

## **The Hippies Were Right all Along about Happiness**

Article published in the Financial Times, 19 January 2006

ANDREW OSWALD

Politicians mistakenly believe that economic growth makes a nation happier. "Britain is today experiencing the longest period of sustained economic growth since the year 1701 – and we are determined to maintain it" began Gordon Brown, the chancellor of the exchequer, in his 2005 Budget speech. Western politicians think this way because they were taught to do so. But today there is much statistical and laboratory evidence in favour of a heresy: once a country has filled its larders there is no point in that nation becoming richer.

The hippies, the Greens, the road protesters, the down-shifters, the slow-food movement – all are having their quiet revenge. Routinely derided, the ideas of these down-to-earth philosophers are being confirmed by new statistical work by psychologists and economists.

First, surveys show that the industrialised nations have not become happier over time. Random samples of UK citizens today report the same degree of psychological wellbeing and satisfaction with their lives as did their (poorer) parents and grandparents. In the US, happiness has fallen over time. White American females are markedly less happy than were their mothers.

Second, using more formal measures of mental health, rates of depression in a country like the UK have increased.

Third, measured levels of stress at work have gone up.

Fourth, suicide statistics paint a picture that is often consistent with such patterns. In the US, even though real income levels have risen six-fold, the per-capita suicide rate is the same as in the year 1900. In the UK, more encouragingly, the suicide rate has fallen in the last century, although among young men it remains far greater than decades ago.

Fifth, global warming means that growth has long-term consequences that few could have imagined in their undergraduate tutorials.

None of these points is immune from counter-argument. But most commentators who argue against such evidence appear to do so out of intellectual habit or an unshakeable faith in conventional thinking. Some of the world's most innovative academics have come up with strong evidence about why growth does not work.

One reason is that humans are creatures of comparison. Research last year showed that happiness levels depend inversely on the earnings levels of a person's neighbours. Prosperity next door makes you dissatisfied. It is relative income that matters: when everyone in a society gets wealthier, average wellbeing stays the same.

A further reason is habituation. Experiences wear off. A joint intellectual effort by psychologists and economists has got to the bottom of the way that human beings adapt to good and bad events. There is still disagreement about details, but some researchers believe that there is close to complete adaptation to rises in income. Such hedonic flexibility also works downwards. Those who become disabled recover 80 per cent of their happiness by three years after an accident. Yet economics textbooks still ignore adaptation.

A final reason is that human beings are bad at forecasting what will make them happy. In laboratory settings, people systematically choose the wrong things for themselves.

Yet surely, it might be argued, what about power showers, televised football, titanium wristwatches, car travel for all – are these not compelling evidence for the long arm of growth? Yes they are, but we need these because Mr and Mrs Jones have them, not because they make an intrinsic difference.

Economists' faith in the value of growth is diminishing. That is a good thing and will slowly make its way into the minds of tomorrow's politicians. Led by the distinguished psychologist Edward Diener of the University of Illinois, a practical intellectual manifesto, signed by many of the world's researchers, entitled "Guidelines for National Indicators of Subjective Well-Being and Ill-Being", has just begun to circulate on the internet\*. That document calls for national measures of separate facets of well-being and ill-being, including moods and emotions, perceived mental and physical health, satisfaction with particular activities and domains, and the subjective experience of time allocation and pressure.

Happiness, not economic growth, ought to be the next and more sensible target for the next and more sensible generation.

*The writer is professor of economics at the University of Warwick. This article is extracted from a lecture to be delivered today as part of the One World Week Summit at the university.*

.....

\*

**Guidelines for National Indicators of Subjective Well-Being and Ill-Being**

(Authored by Ed Diener, University of Illinois)

December 1, 2005

There is increasing interest in using indicators of subjective well-being and ill-being to inform policy debates, and there are now national and international surveys of subjective well-being and ill-being in the European Union, Australia, and elsewhere. Furthermore, subjective indicators of well-being are already a significant component of monitoring important domains such as health-related quality of life. For an explanation of why the indicators of subjective well-being are needed, and why they add information beyond economic and social indicators, please refer to Diener and Seligman (2004), Diener and Tov (in press), and Kahneman and Krueger (in

press). Subjective well-being measures may be used as input to discussions about national policies, and they can also be helpful to business leaders, as well as to government officials at the local and regional levels. The indicators of subjective well-being and ill-being can be used for the evaluation of policies in many domains, including health care, public health, social services, parks and recreation, work life, transportation, families, and the environment. In democratic societies the indicators provide an important source of information to leaders about the well-being and concerns of the citizens.

Measures of subjective well-being can be useful in assessing the need for certain policies, and in measuring the outcomes of policy interventions. Consideration of these indicators is particularly warranted due to the growing evidence that subjective well-being is a desirable goal for nations in that it produces beneficial societal outcomes (Lyubomirsky, King, & Diener, in press), whereas depression and prolonged negative states tend to produce undesirable societal outcomes. Thus, policy makers should be interested in subjective well-being not only because of its inherent value to citizens, but also because individuals' subjective well-being can have positive spillover benefits for the society as a whole. Similarly, policy makers should be keenly interested in alleviating misery as a goal in itself, but also because extremely unhappy people often function poorly.

Although the existing measures of well-being and ill-being are not yet highly sophisticated, they have proven to be helpful in analyzing policy outcomes. Although better indicators can and should be developed, the existing measures are beginning to be used in policy debates, and the following guidelines and definitions of terms are intended to guide their use.

### Guidelines and Recommendations

1. Global measures of subjective well-being, such as assessments of life satisfaction and happiness, can be useful for policy debates. Although these measures have been and will continue to be informative, more specific indicators can also be helpful. It is therefore desirable to, within the available resources, assess separate facets of subjective well-being and ill-being, including moods and emotions, perceived mental and physical health, satisfaction with particular activities and domains, the subjective experience of time allocation and pressure, and other similar evaluations. These surveys should be administered to large samples to reliably detect trends or changes.

2. Measures that will be used by policymakers should be sensitive to changes in subjective well-being so that they can detect any effects of a policy intervention. The creators of subjective well-being indicators can assist policymakers when their measures have been shown to be sensitive to changes in circumstances, and when these changes, or their absence, are likely to be informative about the effects, if any, of the policy intervention. With the recognition that broad measures of subjective well-being taken on a single occasion provide useful but circumscribed information, the policy arena ideally should also employ measurements based on longitudinal designs, time-sampling and diary-recording of experiences, and the collection of data from targeted populations. Short-term and long-term changes in subjective well-being should be separately assessed whenever possible.

3. It is desirable to use instruments that have been analyzed in terms of their psychometric properties and have proven validity, for example, by demonstrating the convergence of the measure with alternative methods of assessing the same concept. When new measures are created for a specific purpose, they should be analyzed to assess their validity, reliability, scaling, and other measurement properties, as well as their relationship to earlier measures. Although new concepts and measures can be quickly created, policymakers should be cautious about using them until their contribution beyond existing measures has been demonstrated.

4. Even though the existing measures of subjective well-being are imperfect, useful conclusions can be drawn from them. All scientific measurement includes error. Thus, users of the measures should understand the biases and artifacts that are inherent in the measures, and, when possible, take steps to correct for them. Furthermore, conclusions should be reached that respect the limitations of the measures, and the conclusions should be expressed in terms of these limitations.

5. Well-being and ill-being measures should be seen as part of the democratic process, in which citizens and their leaders are given information that can be useful in policy debates. Measures of subjective well-being and ill-being do not override other sources of information, but serve as one potentially useful type of knowledge that can be used to create better policies.

### Definitions and Assessment

**Subjective well-being** refers to all of the various types of evaluations, both positive and negative, that people make of their lives. It includes reflective cognitive evaluations, such as life satisfaction and work satisfaction, interest and engagement, and affective reactions to life events, such as joy and sadness. Thus, subjective well-being is an umbrella term for the different valuations people make regarding their lives, the events happening to them, their bodies and minds, and the circumstances in which they live. Although well-being and ill-being are “subjective” in the sense that they occur within a person’s experience, manifestations of subjective well-being and ill-being can be observed objectively in verbal and nonverbal behavior, actions, biology, attention, and memory. The term *well-being* is often used instead of *subjective well-being* because it avoids any suggestion that there is something arbitrary or unknowable about the concepts involved.

**Positive affect** denotes pleasant moods and emotions, such as joy and affection. Positive or pleasant emotions are part of subjective well-being because they reflect a person’s reactions to events that signify to the person that life is proceeding in a desirable way. Major categories of positive or pleasant emotions include those of low arousal (e.g., contentment), moderate arousal (e.g., pleasure), and high arousal (e.g., euphoria). They include positive reactions to others (e.g., affection), positive reactions to activities (e.g., interest and engagement), and general positive moods (e.g., joy).

**Negative affect** includes moods and emotions that are unpleasant, and represent negative responses people experience in reaction to their lives, health, events, and circumstances. Major forms of negative or unpleasant reactions include anger, sadness, anxiety and worry, stress, frustration, guilt and shame, and envy. Other

negative states, such as loneliness or helplessness, can also be important indicators of ill-being. Although some negative emotions are to be expected in life and can be necessary for effective functioning, frequent and prolonged negative emotions indicate that a person believes his or her life is proceeding badly. Extended experiences of negative emotions can interfere with effective functioning, as well as make life unpleasant.

**Happiness** has several meanings in popular discourse, as well as in the scholarly literature. For example, happiness can mean a general positive mood, a global evaluation of life satisfaction, living a good life, or the causes that make people happy, with the interpretation depending on the context. For this reason some researchers avoid using the term altogether. Scholars in some fields use the term frequently because of its important historical and popular roots, whereas scholars in other fields prefer to use more specific terms for the different aspects of well-being.

**Life satisfaction** represents a report of how a respondent evaluates or appraises his or her life taken as a whole. It is intended to represent a broad, reflective appraisal the person makes of his or her life. The term *life* can be defined as all areas of a person's life at a particular point in time, or as an integrative judgment about the person's life since birth, and this distinction is often left ambiguous in current measures. It is preferable to instruct the respondent as to whether the question refers to his or her life since birth or to present life across all domains.

**Domain satisfactions** are judgments people make in evaluating major life domains, such as physical and mental health, work, leisure, social relationships, and family. Usually people indicate how satisfied they are with various areas, but they might also indicate how much they like their lives in each area, how close to the ideal they are in each area, how much enjoyment they experience in each area, and how much they would like to change their lives in each area. Assessments of specific aspects of well-being and ill-being, such as feeling positive and trusting toward one's neighbors and community, and feelings of engagement at work, should prove helpful to policymakers beyond global measures.

**Quality of life** usually refers to the degree to which a person's life is desirable versus undesirable, often with an emphasis on external components, such as environmental factors and income. In contrast to subjective well-being, which is based on subjective experience, quality of life is often expressed as more "objective" and describes the circumstances of a person's life rather than his or her reaction to those circumstances. However, some scholars define quality of life more broadly, to include not only the quality of life circumstances, but also the person's perceptions, thoughts, feelings, and reactions to those circumstances. Indexes that combine objective and subjective measures, such as happy life years and healthy life expectancy, have also been proposed.

**Experience Sampling Method (ESM)**, also called Ecological Momentary Assessment (EMA), and the **Day Reconstruction Method (DRM)**, as well as other diary methods, are designed to accurately assess people's experiences "on-line" over time, including in specific activities and situations. Since global recall of moods can be biased in some instances, these time sampling methods can yield a more accurate reflection of experiences. Furthermore, DRM and ESM/EMA measures can give

important information on time use – how people spend their time and how rewarding activities are – that is particularly relevant to policymakers.

### Conclusion

Some experts believe that measures of subjective well-being require additional research and refinement before they should be used in policy decisions, while others believe that the use of these measures is long overdue. In a sense, both are correct. National economic measures have stronger conceptual underpinnings and are more methodologically sophisticated, based as they are on over 50 years of development and extensive government support. Although the well-being indicators have yet to be developed in the same way, the current measures do offer important insights that cannot be provided by the economic measures. Thoughtful use of the existing measures in combination with the development of improved measures will be beneficial to both private and public decision making.

These guidelines are likely to evolve over time as we gain more knowledge of the appropriate measures for policy use. Though there remain to be many unknowns regarding which types of measures might prove most beneficial, there is consensus on several broad issues. Although there are many proposals concerning the basic constituents of well-being, much research is still needed before a fundamental set of indicators can be advanced with certainty. Nevertheless, we endorse the idea of pursuing this research and seeking to develop indicators of national well-being.

### Signatories:

Ed Diener  
University of Illinois

Daniel Kahneman  
Princeton University

Carol Graham  
The Brookings Institution, and  
University of Maryland

M. Joseph Sirgy  
Virginia Polytechnic Institute and  
State University

Alan Krueger  
Princeton University

Laura King  
University of Missouri

Alex C. Michalos  
University of Northern British Columbia

John Helliwell  
University of British Columbia

Richard Layard  
London School of Economics

Paul Dolan  
University of Sheffield

Richard E. Lucas  
Michigan State University

Sam Ho  
University of Hong Kong

Ruut Veenhoven  
Erasmus University, Rotterdam

Christopher Peterson  
University of Michigan

Robert A. Emmons  
University of California, Davis

David Myers  
Hope College

Jim Harter  
The Gallup Organization

Sonja Lyubomirsky  
University of California, Riverside

Ulrich Schimmack  
University of Toronto at Mississauga  
University

Nic Marks  
New Economics Foundation

Wolfgang Glatzer  
Goethe-University Frankfurt am Main

William Pavot  
Southwest Minnesota State University

Michael Eid  
University of Geneva

Chris Hsee  
University of Chicago

Christie Napa Scollon  
Texas Christian University

David Schkade  
University of California, San Diego

Richard Easterlin  
University of Southern California

Bruno Frey  
University of Zurich

David Moriarty  
Centers for Disease Control and Prevention

James Jackson  
University of Michigan

Alex Wearing

Alois Stutzer  
University of Zurich

Michael B. Frisch  
Baylor University

Shigehiro Oishi  
University of Virginia

Joar Vitterso  
University of Tromsø

Richard Eckersley  
The Australian National

Frank Fujita  
Indiana University, South Bend

Kenneth Land  
Duke University

Norbert Schwarz  
University of Michigan

Robin Widgery  
Social Systems Research Institute

Andrew Oswald  
University of Warwick

Eunkook Suh  
Yonsei University

Arthur Stone  
Stony Brook University

Felicia A. Huppert  
Cambridge University

Robert Cummins  
Deakin University

Tim Jackson  
University of Surrey

Bruce Headey  
University of Melbourne

Richard Estes

University of Melbourne

Andrew Clark  
Paris-Jourdan Sciences Economiques

University of Pennsylvania

Daniel Gilbert  
Harvard University

### References

Diener, E., & Seligman, M. E. P. (2004). Beyond money: Toward an economy of well-being. *Psychological Science in the Public Interest*, 5, 1-31.

Diener, E., & Tov, W. (in press). National accounts of well-being. In K. Land (Ed.), *Encyclopedia of social indicators and quality of life studies*. New York: Springer.

Kahneman, D., & Krueger, A. B. (in press). Developments in the measurement of subjective well-being. *Journal of Economic Perspectives*.

Lyubomirsky, S., King, L. A., & Diener, E. (in press). Happiness as a strength: A theory of the benefits of positive affect. *Psychological Bulletin*.

Copyright by Ed Diener, December 1, 2005. Advance permission is granted for this document to be reproduced, without cost. Funding for the national indicators of subjective well-being project is provided by the John Templeton Foundation through the Positive Psychology Center at the University of Pennsylvania.