



Going Beyond GDP by Setting Wellbeing Priorities:

**A Practical Example with the Cost-
Effectiveness of Psychotherapy**

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For \$1,000, in LIC, you could expect to...



Cash transfers

Send \$1,000 to one person in poverty and double their household income



Psychotherapy

Provide lay-delivered psychotherapy to 50 ppl with depression



Deworming

Provide deworming medication to 1000 children for a year



Anti-malaria bednets

Save 0.34 of life by providing 200 anti-malaria bednets

Wellbeing: The right outcome



What ultimately matters? Not GDP

instrumentally good for humans



Wellbeing – what is *ultimately* good for humans



dobrostan

bunăstare

bien-être

Wohlbefinden

bienestar

благосостояние



Measuring it

1. Make **educated guesses** of how different factors (health, income, etc.) affects wellbeing.
2. The most directly possible by getting **self-reports** of wellbeing (e.g., questions like "how satisfied are you with your life?" on a scale of 0-10)



Measures of subjective wellbeing

Box B.1. Core questions

The following question asks how satisfied you feel, on a scale from 0 to 10. Zero means you feel “not at all satisfied” and 10 means you feel “completely satisfied”.

A1. Overall, how satisfied are you with life as a whole these days? [0-10]

The following question asks how worthwhile you feel the things you do in your life are, on a scale from 0 to 10. Zero means you feel the things you do in your life are “not at all worthwhile”, and 10 means “completely worthwhile”.

A2. Overall, to what extent do you feel the things you do in your life are worthwhile? [0-10]

The following questions ask about how you felt yesterday on a scale from 0 to 10. Zero means you did not experience the feeling “at all” yesterday while 10 means you experienced the feeling “all of the time” yesterday. I will now read out a list of ways you might have felt yesterday.

A3. How about happy? [0-10]

A4. How about worried? [0-10]

A5. How about depressed? [0-10]

Educated guesses vs Self-reports?



Can't trust guesses

Humans regularly fail at affective forecasting (Coleman, 2022)

What people choose vs. What people experience

Dolan & Metcalfe (2012)



Time tradeoffs (QALYs): Slight limp thought to be as bad as mild anxiety/depression



Mild anxiety/depression associated with **5-10x** greater effect on wellbeing

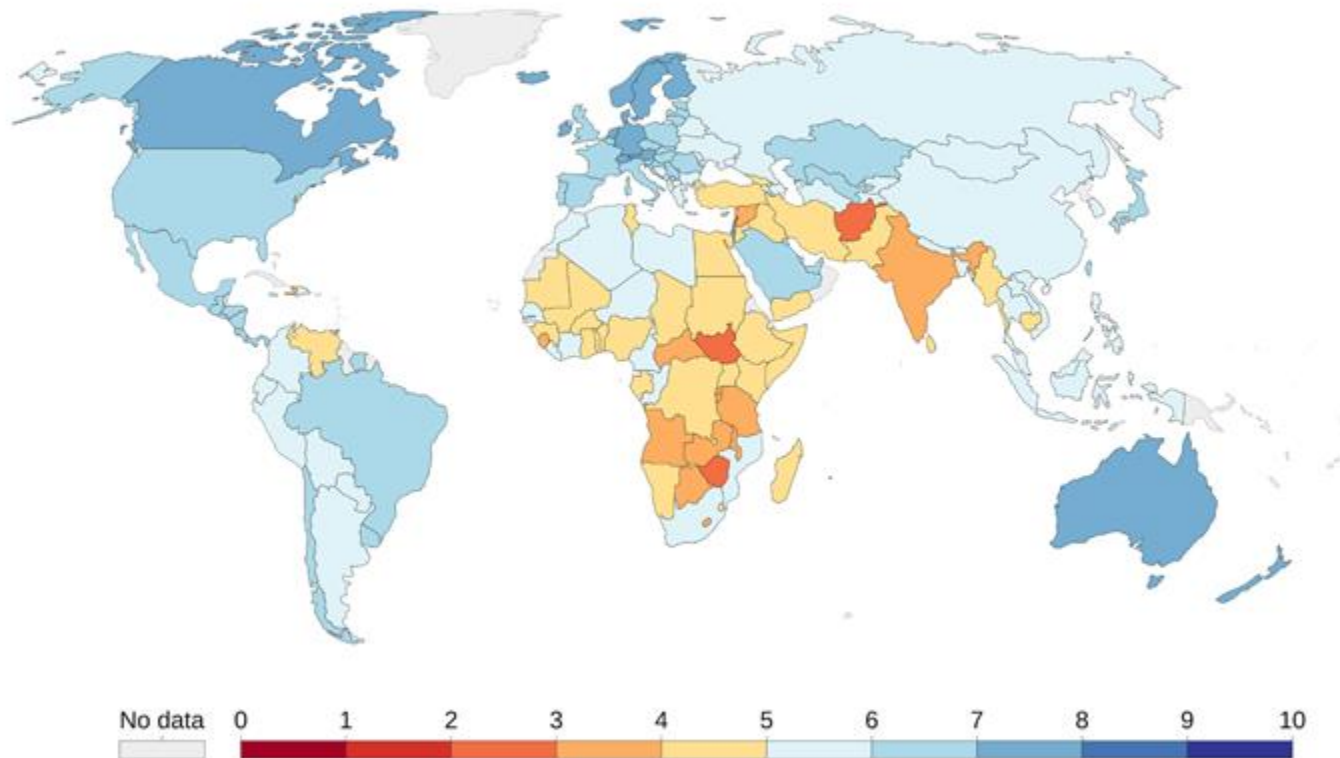


We can trust self-reports of wellbeing

- Not guesses! People directly report!
- Area of research in the social sciences that is growing (OECD, 2013; LSE; Oxford Wellbeing Centre; STATEC; etc.)
- Statistically validated:
 - **Reliable** (Tov et al., 2021)
 - **Valid** (Kahneman & Krueger, 2006)

Self-reported life satisfaction, 2020


"Please imagine a ladder, with steps numbered from 0 at the bottom to 10 at the top. The top of the ladder represents the best possible life for you and the bottom of the ladder represents the worst possible life for you. On which step of the ladder would you say you personally feel you stand at this time?"



Source: World Happiness Report (2022)

OurWorldInData.org/happiness-and-life-satisfaction/ • CC BY

Note: The value shown in a given year is the average of that year, the previous year and the following year.



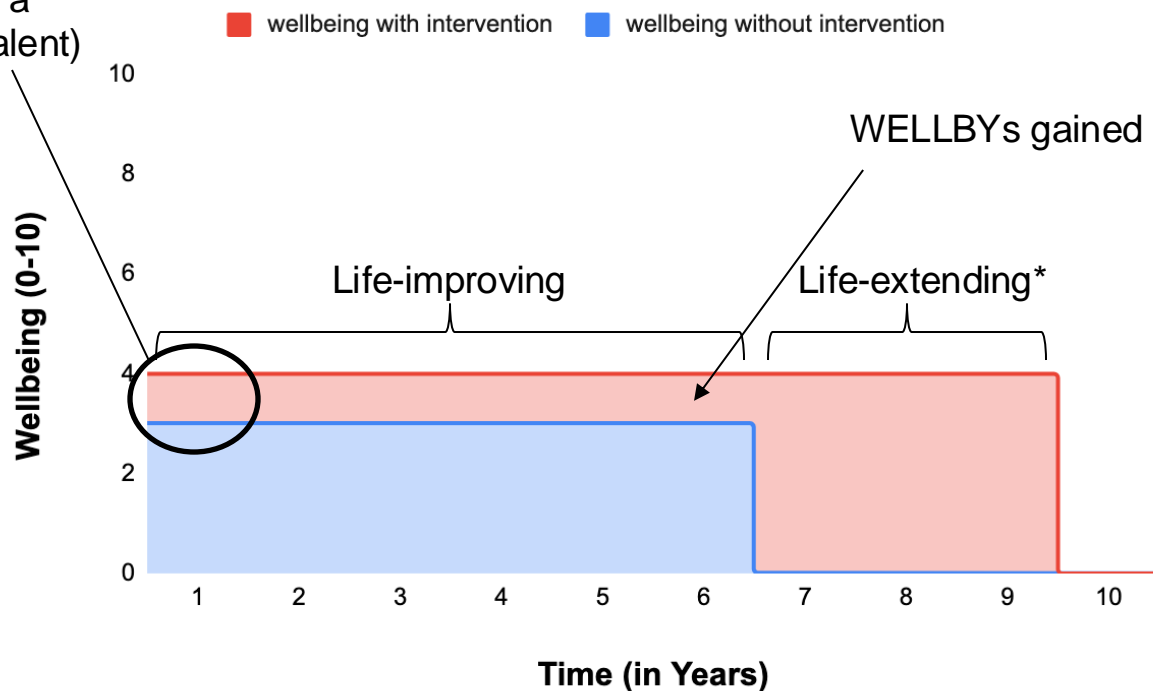
This loneliness
intervention
helped me
make friends

How has your
income
changed?



Common unit: Wellbeing-Adjusted Life Years (WELLBYs)

1 point increase in wellbeing over a year (or equivalent)





Advantages of wellbeing approach

1. **What ultimately matters**
2. **Captures all the important elements in a common unit**
3. **Not guesses**

Applying the wellbeing framework



Available resources

- Measurement of wellbeing: OECD, ONS (UK), INSEE (FR), GWP, WVS, GFS, etc.
- ‘Wellbeing Guidance for Appraisal’ ([UK Treasury’s Green Book](#))
- ‘A Handbook for Wellbeing Policy-Making’ ([Frijters and Krekel, 2021](#))
- Repository from [What Works Wellbeing](#)
- Examples of policy evaluations ([The WELLBY, Frijters et al., 2024, nature](#))
- And more...
- And the work of the Happier Lives Institute



Happier Lives Institute



Dr Michael Plant
Founder &
Research Director



Dr Ryan Dwyer
Senior Researcher



Dominic Marsala
Communications
Manager



Alexandra Shearn
Operations
Manager

- 5 years of research
- > 10,000 hours of work
- First to make charity recommendations based on a wellbeing framework
- Applied work with concrete recommendations



Joel McGuire
Research Analyst



Samuel Dupret
Research Analyst



Ben Stewart
Research Analyst

1. The right outcome – Wellbeing
2. Cost-effectiveness
3. Enough data
4. Effect over time
5. Spillovers
6. Directedness, counterfactuals, and validity adjustments
7. Inevitable philosophy



Cost-effectiveness

$$\text{Cost-effectiveness} = \frac{\text{cost to deliver the intervention}}{\text{effect of intervention on wellbeing}} = \$ \text{ per WELLBY}$$

~ Conversion back to income if your employer needs you

16,000 euros per WELLBY

For \$1,000 you could expect to...



\$132 per
WELLBY



\$19 per
WELLBY



Unclear



\$16 to \$200 per
WELLBY

(depends on philosophy)



Cash transfers as a reference

- Cash is the increasingly the gold standard in charity recommendations and in aid.
 - For example, ~25% of the European Civil Protection and Humanitarian Aid Operations' budget was allocated to cash transfers against ~8% for mental health.
- It works, and if your interventions isn't more cost-effective than just giving people money, then there's a problem.
- But interventions can be better than cash:
 - People won't purchase it if it isn't free (not rational maximisers)
 - People can't access it (little provision)
 - Need coordination



Cash v Psychotherapy



Cash transfers



Psychotherapy



Deworming



Anti-malaria bednets

47 RCTs/Quasi-exp,
~100,000 observations

([McGuire et al., 2022a](#);
[McGuire et al., 2022b](#))

70 RCTs, 200 effect sizes,
~69,000 observations
([McGuire et al., 2023c](#))

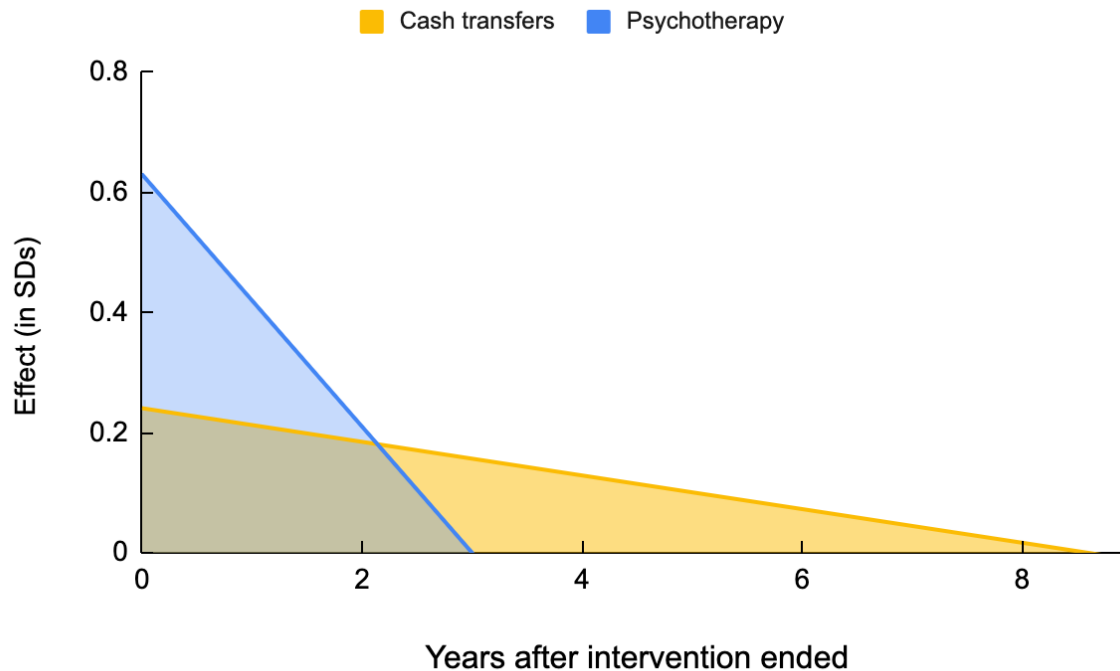
Only one quasi-RCT with
longterm income (and
wellbeing) data

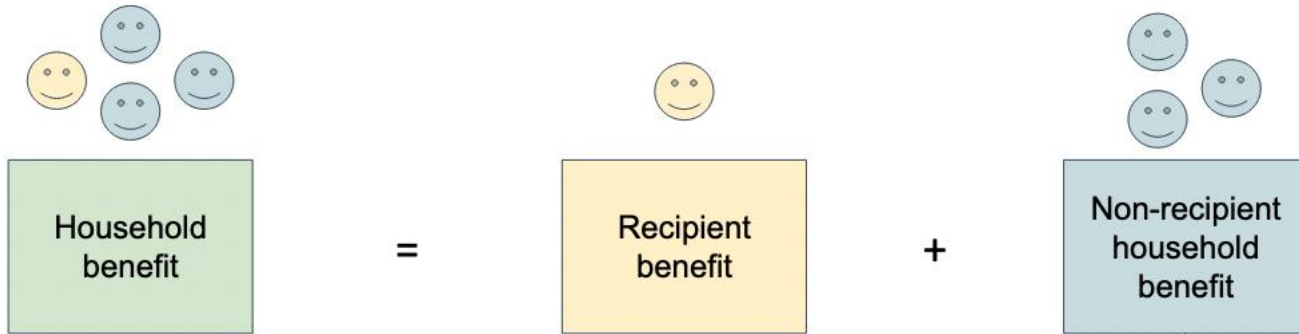
Based on meta-analysis of 5
trials, 200,833 observations

RCT = Randomised control trial



Effect over time







What I should consider

- **Counterfactuals** (what would happen otherwise)
- **Internal validity / quality issues** (causality, publication bias, etc.)
- **External validity** (context, intervention, etc.)
- **Multiple sources of data** (large general vs small specific)
- Etc.



Evaluating cash transfers and psychotherapy

	WELLBYs / intervention	Cost (USD)	\$ per WELLBY
Cash transfers for people in poverty	9.2	\$1,220	\$132
Psychotherapy for people with depression	2.4	\$43	\$19
Comparison	Smaller effect	Much smaller costs	7 x more cost-effective



Deworming: Enough data?



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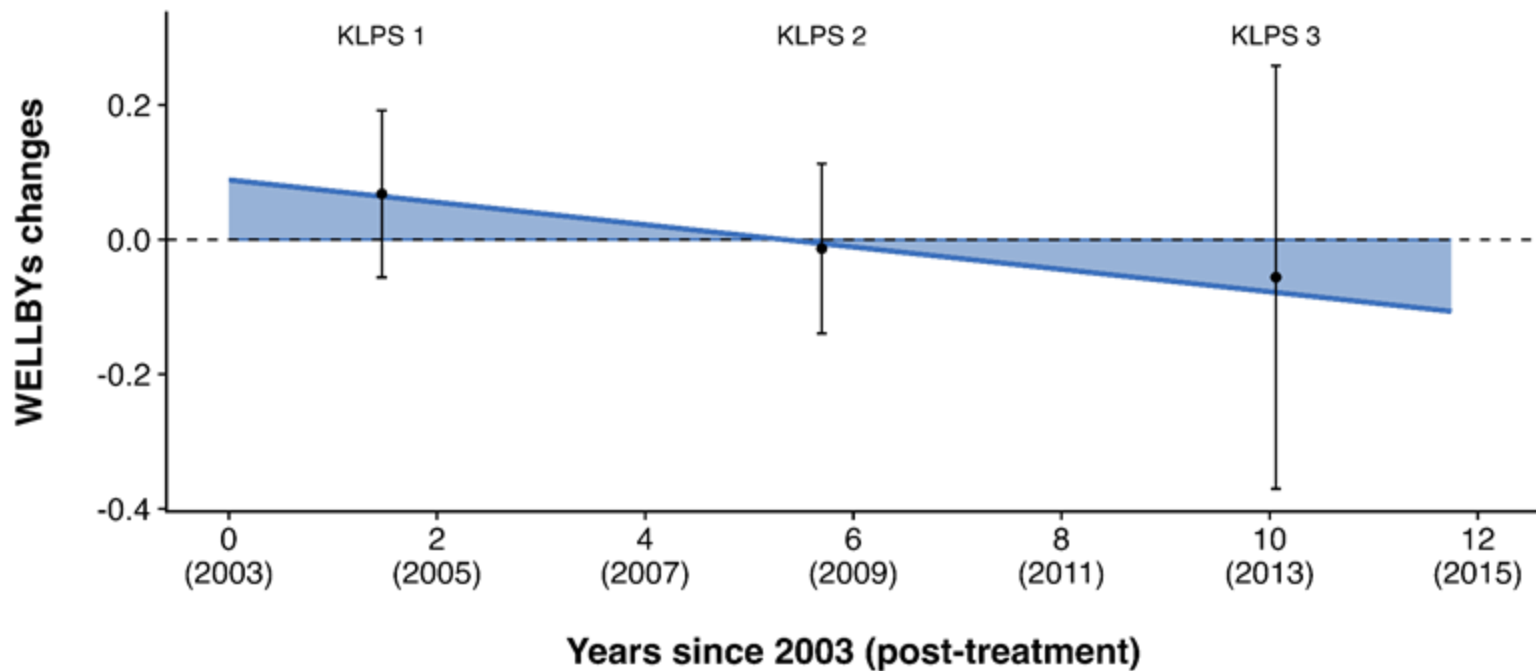
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Deworming: unclear effects





Vox

<https://www.vox.com> › worm-wars-explained

Worm wars: The fight tearing apart the global health ...

28 Jul 2015 — Intestinal **worms** are a massive health problem in low- and middle-income countries, afflicting up to a quarter of the world's population.



Center for Global Development

<https://www.cgdev.org> › blog › mapping-worm-wars-w...

Mapping the Worm Wars: What the Public Should Take ...

30 Jul 2015 — A quarter of all people on earth, horrendously, have **worms** living inside their bodies. That includes 600 million school-age children.



World Bank Blogs

<https://blogs.worldbank.org> › impactevaluations › worm-...

Worm Wars: The Anthology

4 Aug 2015 — Tens of thousands of words have been published about a study on the benefits of deworming for Kenyan schoolchildren.



The Toxic Truth: Children's Exposure to Lead Pollution Undermines a Generation of Future Potential



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Life-extending v life-improving



Primarily about improving life

Primarily about saving lives



Life-extending v life-improving

Two philosophical issues:

1. What is your account of the badness of death?

- **Deprivationism** (wellbeing lost by the life that would have been lived)
- **Time-relative interest account** (wellbeing lost ... weighted by connection to future life)
- **Epicureanism** (death isn't bad for the person who dies)

2. Where is the neutral point?

1. The right outcome – Wellbeing
2. Cost-effectiveness
3. Enough data
4. Effect over time
5. Spillovers
6. Directedness, counterfactuals, and validity adjustments
7. Inevitable philosophy



Concrete recommendations...

Intervention (in LMICs)	Cost-effectiveness	Recommendation
Anti-malaria bednets	\$16 to \$200 per WELLBY	Top / depends on philosophy
Psychotherapy	\$19 per WELLBY	Top
[upcoming*] Lead exposure reduction	~\$10 per WELLBY	Promising
[upcoming*] Nutrition	~\$14 per WELLBY	Speculative
[upcoming*] Parenting	~\$19 per WELLBY	Speculative
[upcoming*] CBT for crime	~\$18 per WELLBY	Speculative
Cash transfers	\$132 per WELLBY	Benchmark, lower than other opportunities
Deworming	uncertain	Too speculative

** results may change*



... with impact!

- Over **\$1,000,000** moved to charities delivering psychotherapy in LICs
- ~ **22,000** people treated
- ~ **50,000 WELLBYs**





Important points



Important points for going beyond GDP

- Wellbeing is the outcome that matters and it is evidence based.
- We can use wellbeing to compare the cost-effectiveness of very different interventions.
- You should use the wellbeing framework for your evaluations



<https://www.happierlivesinstitute.org/>

Newsletter

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