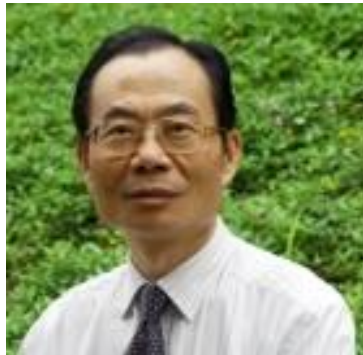


Seminar

“Government Spending and Happiness”

(in English)



Professor HO Lok-sang
Adjunct Professor
Department of Economics
Lingnan University

Date: 30 September 2015 (Wednesday)

Time: 2:00pm – 3:30pm

Venue: WYL314, Dorothy Y. L. Wong Building

Biography:

Professor Ho retired from his position as Professor of Economics and Director of the Centre for Public Policy Studies, Lingnan University, in 2015, but continues to be active in teaching and research on a part time basis. He is currently Adjunct Professor of the Department of Economics and Senior Fellow of the Pan Sutong Shanghai Hong Kong Economic Policy Research Centre and is also affiliated with the Centre for Public Policy Studies as a Centre Fellow. He is the author of *Psychology and Economics of Happiness* (Routledge, 2014), and *Public Policy and the Public Interest* (Routledge, 2011) and *Health Policy and the Public Interest* (Routledge, 2012), as well as editor of several books including *Public Governance in Asia and the Limits of Electoral Democracy* (Edward Elgar, 2011), *Happiness and Public Policy* (Palgrave Macmillan, 2006), among others. He has published about 100 academic papers in journals and book chapters.

Abstract:

We apply ordered probit regressions on World Value Survey data, government spending data, public governance data, the median age of countries, etc., covering wave 5 and wave 6 that encompass 78 countries. We use two alternative and entirely new methods to identify optimal government spending. We found that, on average, countries under-spend on healthcare and over-spend on education. While the average under-spending and over-spending is small, deviations from optimal spending for individual countries can be huge. In general, optimal spending is found to increase with the quality of public governance and population aging. Average total public spending, at 36.45% of the GDP for countries with above median public governance quality, is almost identical to the estimated optimal public spending at 36.49%. However, significant over-spending or under-spending is found for individual countries. For countries with public governance below median, virtually all countries over-spend relative to the estimated optimal of around 18% of the GDP.