



# **Four Reasons to Use Subjective Well-Being To Inform Policy**

**Ed Diener  
Gallup Organization &  
University of Illinois**

**Latin American Conference  
on Measuring Well-Being  
Mexico City  
May 11 – 13, 2011**

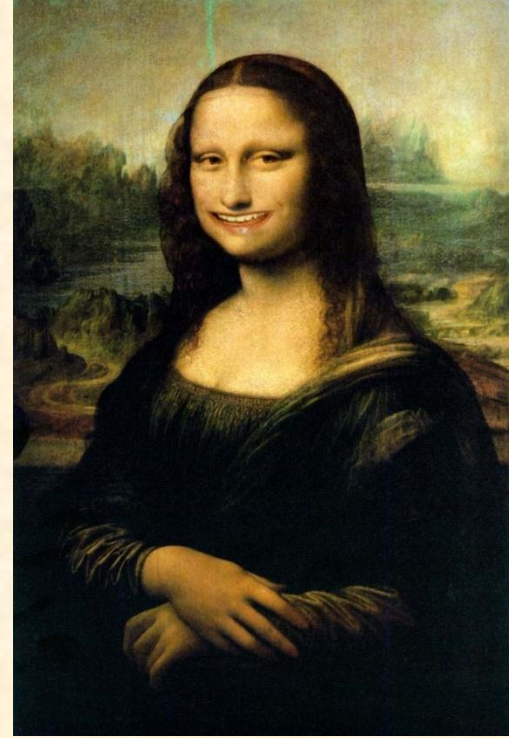
# **My Gratitude**

**I have learned so much!**

**OECD, INEGI, FCCT, IDB,  
ECLAC, SCA**

**Mariano Rojas**

**The Gallup Organization**



**It is Time to Create National  
Measures of  
Subjective Well-Being  
to Complement Other  
Social Indicators**

# Subjective Well-Being (SWB)

## “Happiness”

People’s evaluations of their lives – in both thoughts and feelings. For example:

Life satisfaction

Job, city, transportation satisfaction

Pleasant feelings (e.g., joy, affection)

Low levels of unpleasant feelings (e.g., sad, angry)

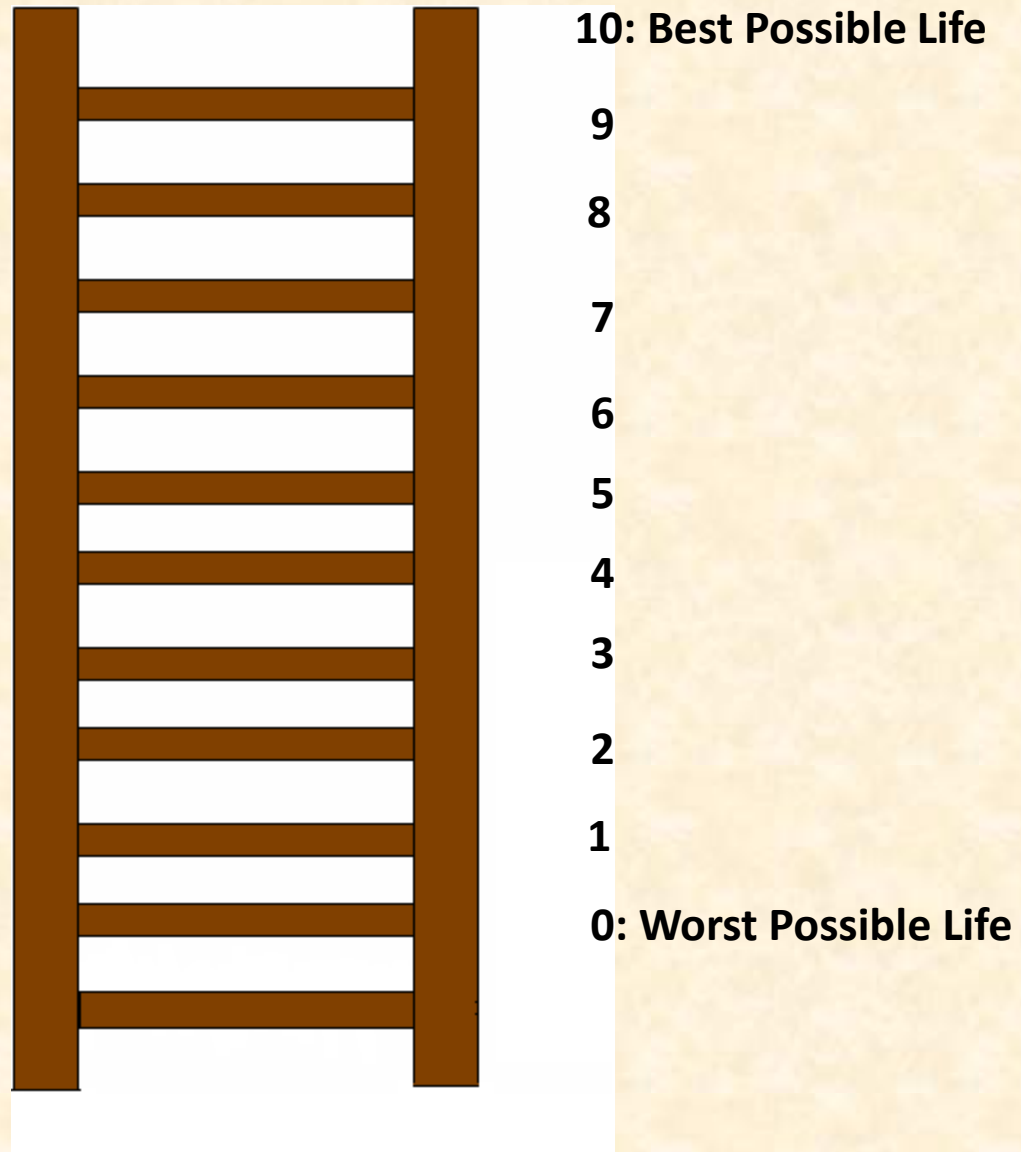


# **Four Reasons You Must Use Subjective Well-Being Measures for Policy**

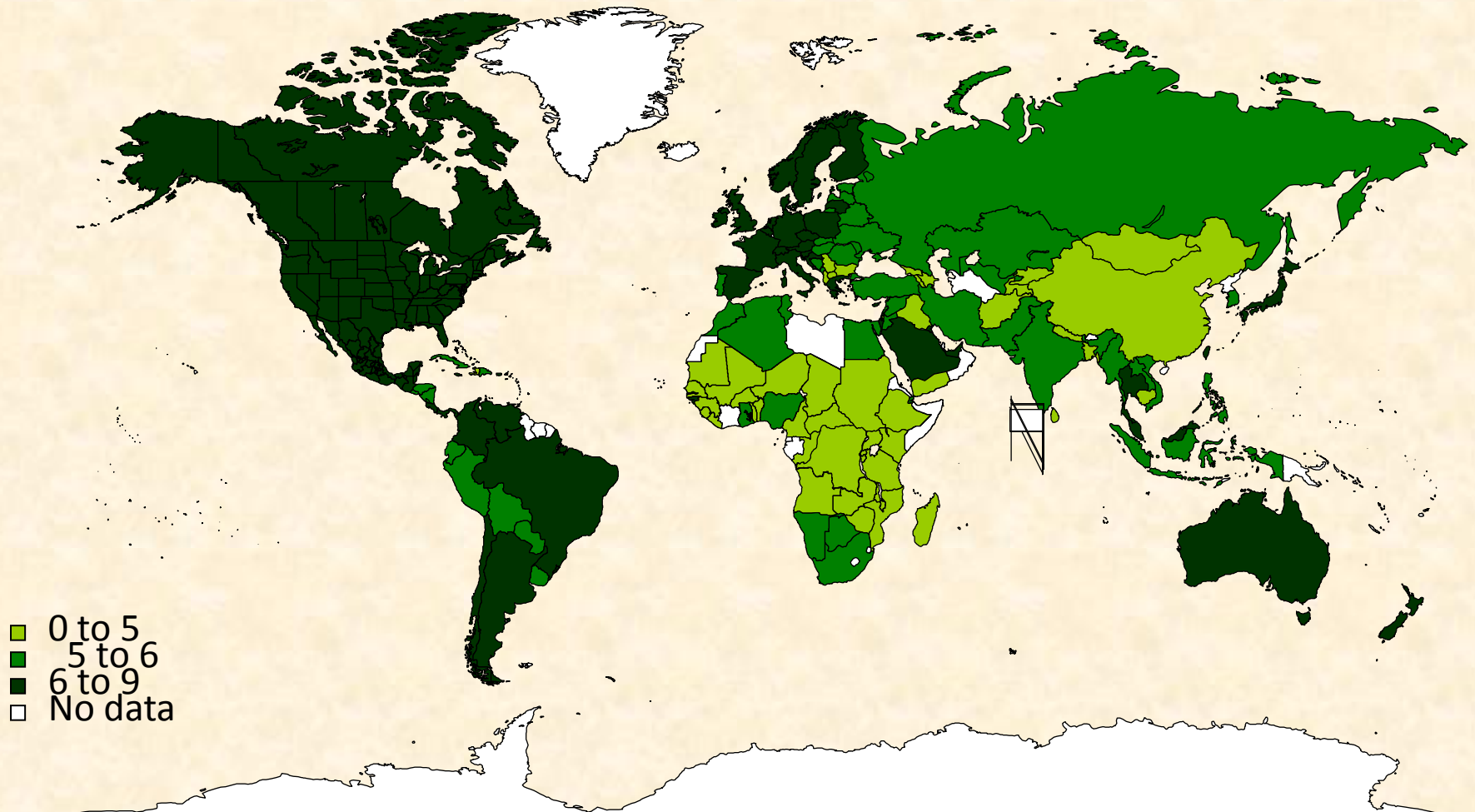
- **There is an endless list of things that need to be measured beyond GDP, and SWB reflects many of these, and weights them**
- **SWB can highlight some of the unintended negative consequences of GDP growth**
- **SWB is democratic: How people think they are doing, not experts and elites**
- **SWB is beneficial in its own right—it leads to better health, relationships, and functioning**

**How is  
Latin America  
Doing?**

**Life  
Evaluation  
Ladder  
(Cantril)**

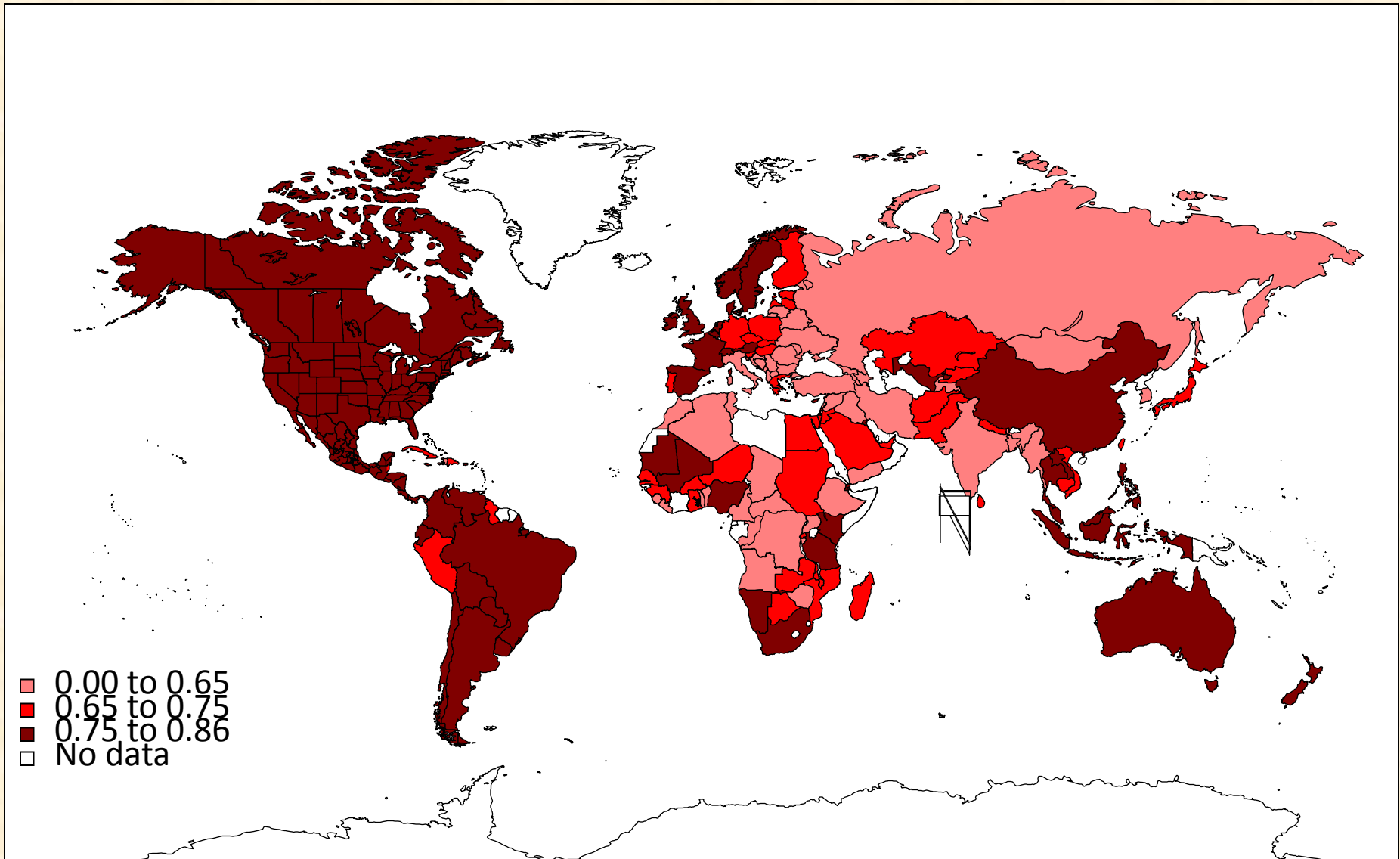


## Life Evaluation "Ladder" Scores

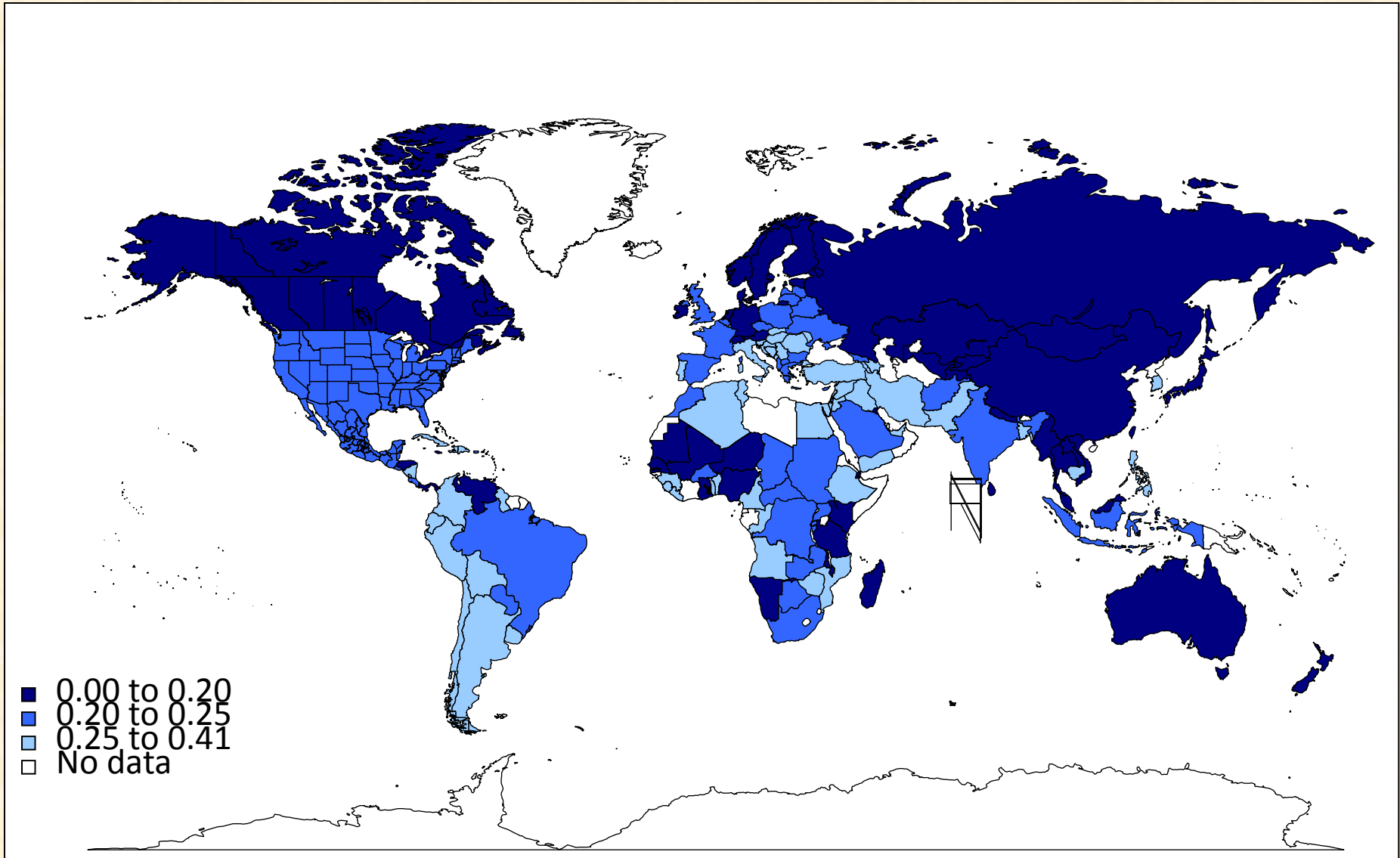




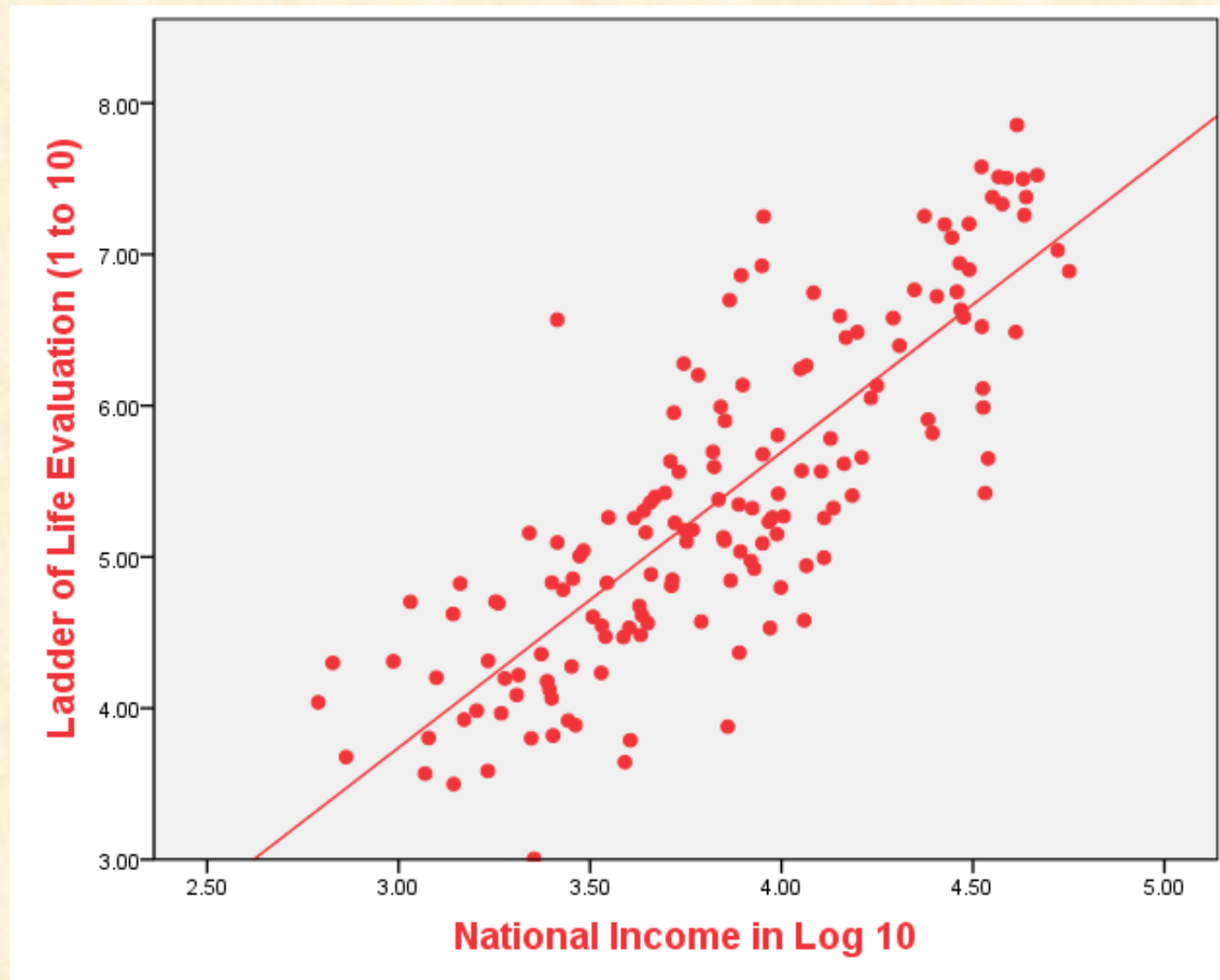
# Positive Affect (Enjoying Life)



# Negative Affect (Anger, sadness, worry)

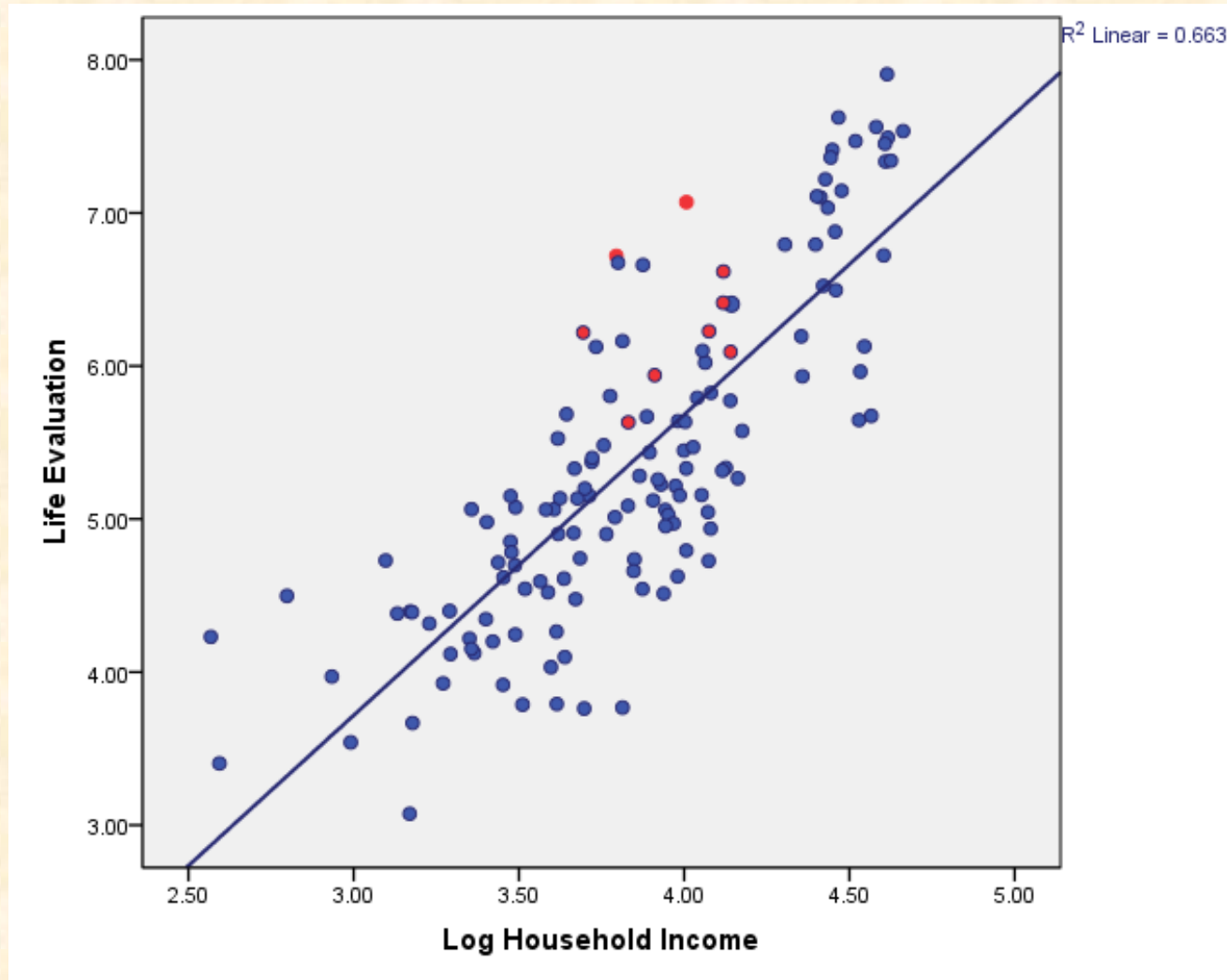


# Income is Important for SWB: Life Evaluation $r = .83$



# How Is Latin America Doing?

## The Red Nations



# **Beyond GDP**

**GDP and income are important,  
but much more affects quality of  
life, and the SWB measures pick  
up these influences too**

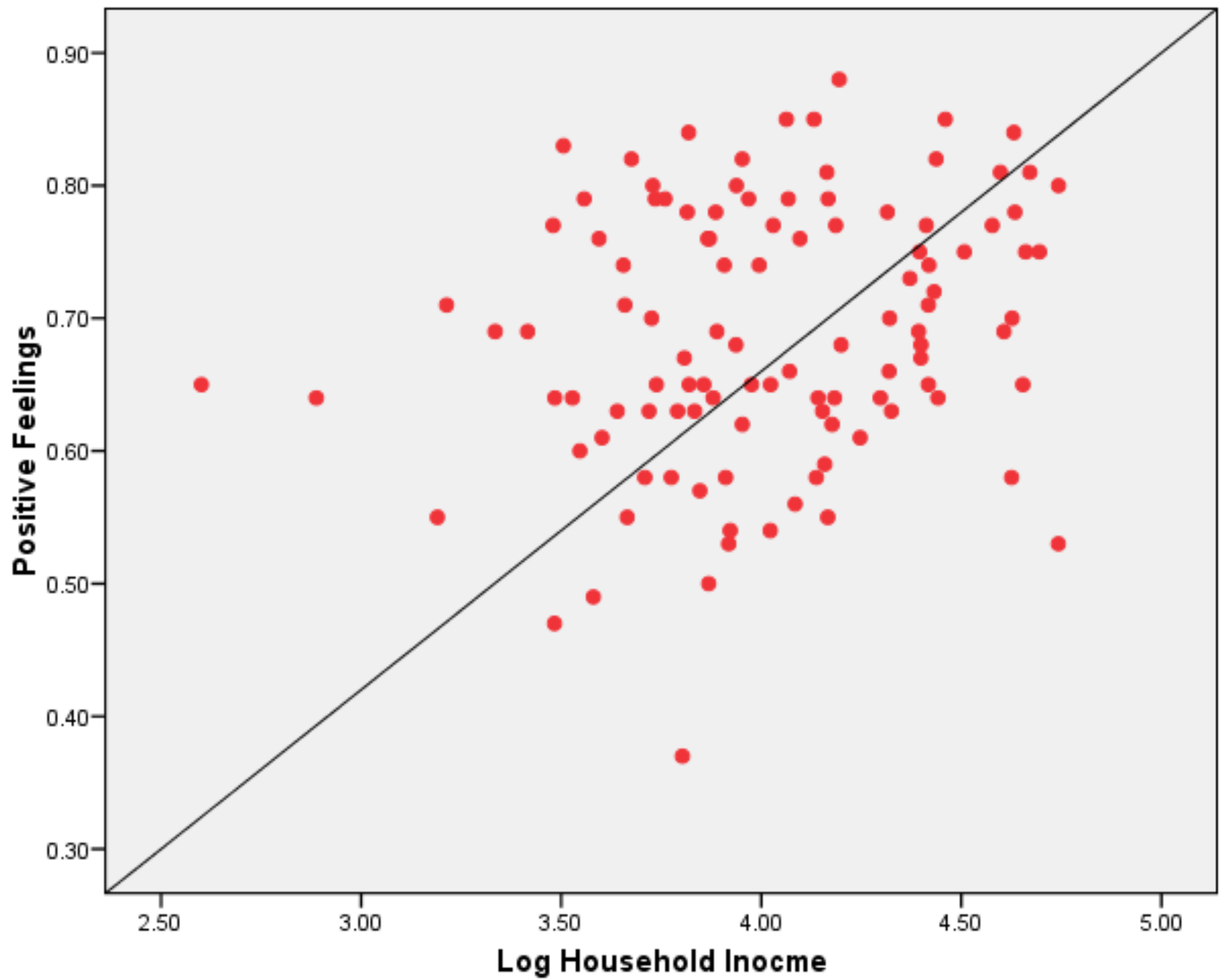


# **Income Change and SWB of Nations -- Easterlin Was Wrong?**

**60 % -- income and SWB move together**

**40 % -- income and SWB move oppositely**

**Income influences national SWB, but so do  
other factors!**



# But SWB Reflects More than Money

## -- Significant Betas

### Dependent Variable

Life Satisfaction   Positive Feelings

Log income	.49	
Can count on others	.33	.52
Corruption in Gov.		-.19

# Social Well-Being in Latin America

	<u>World</u>	<u>Latin America</u>		
	<u>Mean</u>	<u>Mean</u>	<u>Worst</u>	<u>Best</u>
<u>Good: Close Relations</u>				
Count on others	81%	86%	74%	94%
Respected	85%	93%	82%	96%
<u>Bad: Strangers</u>				
Government corrupt	76%	80%	92%	66%
Property stolen	16%	20%	29%	11%

# SWB Reflects Many of Quality of Life Factors

- BAD

Air pollution

Corruption

Noise

Long commuting

Unemployment

- GOOD

Social support

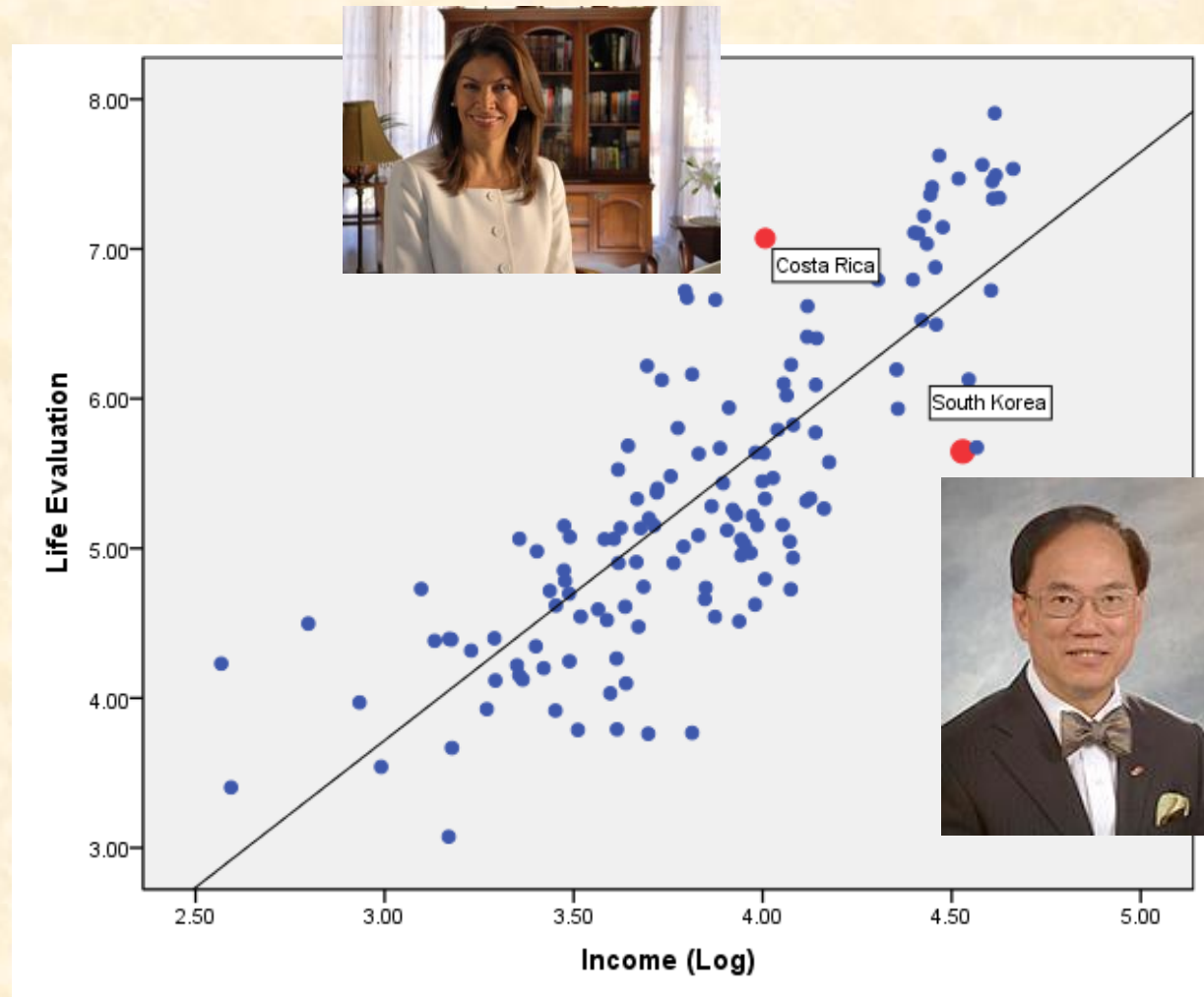
Rewarding work

Social trust

Green space



# More Than Money Matters: Tale of Two Nations, and the Dangers of Unmitigated Economic Growth



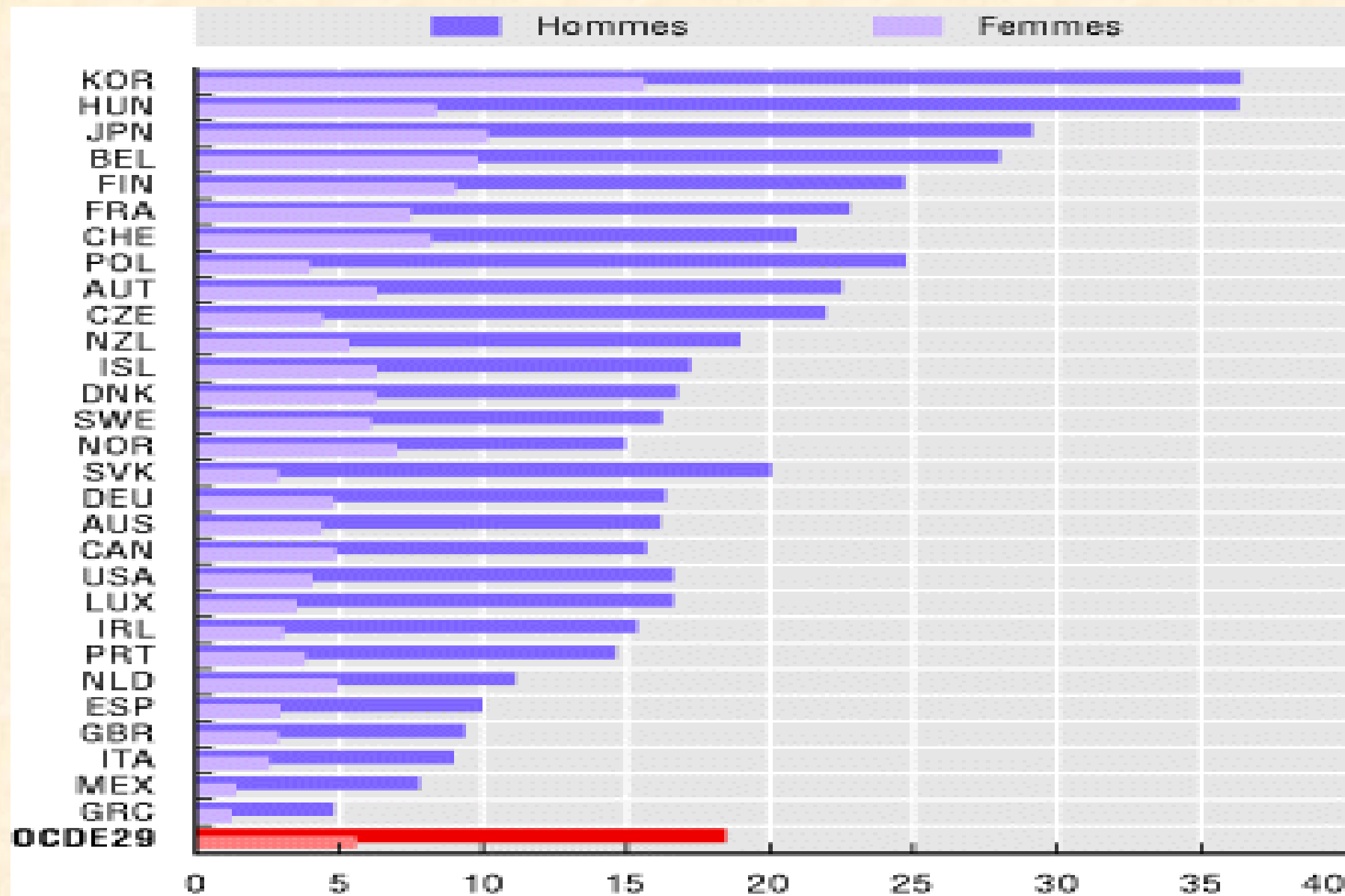
**“Affect Balance”**  
**Positive Minus Negative Feelings**

<b>Denmark</b>	<b>73</b>	<b>U.S.A.</b>	<b>58</b>
<b>Sweden</b>	<b>72</b>	<b>France</b>	<b>58</b>
<b>Canada</b>	<b>65</b>	<b>Spain</b>	<b>56</b>
<b>Australia</b>	<b>65</b>	<b>Czech Rep.</b>	<b>49</b>
<b>Austria</b>	<b>65</b>	<b>Poland</b>	<b>47</b>
<b>Costa Rica</b>	<b>64</b>	<b>Greece</b>	<b>46</b>
<b>Mexico</b>	<b>62</b>	<b>Portugal</b>	<b>44</b>
<b>Switzerland</b>	<b>62</b>	<b>Italy</b>	<b>42</b>
<b>Germany</b>	<b>61</b>	<b>S. Korea</b>	<b>38</b>
<b>Japan</b>	<b>59</b>		

# Psychosocial “Wealth”

## -- Percent of Respondents

	<u>South</u> <u>Korea</u>	<u>Costa</u> <u>Rica</u>
<b>Am Not Respected</b>	<b>36</b>	<b>5</b>
<b>Without Social Support</b>	<b>20</b>	<b>8</b>
<b>Not Satisfied St. Living</b>	<b>33</b>	<b>19</b>
<b>Not Satisfied Job</b>	<b>27</b>	<b>9</b>



# **South Korea:**

## **High Income, BUT --**

- **Constant competition**
- **Constant social comparison**
- **Concern about appearance  
and luxury goods**
- **Materialism**



# Conclusion

If governments focus on economic growth, they likely will get it. *But if they ignore social ties, the environment, and quality of life, economic growth can lead to lower quality of life!*

SWB measures can counter this, and they are relatively cheap!


# Is Happiness a Good Thing?

## Flaubert's Error

To be stupid, selfish, and have good health are three requirements for happiness, though if stupidity is lacking, all is lost.

Gustave Flaubert





**Are You Annoyingly Happy?  
Despondex Could Be  
Right For You.**



**Ask Your Doctor if Despondex  
is Right For You.**

FUNDING FOR RESEARCH INTO WHAT HAPPENS WHEN DEAD FROG IS C

# In Fact, Happiness Helps Societies and Individuals Function Better!

- Health
- Relationships
- Work



# Benefits of Happiness: Health & Longevity

## The Nun Study



**Dr. Snowdon with Sisters Agnes and Gertrude**

# Diener & Chan (2011)

High Subjective Well-Being CAUSES Health and Longevity -- over 150 studies reviewed

Animal experiments

Experimental

Longitudinal

Natural experiments

Experience-sampling

# **SWB Causes Better Health**

- **Society – lower healthcare costs**
- **Businesses – fewer sick days, healthier workers**

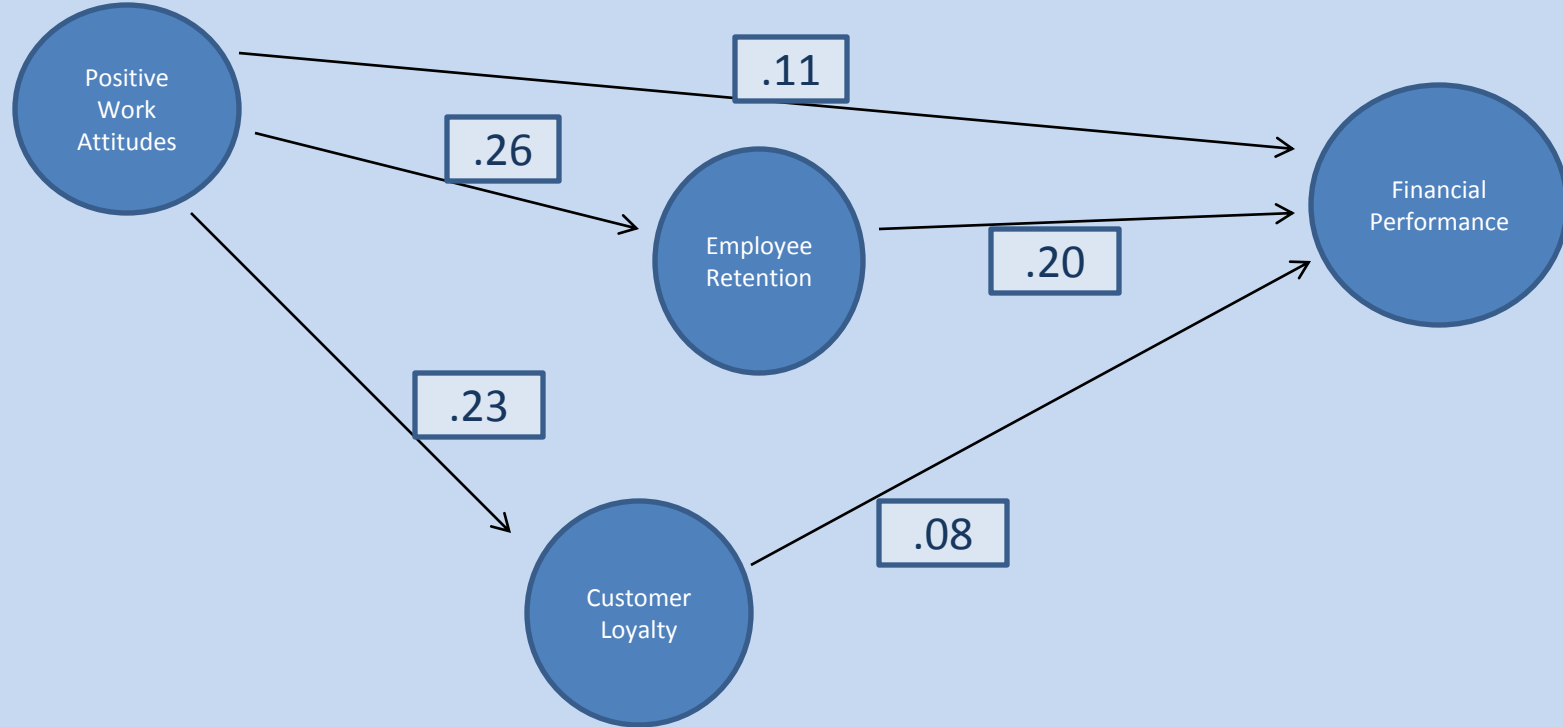
# The Benefits of Being Happy

- Health and longevity
- **Better social relationships**
  - More friends, better marriages**
  - Leadership, self-confidence**
  - Trust and volunteering**
  - Higher supervisor ratings at work**
- **Higher incomes**
- **Workplace productivity**

# Successful Organizations:

## Gallup Study

141,900 employees in 2,178 work units of 10 large companies  
(manufacturing, retail, etc.)



# **Work Satisfaction is More than Pay:**

## **Predicting Job Satisfaction:**

**Opinions count**

**Learn new things**

**Do what I do best**

# **IMPORTANTE: The Happy Society Is**

- **More fun**
- **Healthier**
- **More productive**
- **Better workers**
- **Better marriages and relationships**



# **Conclusions**

- **Subjective well-being reflects many quality of life factors! And it can show where economic growth has negative externalities.**
- **BUT ALSO Subjective well-being is a valuable resource in itself! Your society needs it!**

# Two Objections

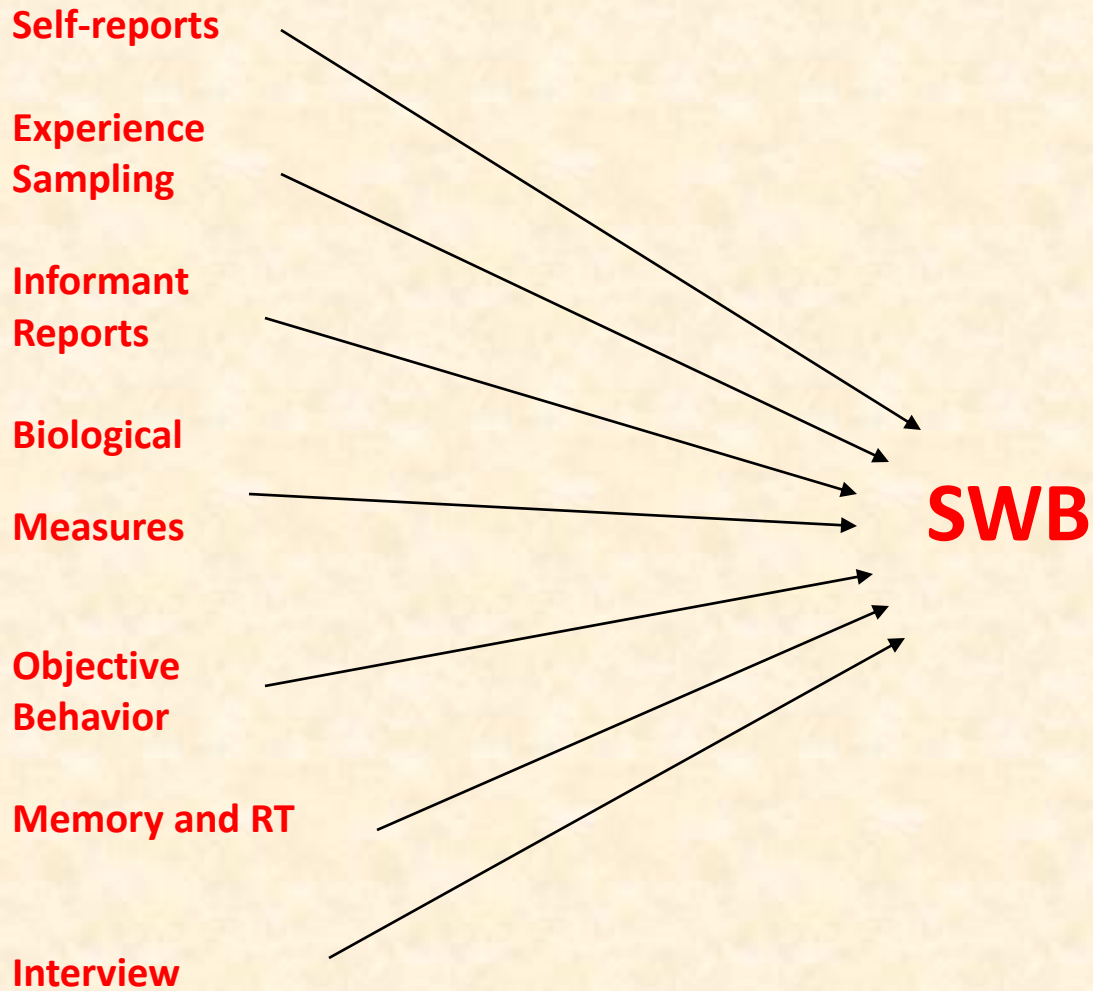
- **Issue 1**

**Subjective measures are not valid**

- **Issue 2**

**We don't yet fully understand the  
SWB measures or what influences them**

# Issue 1: Are SWB Measures Valid?



## Issue 2: We don't fully understand SWB, and it is imperfect

- We still would not be measuring GDP, or education, or corruption, etc.
- When we measure SWB, we will understand more and more over time
- The strengths and promises of SWB are there! Added-value.

SERIES IN

POSITIVE  
PSYCHOLOGY

Ed Diener

Richard Lucas

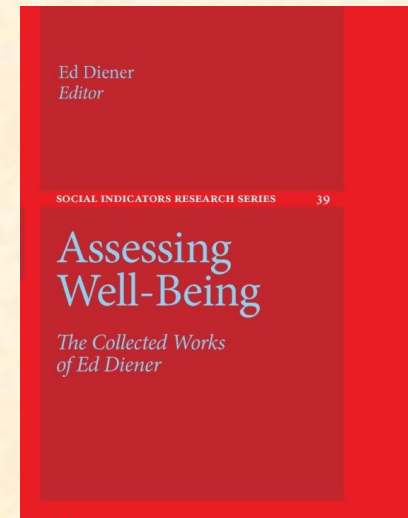
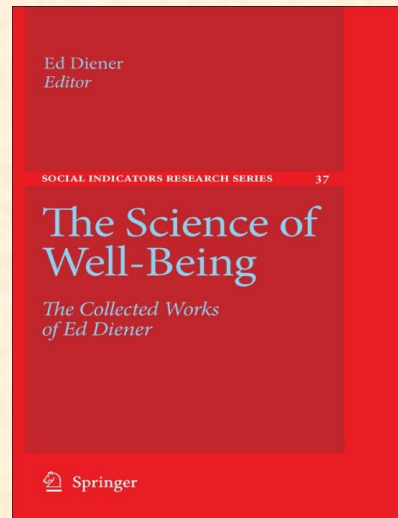
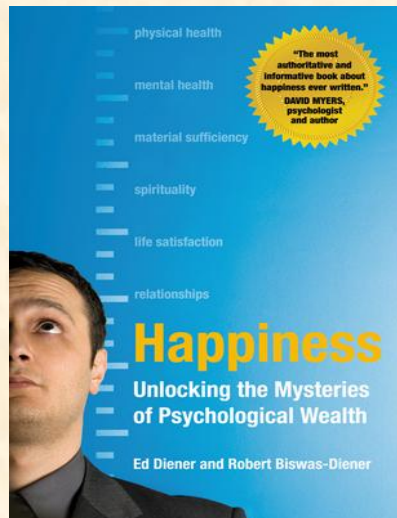
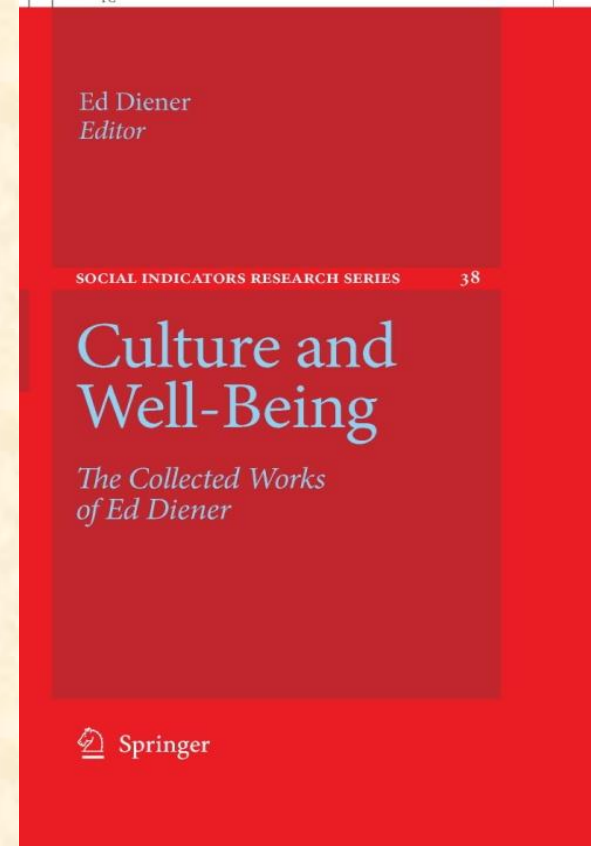
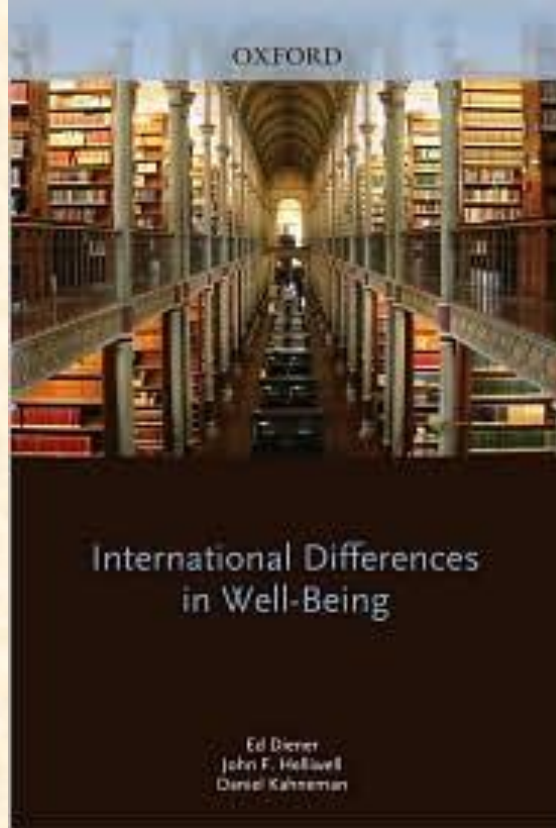
Ulrich Schimmack

John Helliwell

# WELL-BEING FOR PUBLIC POLICY

OXFORD





**If you would like a copy  
of the talk, please give  
me your business card or  
email me:  
[ediener@illinois.edu](mailto:ediener@illinois.edu)**



A composite image featuring a globe of the Earth as the central element. The globe is tilted, showing continents and clouds. It is surrounded by several hands of different skin tones (light, medium, and dark brown) reaching up to touch or hold the globe. The background is a deep black space filled with numerous small white stars. Overlaid on the center of the globe is the text "Thank You! Questions?" in a large, bold, red font.

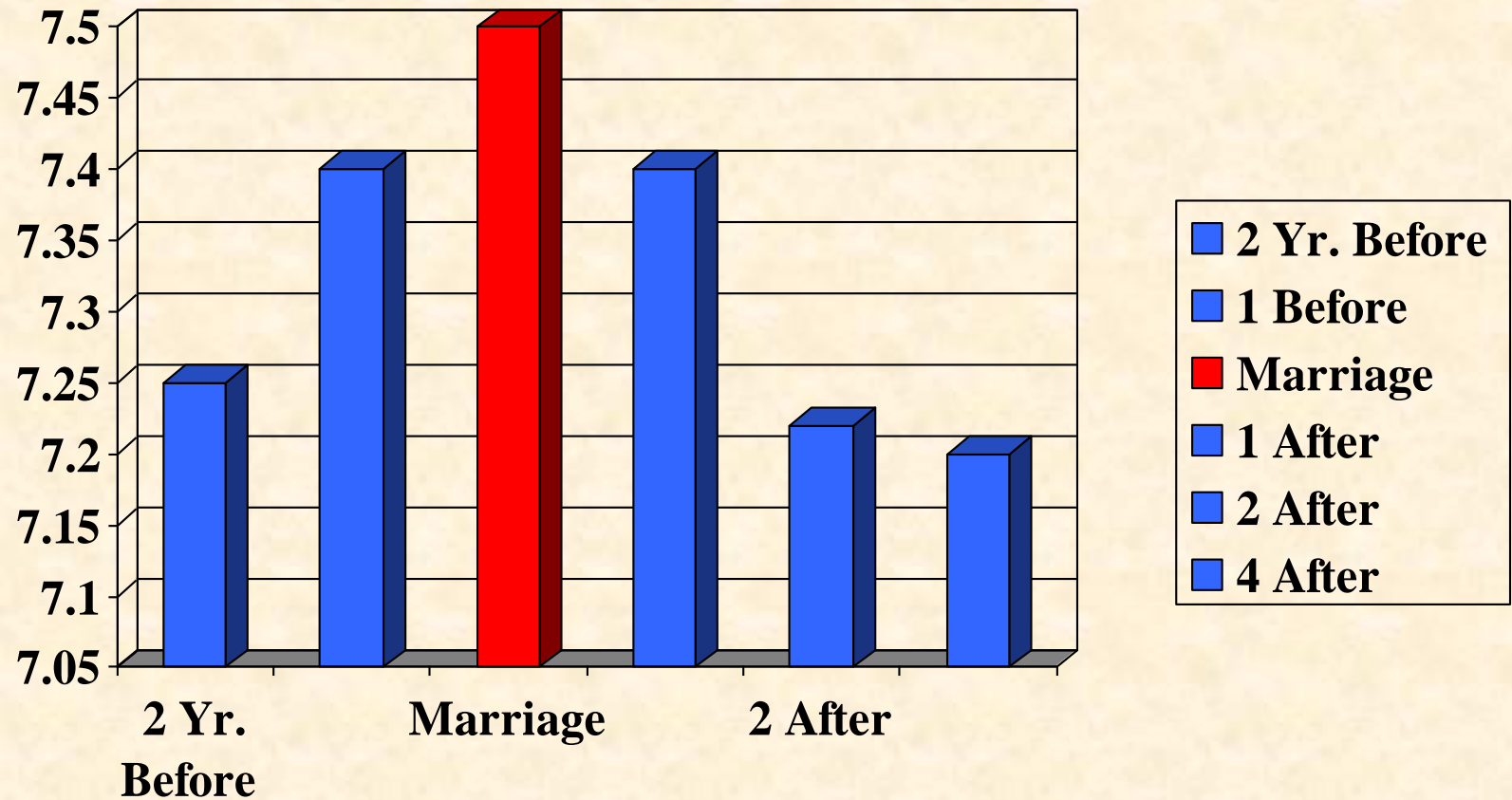
**Thank You!**  
**Questions?**

# Possible Issues: Questions?

1. Why are Scandinavians so happy?
2. Isn't happiness personal and cultural?  
Governments should not be involved
3. Does SWB tell us what policies? Does it tell us what is going right or wrong?
4. Don't people adapt to conditions?  
Easterlin's Paradox; Happy Peasants

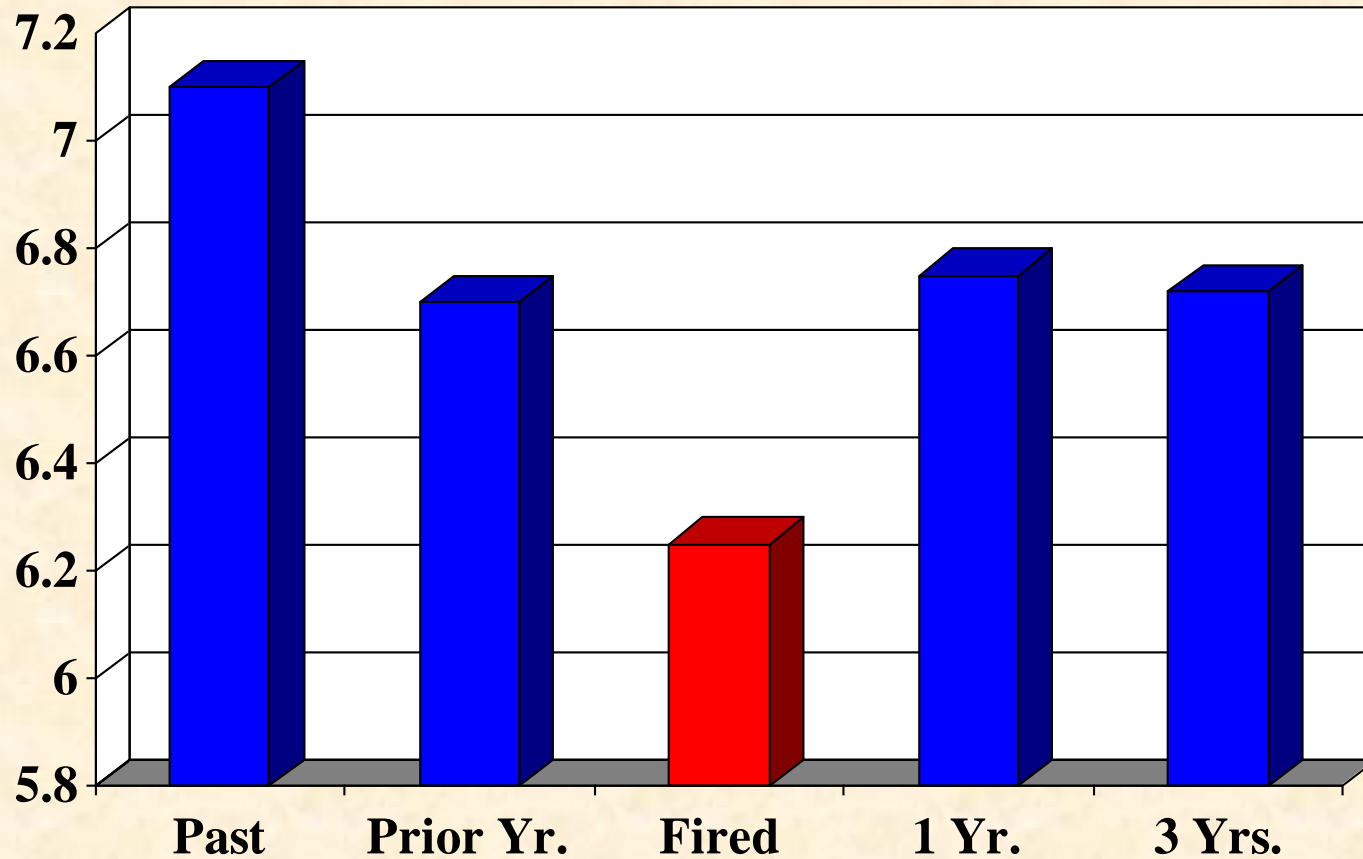
# Adaptation to Marriage

Lucas, Clark, Georgellis, & Diener

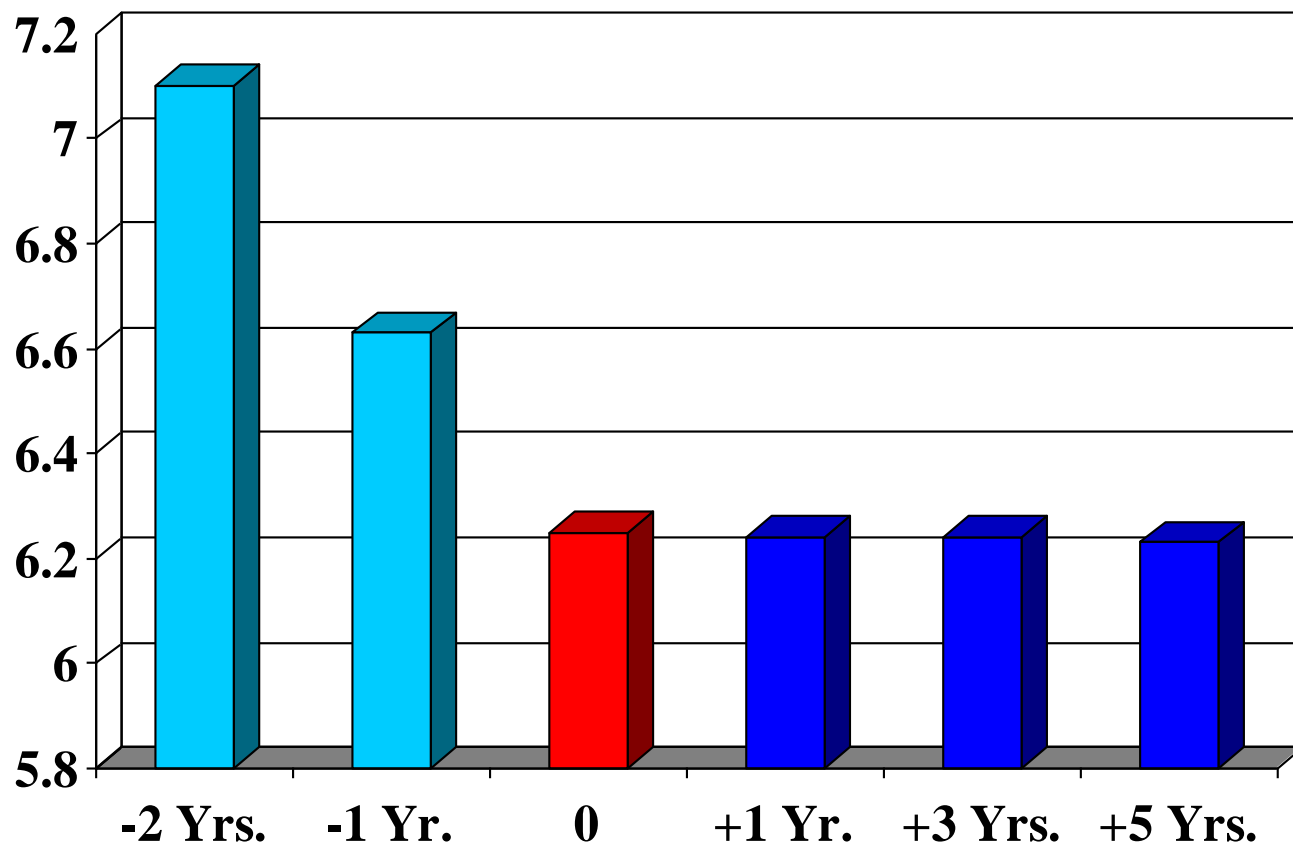


# Slow & Incomplete Adaptation to Unemployment

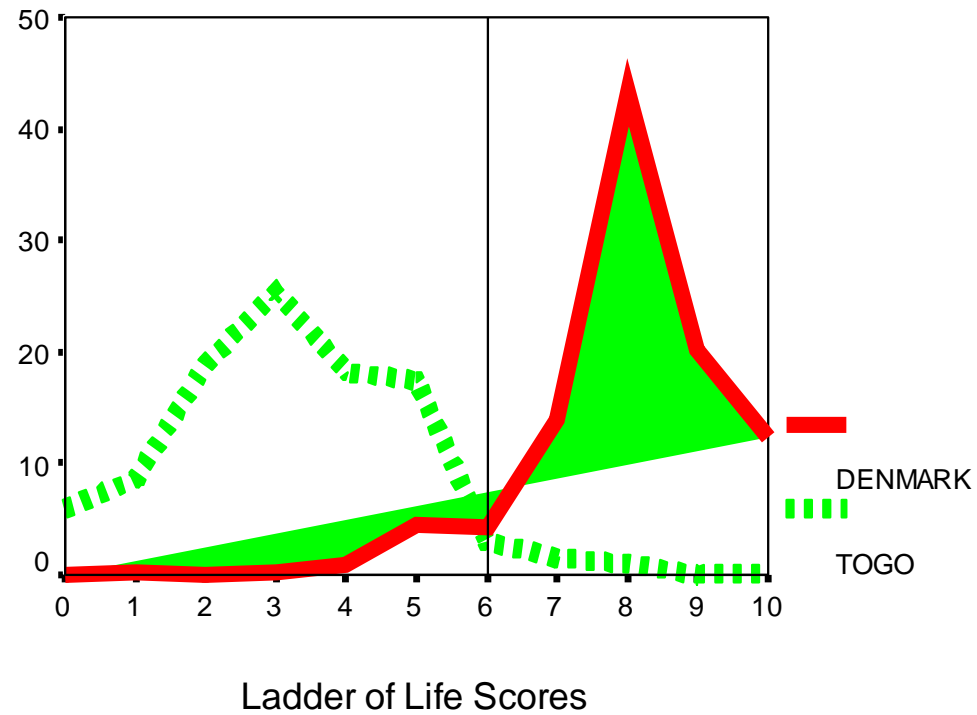
(Mostly Re-Employed, and Controlling for Income)



# Life Satisfaction & Disability: The Set-Point Seems to Change



94 % of Danes are Above  
97 % of Togolese

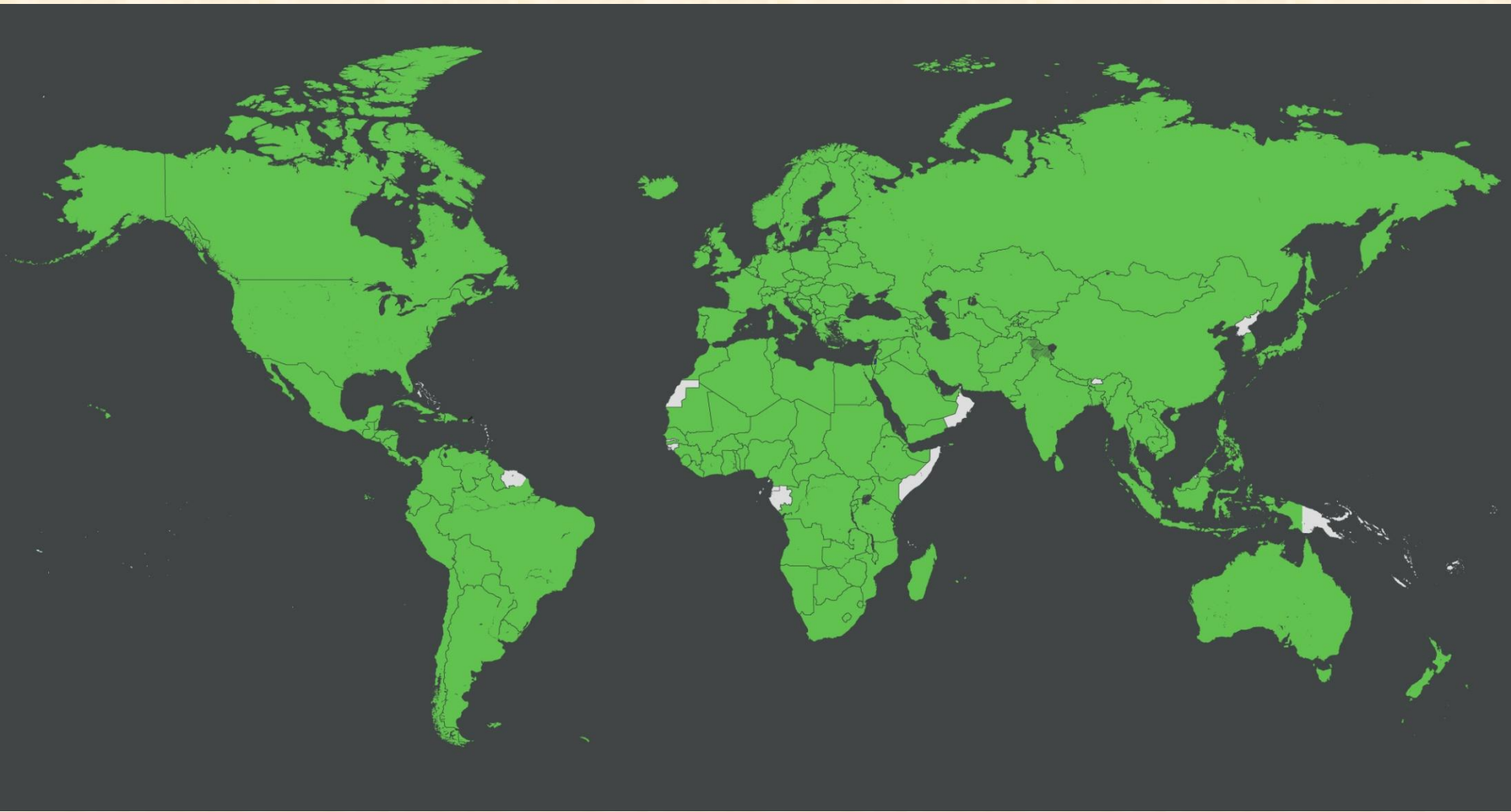


# Easterlin's Paradox

- Life satisfaction does rise with income
- But positive affect does not – enjoying life, which is more social
- So Easterlin was wrong, but also made point that economic growth not all there is



# Gallup World Poll Countries

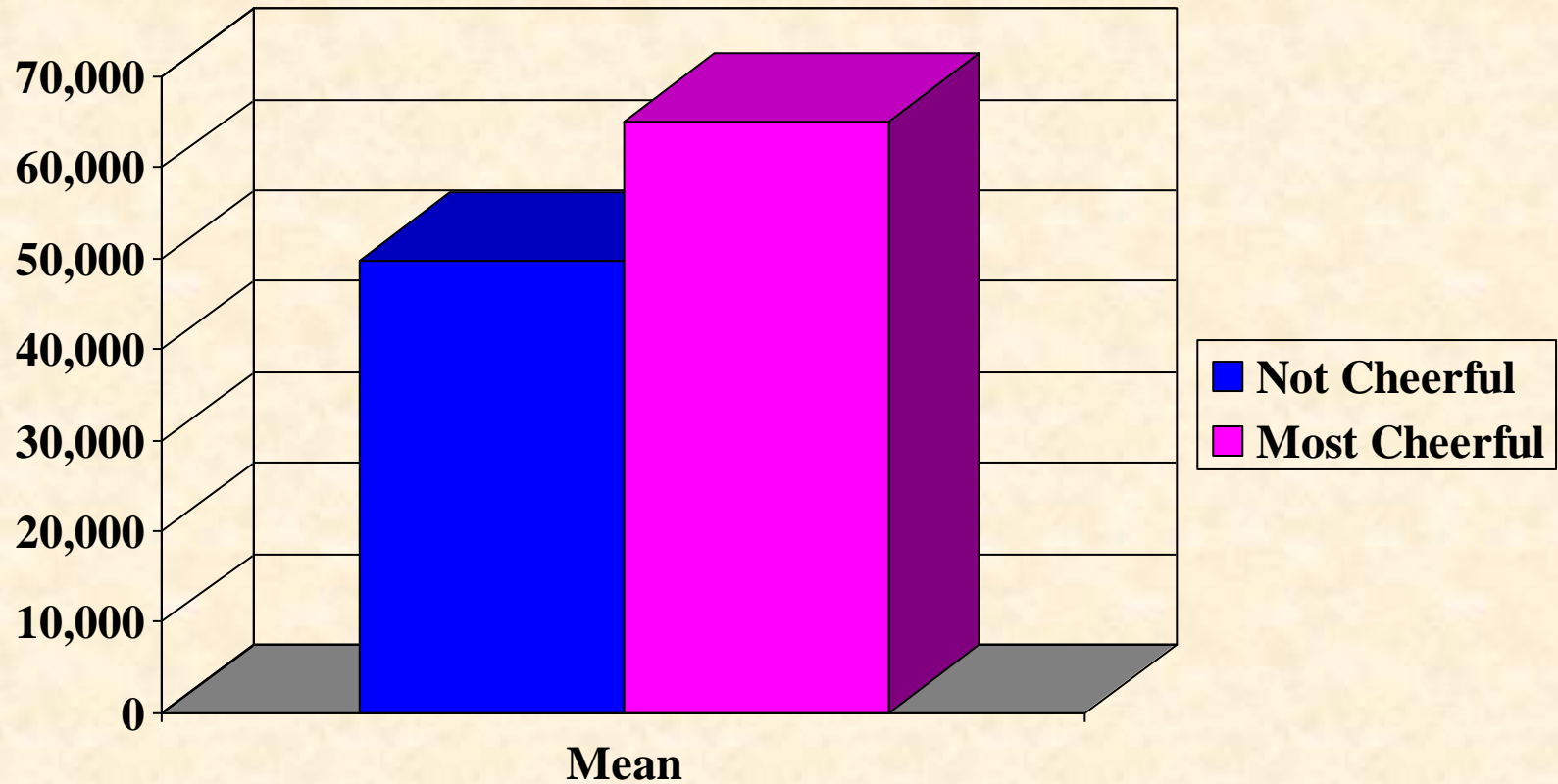


# Material Well-Being

	<u>World</u>	<u>Latin America</u>		
	<u>Mean</u>	<u>Mean</u>	<u>Worst</u>	<u>Best</u>
Gone hungry this year	24%	20%	37%	4%
Cannot afford housing	21%	19%	36%	9%
Computer in household	26%	21%	4%	46%

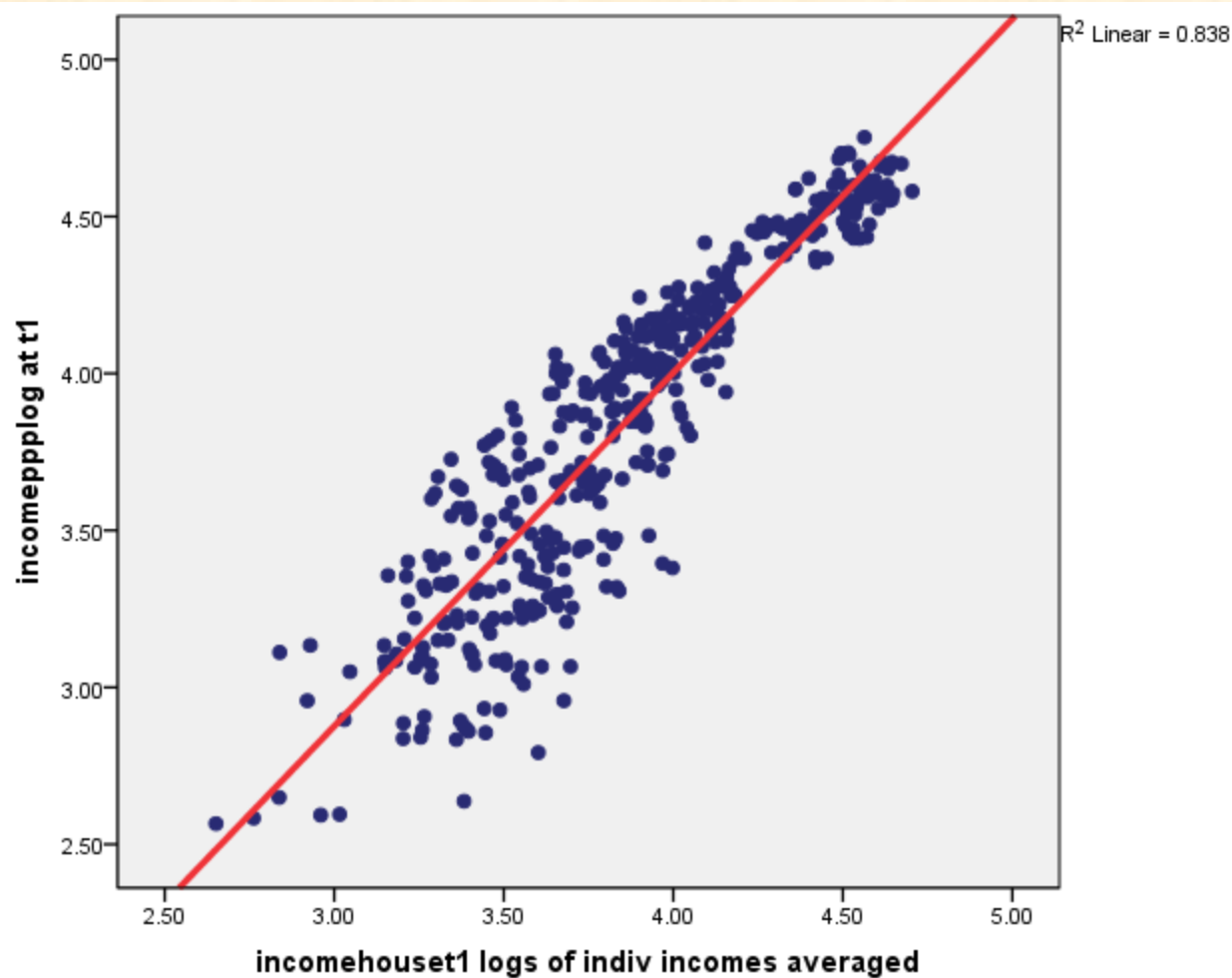
# College Entry Cheerfulness, and Income 19 years later

Diener, Nickerson, Lucas, & Sandvik (2002)



# GDP/Cap and “error”:

$$r = -.55$$



# **Shortcomings of GDP as Measure of Wealth**

- **Gray and black economies**
- **Uncounted – e.g., household production, barter**
- **Externalities – social, environmental**
- **Inequality**
- **Error and inaccuracy!**

**Especially in poor nations**