

A satellite view of the Earth showing the Americas, with the title text overlaid.

Subjective Well-Being, Economics, And Policy

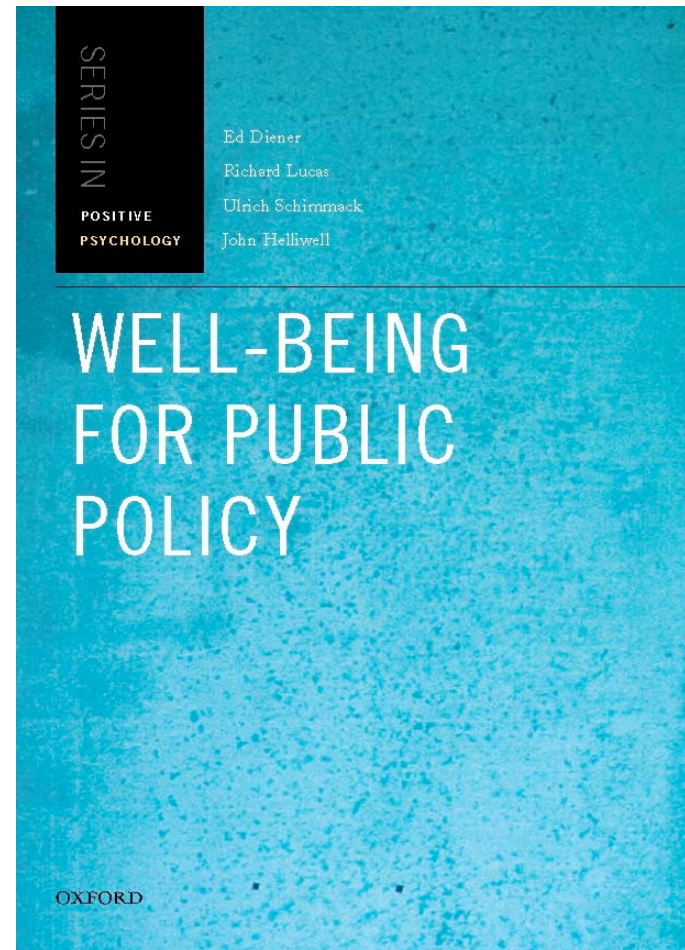
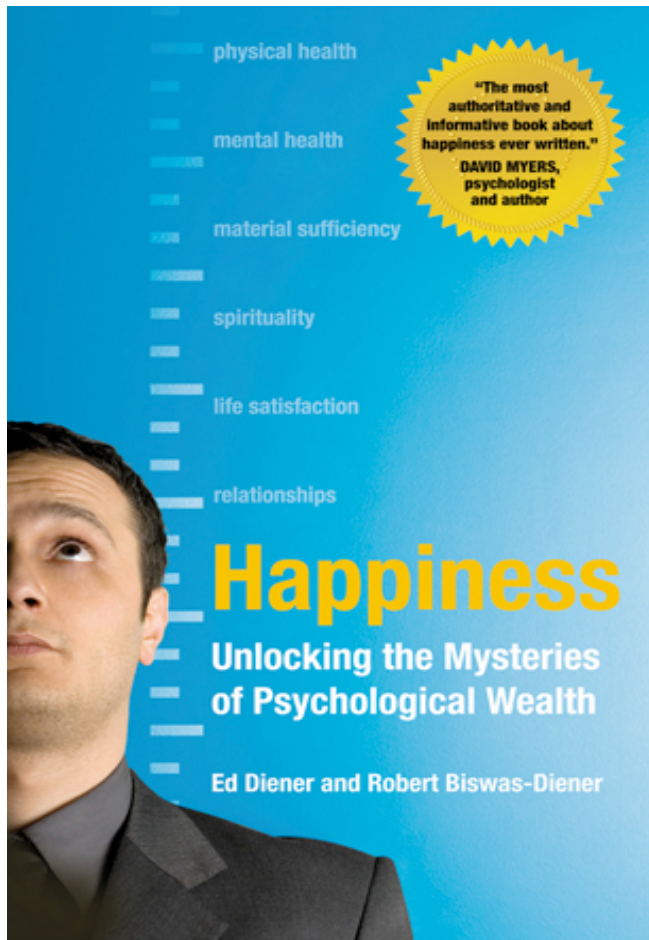
**Ed Diener
U. Of Chicago, 2009**

Subjective Well-being

-- “Happiness”

- **Life satisfaction**
- **Trust**
- **Positive emotions**
- **Low negative emotions**
- **Satisfaction with income, work, etc.**

Some Readings



International
Differences in
Well-Being

(Oxford U Press, 2009)

Editors:

**Ed Diener, Daniel Kahneman,
John Helliwell**

Two Things Economists Should Know About Well-Being:

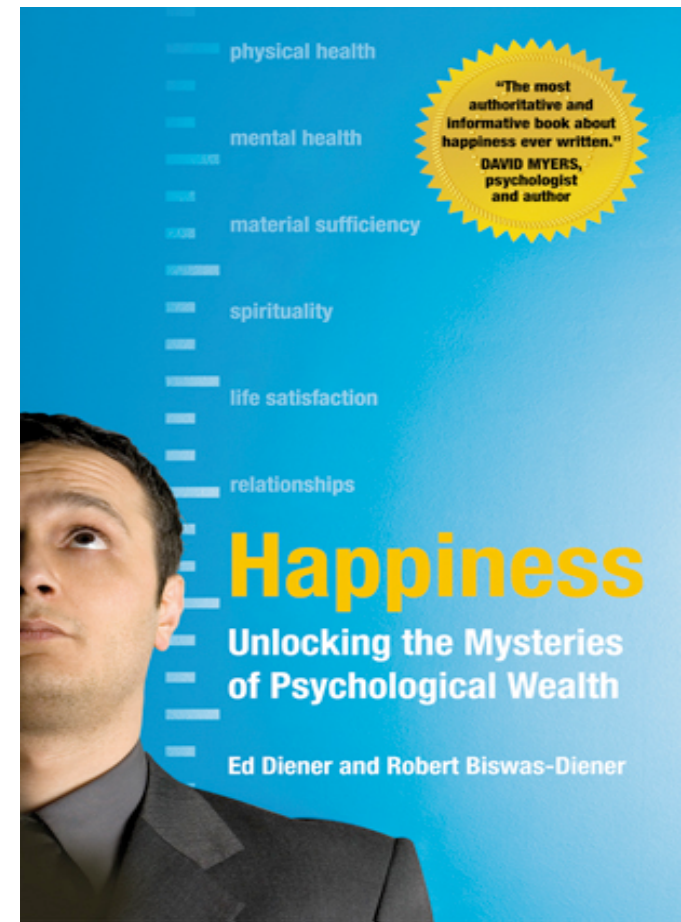
1. Well-being assists economic prosperity

2. Types of well-being differentially map to economic prosperity

Easterlin confirmed, disconfirmed

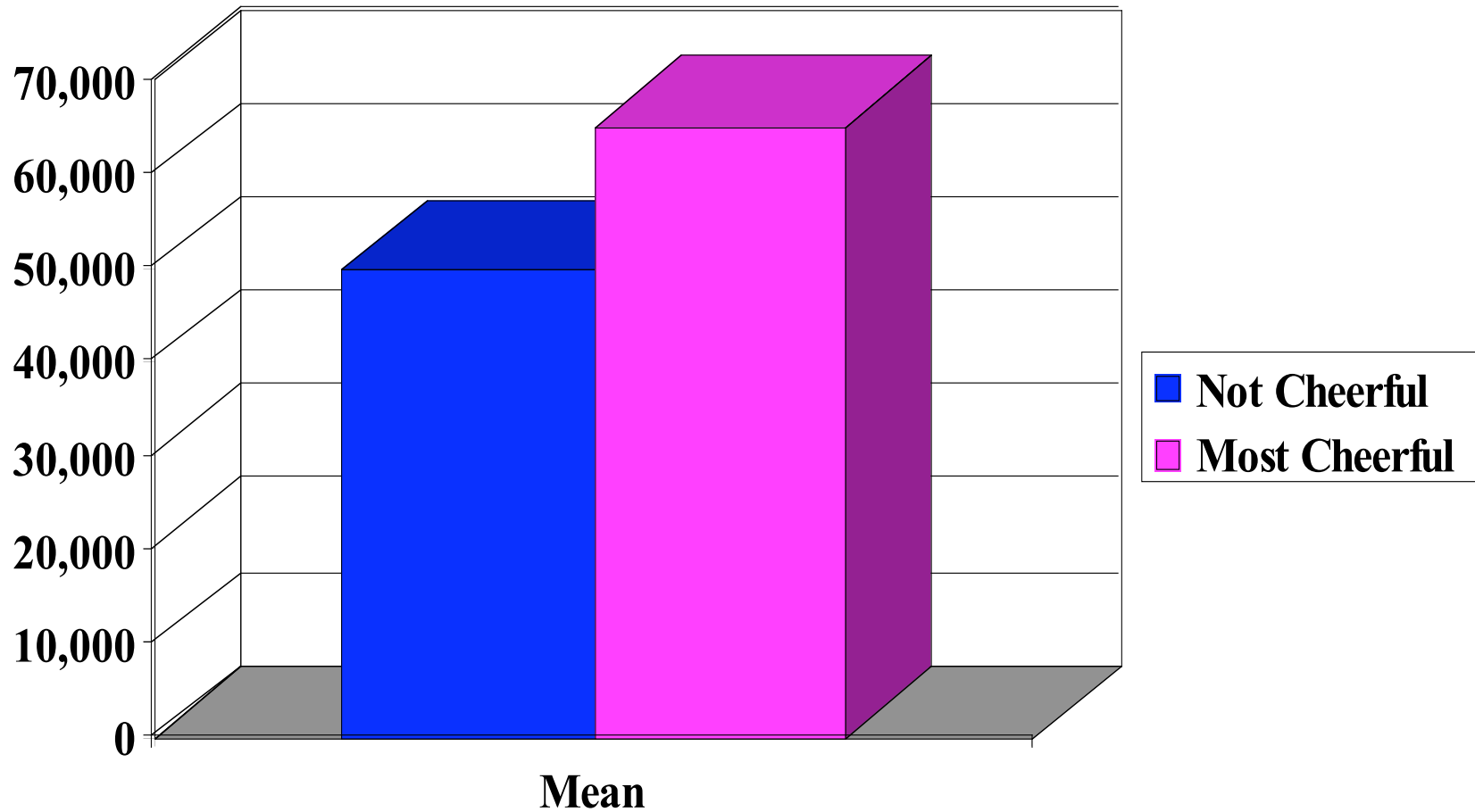
1. Well-Being Facilitates Economic Prosperity

1. Social relationships
2. Societal benefits
3. Work and income
4. Health & longevity



College Entry Cheerfulness, and Income 19 years later

Diener, Nickerson, Lucas, & Sandvik (2002)



Health & Longevity

The Nun Study



Dr. Snowdon with Sisters Agnes and Gertrude

Psychologists

**Happy live about 5
years longer**

(Sarah Pressman)



- **It is a reasonable idea, with some supportive indirect evidence, that subjective well-being might facilitate, along with other factors, economic development**
- **And ill-being (e.g., depression and anger) might ceteris paribus interfere with it**

2. Types of Subjective **Well-Being** **--“Utility”**

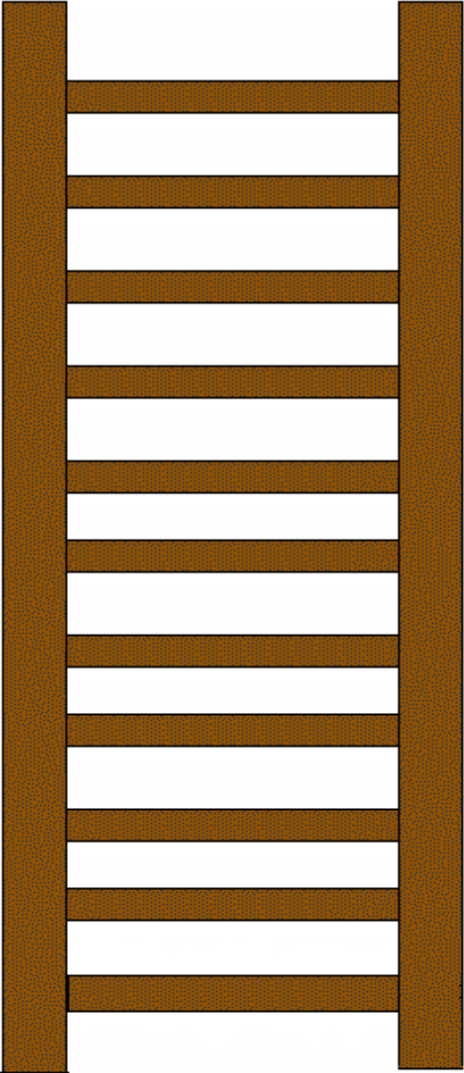
Life satisfaction

On-line feelings

- Enjoyment versus depression and anger**

**Gallup
World
Poll**

145 nations



10: Best Possible Life

9

8

7

6

5

4

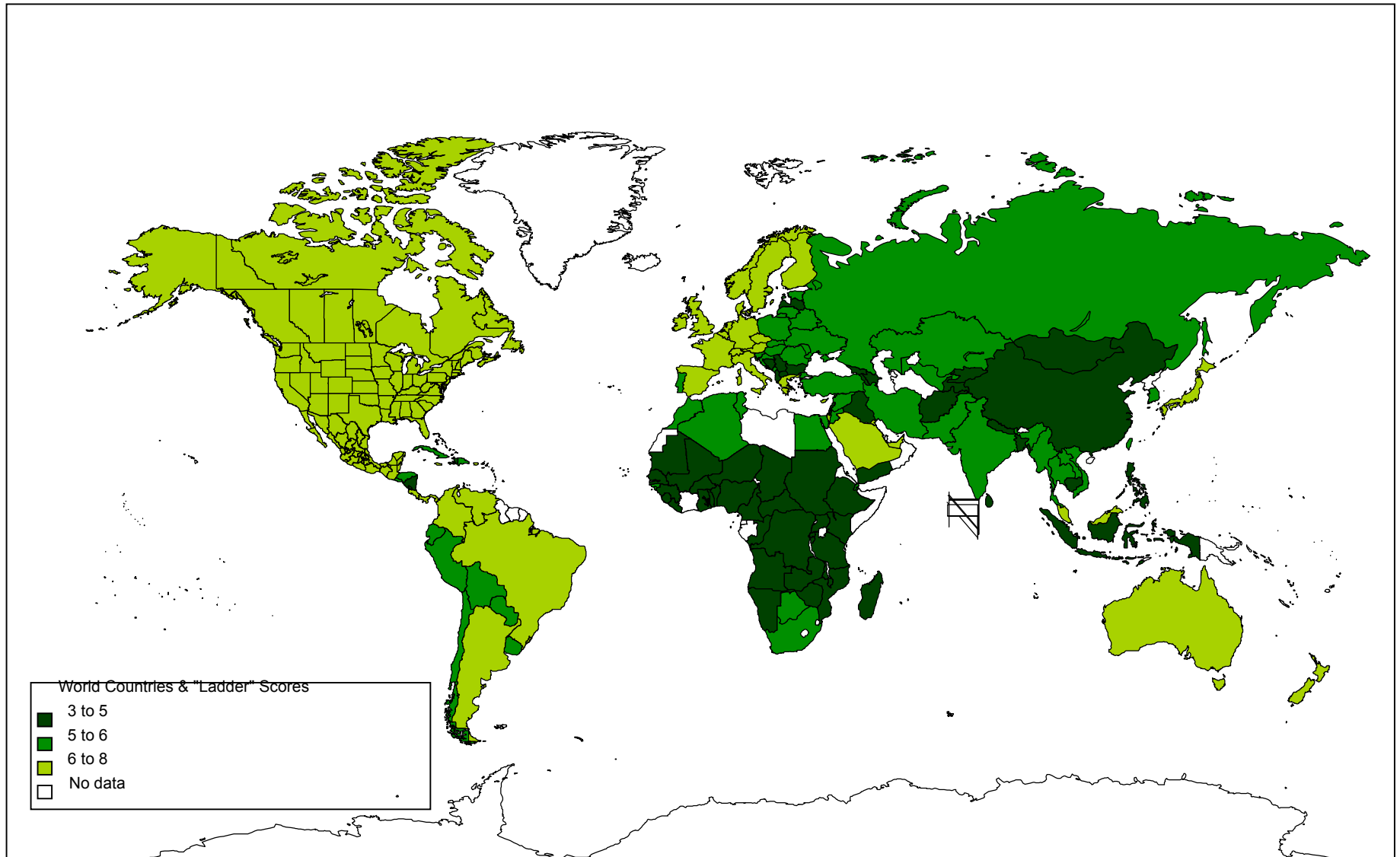
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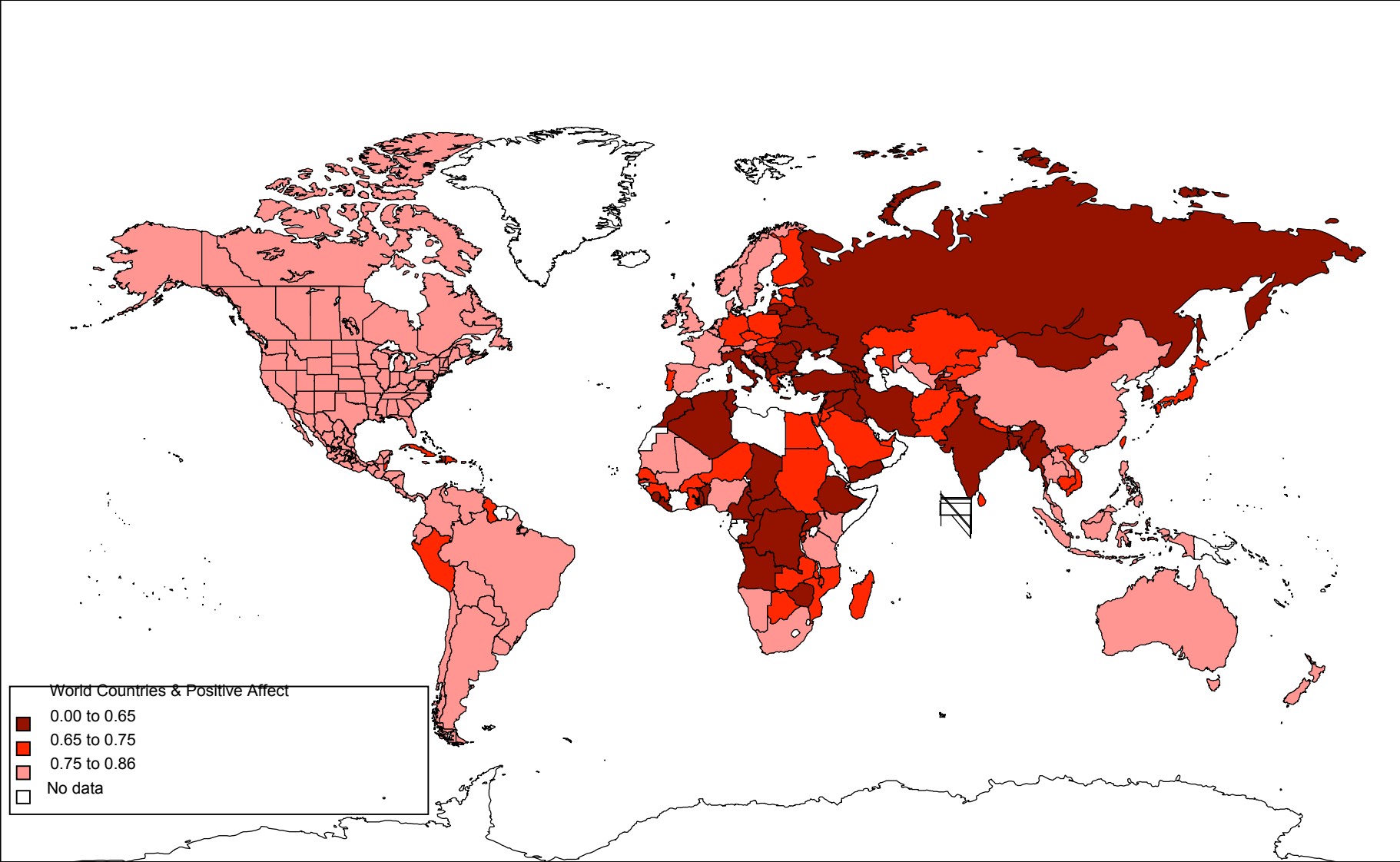
1

0: Worst Possible Life

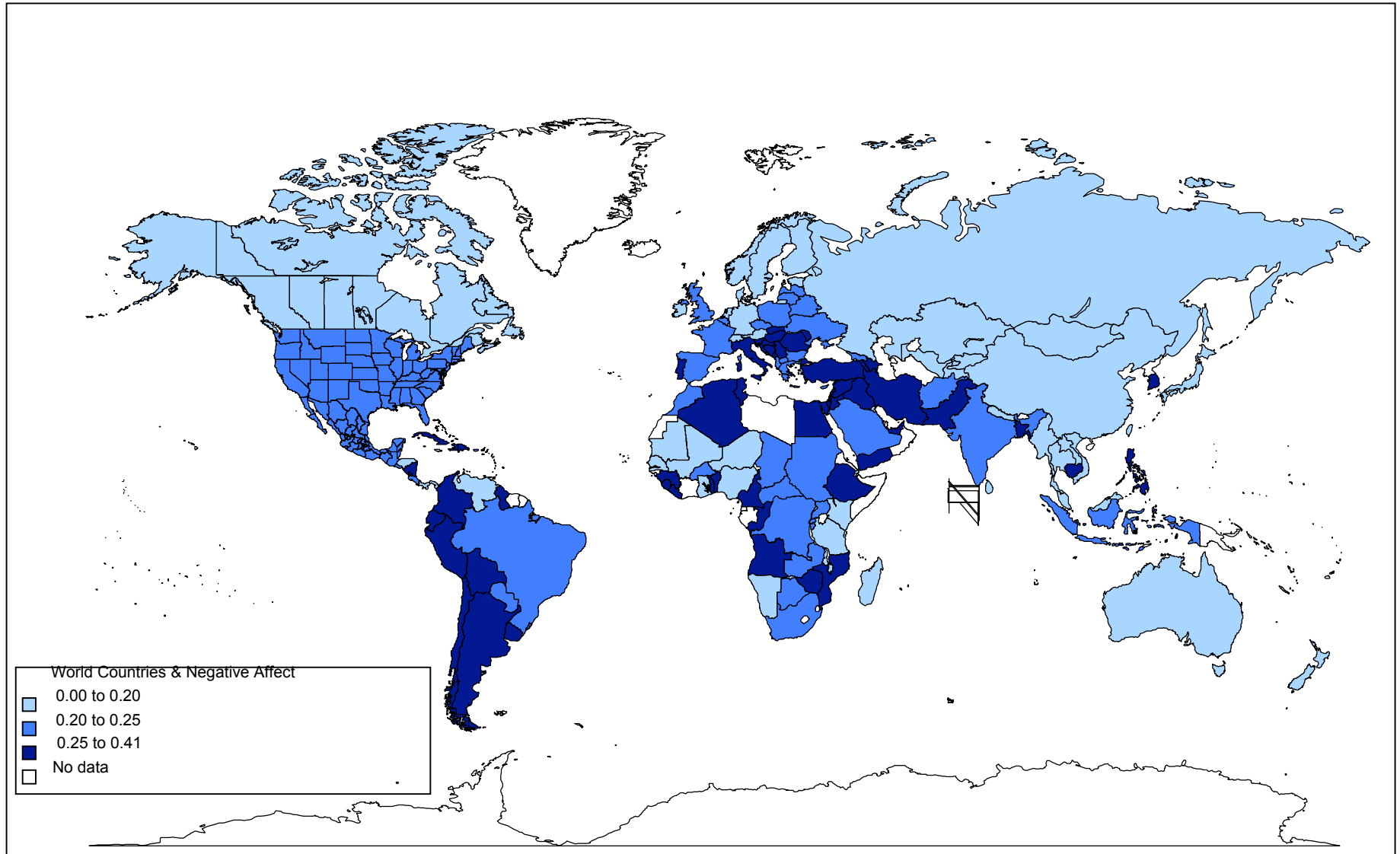
International Differences in Life Satisfaction Scores



International Differences in Positive Affect



International Differences in Negative Affect



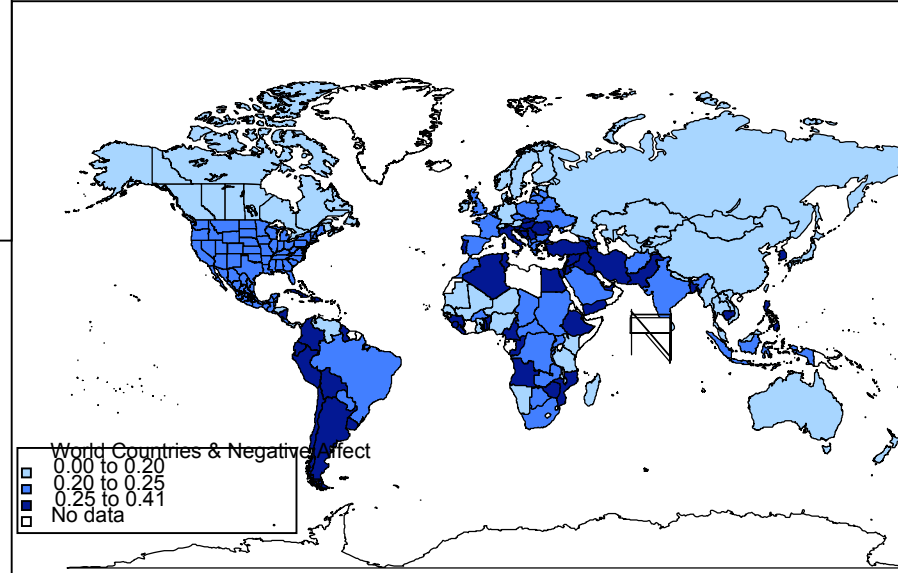
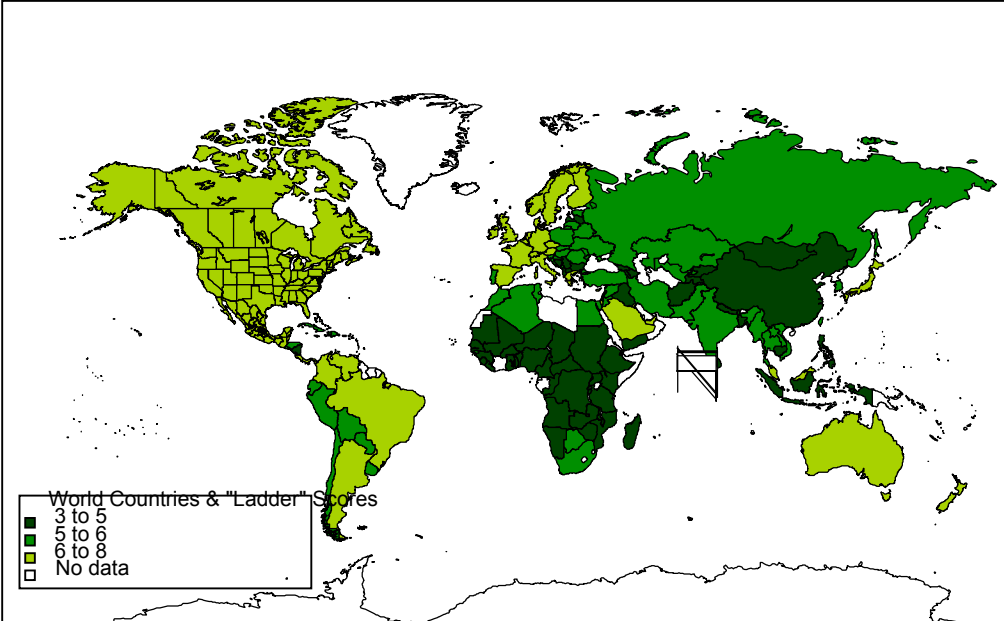
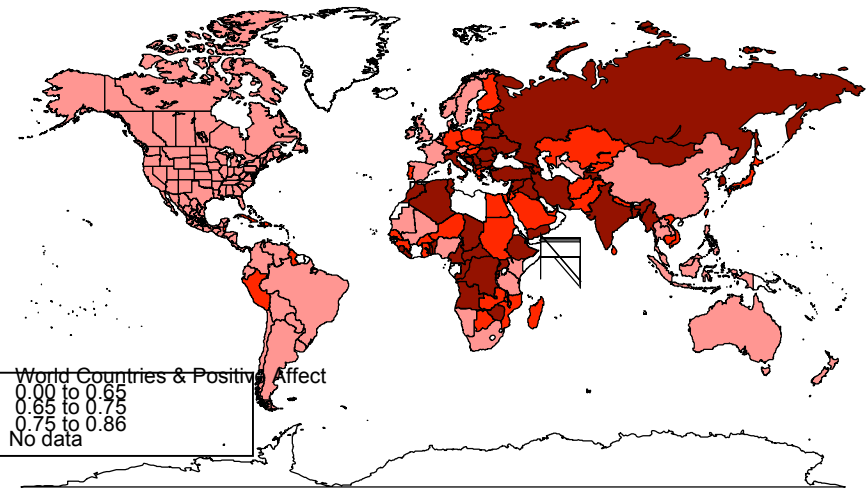
Triple-Crown Winners

- **Canada, Australia**
- **Scandinavia**

Trifecta Losers

Algeria, Angola

Iraq, Palestine, Yemen



Predictors of forms of “Utility”:

Life Satisfaction

Income

Conveniences

Basic needs

Positive Engagement

Social support

Safety

Public trust

Correlations of Income and Well-Being

	<u>Nation</u> <u>Level</u>	<u>Individual</u> <u>Level</u>
<u>Life satisfaction</u>	.82	.42
--Easterlin disconfirmed, including income change		
<u>Positive affect</u>	.36	.15
--Easterlin not rejected, including income change		

Is “Happiness” having what you want or liking what you have:

Wanting Vs. Liking

Satisfaction – having the things we want

Positive Engagement – enjoying what we have

Utility

- Revealed preferences
- Desires fulfilled
- Liking experience

Conclusions

- Subjective well-being is likely both an effect AND CAUSE of economic prosperity
- Judgments of life more dependent on income than is enjoying one's life

Thank you

Influences on Subjective Well-Being (Happiness)

- **Material sufficiency (income)**
- **Personality**
- **Social support**
- **Etc.**

Work Success and High SWB

A. Higher supervisor ratings

B. Organizational citizenship

C. Higher income

Longevity in The Nun Study

<u>Survival Rate at Age:</u>	<u>85</u>	<u>93</u>
Most Cheerful Quartile	79%	52%
Least Cheerful	54%	18%

Danner, Snowdon, & Friesen

Why happy are healthier?

- **Stronger immune systems**
- **Better cardiovascular health**
- **Health behaviors (e.g., seatbelts)**
- **Fewer lifestyle diseases (e.g. alcoholism)**
- **Younger genes (telomeres)**

Life Evaluation Ladder Ideal to Worst (10 to 0)

Denmark	8.0	Togo	3.2
Finland	7.7	Sierra Leone	3.6
Switzerland	7.5	Zimbabwe	3.8
Netherlands	7.5	West Bank/Gaza	4.7

Well-Being and Public Policy

- **Environment**
- **Health**
- **Social Context**
- **Work and Income**

Beyond Econ Indicators

Predicting beyond log GDP/capita of nations:

Corruption

Tolerance

Public trust

Nations with Similar Incomes -- But discrepant well-being

S. Korea	vs.	New Zealand	20K
(low)		(high)	

Russia	vs.	Costa Rica	10K
(low)		(high)	

Societal Benefits

- **Volunteering**
- **Trust**
- **Cooperative attitudes**
“Social capital”

94 % of Danes are Above
97 % of Togolese

