has a much more honorable tradition than these other countries of reducing the unhappiness of the poor people of the world by allowing immigrants to come to our country. And of course that's the main reason I'm here, because my grandparents were allowed to come to this country and flee the miserable state they were in in Eastern Europe and in Russia.

And so there are all kinds of complications and issues. I think Charles Murray, for example, is a very good essentially sort of conservative libertarian who's written very movingly about the consequential life. I was looking at some quotes in happiness, and I noticed something from Henry Hazlitt, who talked about the purest happiness in his youth was spent browsing in a library. And indeed, that's part of – What did the Founding Fathers mean by the government securing the right to the pursuit of happiness? Well, maybe they meant – when they talked about happiness, maybe they meant the pursuit of knowledge. All of those – but they certainly did not, since they were essentially libertarian in the Declaration of Independence, that government should guarantee us the right to the pursuit of happiness. They said absolutely nothing about how we define that pursuit or how we personally define happiness.

So anyway, my point is in basic agreement with you, that it's fascinating and stirring often for people who have a sense of themselves to talk about the keys to happiness. For Henry Hazlitt – by the way, he struck a responsive chord in me about browsing in

a bookstore or browsing in a library with a lot of books on a subject that you love, and the intense, the purest happiness, he felt when he was doing that, and the happiness that we feel in having children, the delirium – I mean, when my daughter was born – that was my firstborn – I would break into tears of happiness over the next 48 hours. So let's share and let's by all means share our insights into happiness and share insights into what makes for happiness. By and large, of course, it's having a purpose in life for most of us. On the other hand, since we are libertarians, we respect other people's rights to pursue happiness in their own way, as long as they don't do it to the detriment of other people's rights.

WOODS: And with that, we're going to call it quits for today. That is the happiness research. That's what you need to know about it, unless you want to make yourself miserable for the rest of your life. That's the irony of it. Spending too much time with the happiness research makes you miserable, right?

EPSTEIN: Especially coveting and envying other people and getting focused on the inequality between me and somebody else. I'll recall a moment in my own life. I actually worked at the New York Stock Exchange as a senior economist, and I used to enjoy biking seven miles back and forth to work in Manhattan. I was a bit of a nut that way. I was getting on my bike, and I noticed the chairman of the New York Stock Exchange was getting into his limo, and I thought, *Well, I can't afford a limo, but I'm happier on my bike. I don't envy him in the slightest.*

WOODS: Right.

EPSTEIN: So I felt quite happy on my bike, and that's the kind of happiness I want to hold onto.

WOODS: If only we had more Gene Epsteins in the world, think of how much better things would be. Thanks so much, Gene. Appreciate it.

EPSTEIN: Thanks a lot.