



THE PRIME MINISTER'S STRATEGY UNIT

Life satisfaction: summary of research

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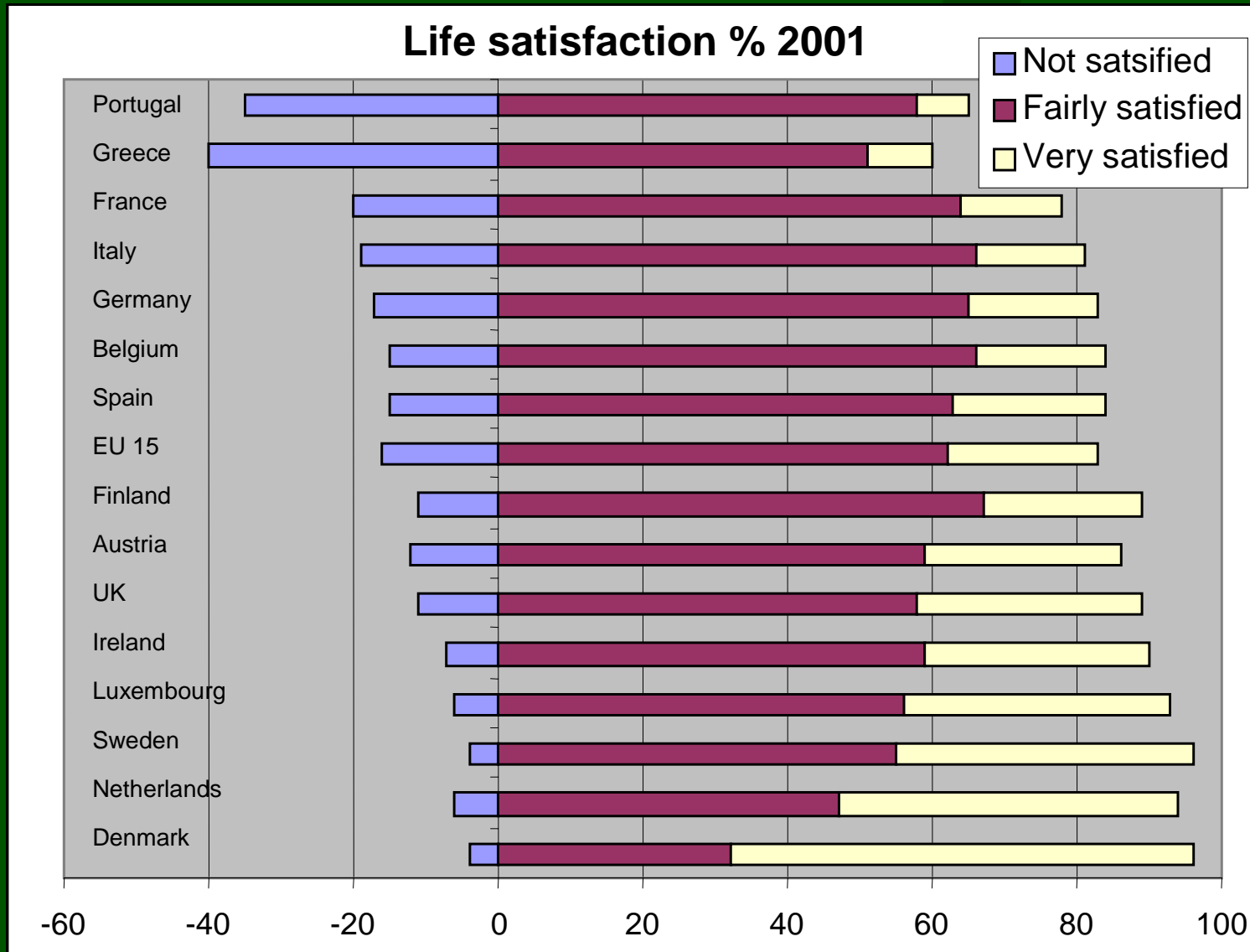
4th November 2002



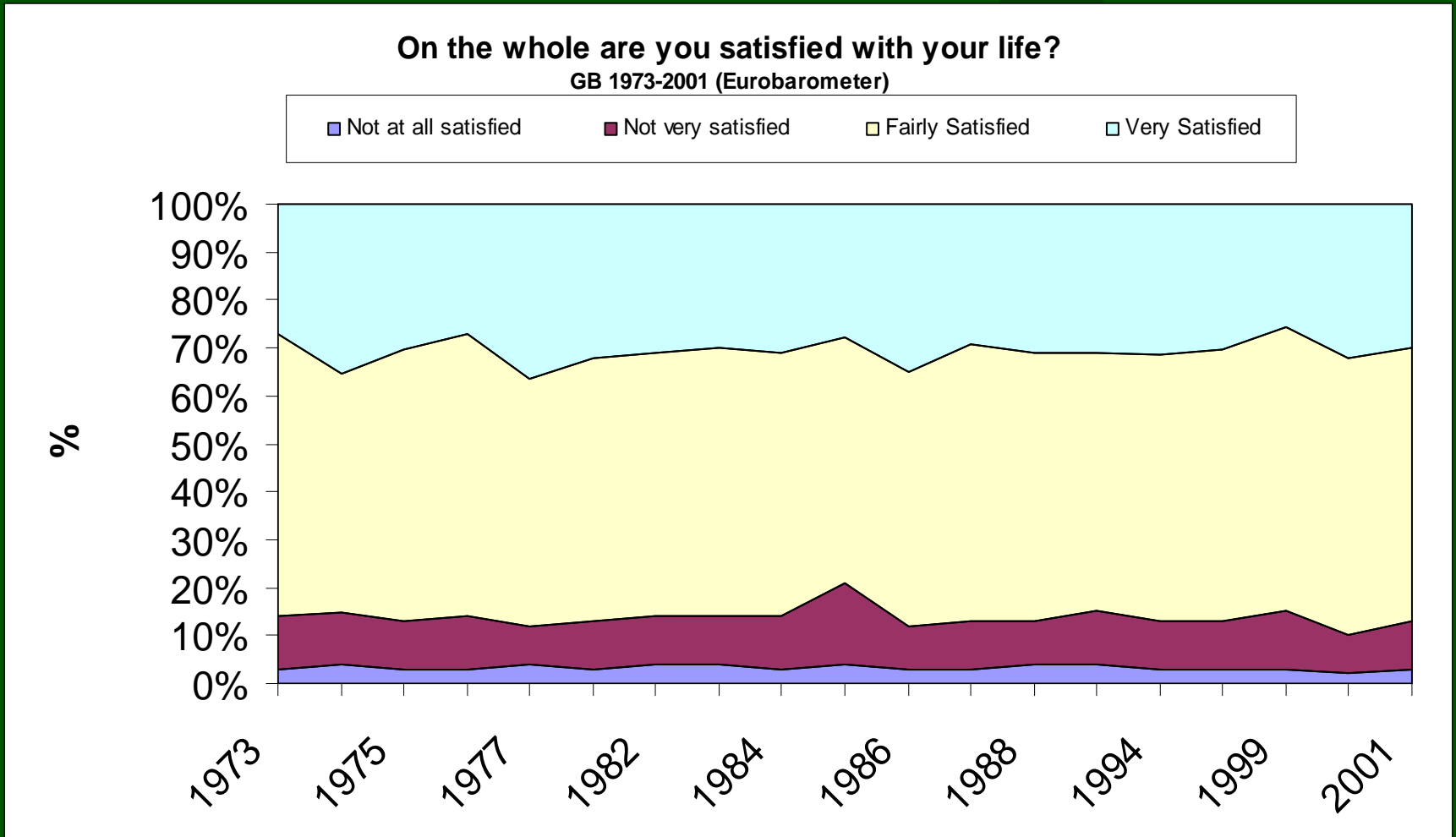
This presentation will cover...

- Life satisfaction + GHQ12
- International comparisons and trends
- Genes, personality & demographic factors
- Income, GDP growth, work & inequality
- Health, leisure, relationships & gardening
- Freedom & direct democracy

Life satisfaction, EU 2001

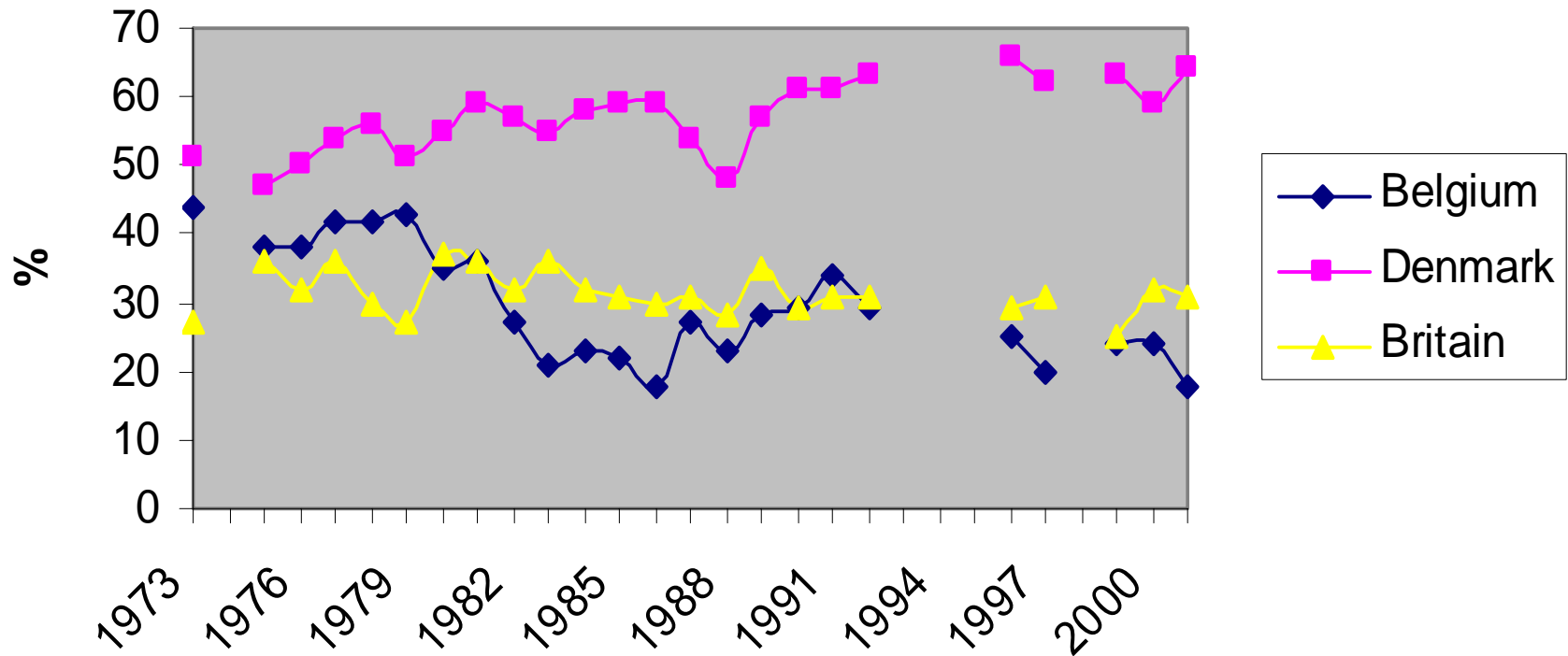


Life satisfaction '73-'01, GB



Very satisfied, Dk/Be/GB

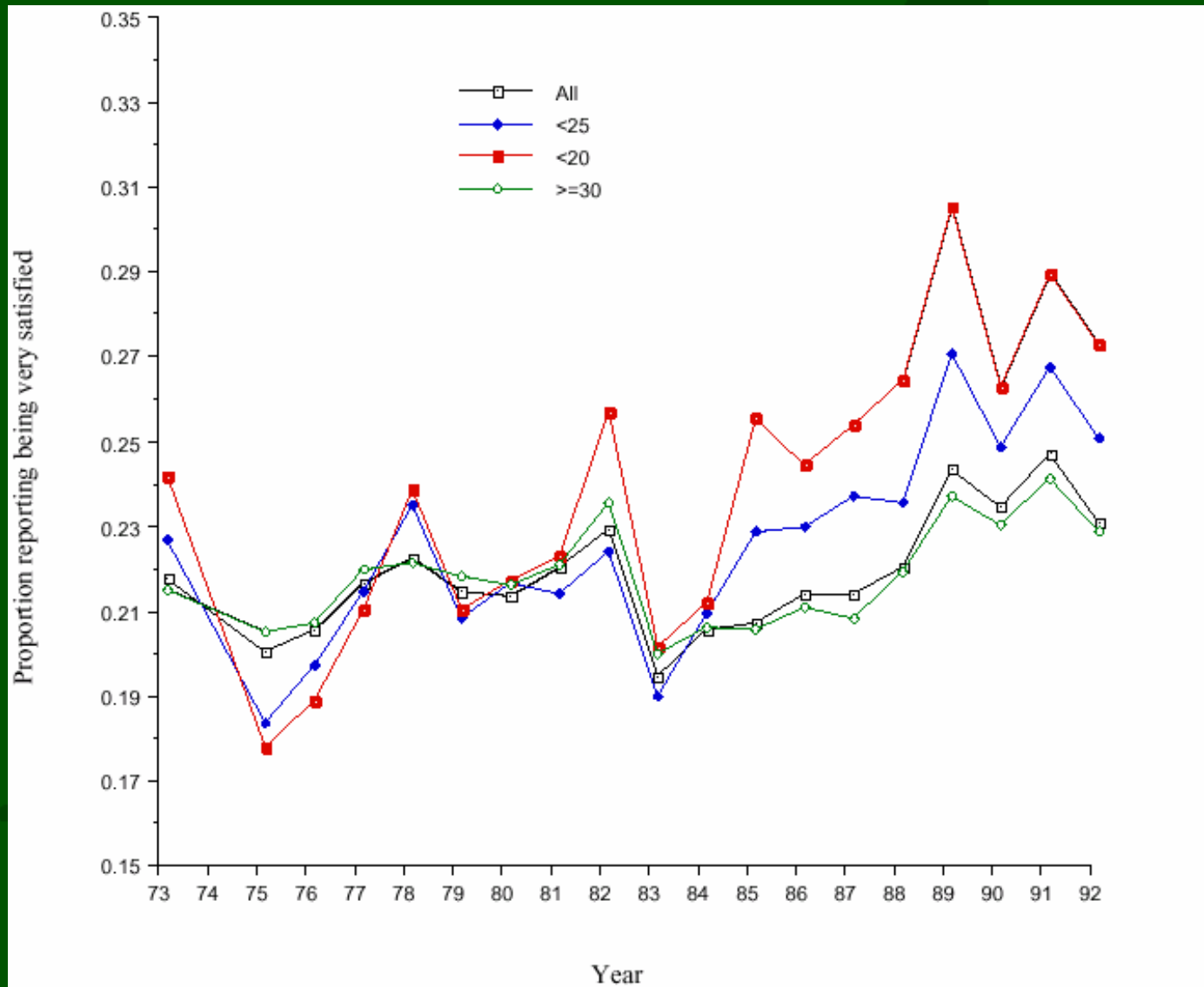
Very satisfied (%), Belgium, Denmark and UK



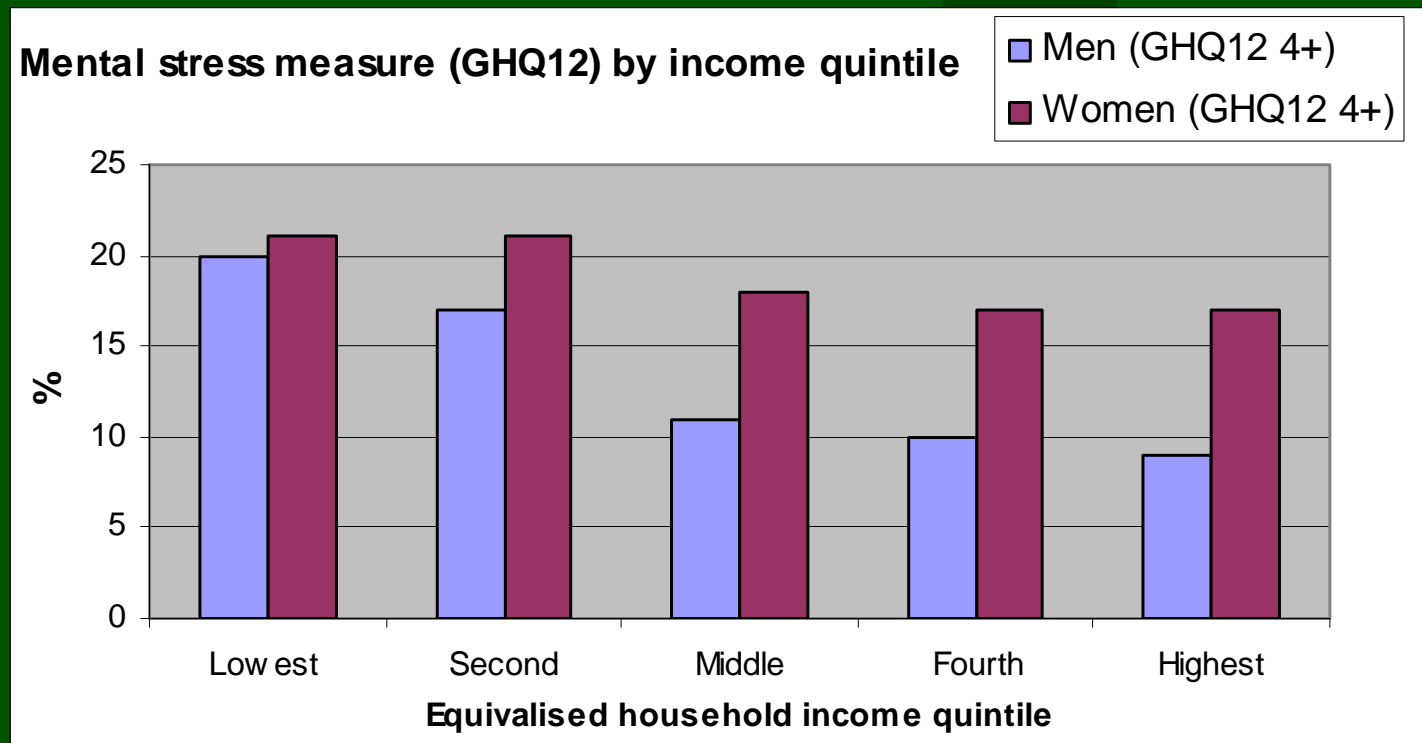
Personality, genes, etc

- **Personality.** Higher reported life satisfaction is generally associated with extroversion, low neuroticism, intelligence, and optimism.
- **Genes.** Twin studies suggest a strong influence of genes.
- **Gender.** Women tend to report marginally higher life satisfaction.
- **Physical appearance.** Attractive women and tall men tend to report more life satisfaction, at least within the West.
- **Age.** Life satisfaction tends to be high in young adulthood, fall in middle-age, and increase again late in life, though this pattern is not seen in all countries (Japan, Hungary). Some studies show flat trend.

Rising happiness in European young (except GB)



Low income = high mental stress, low life satisfaction

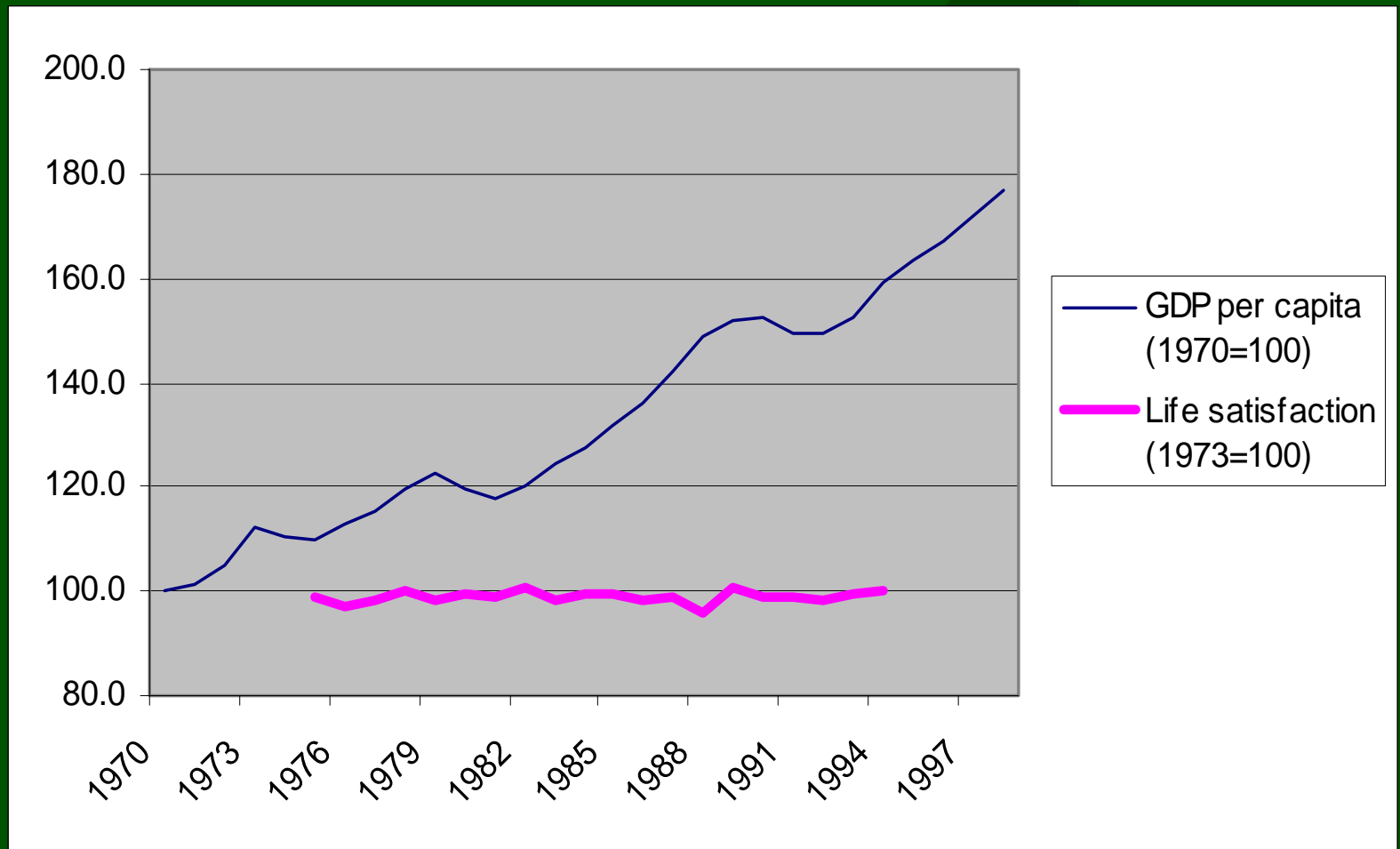


Proportion of English population suffering from high levels of mental stress (over 4 answers on GHQ12 questionnaire) by income, 1998

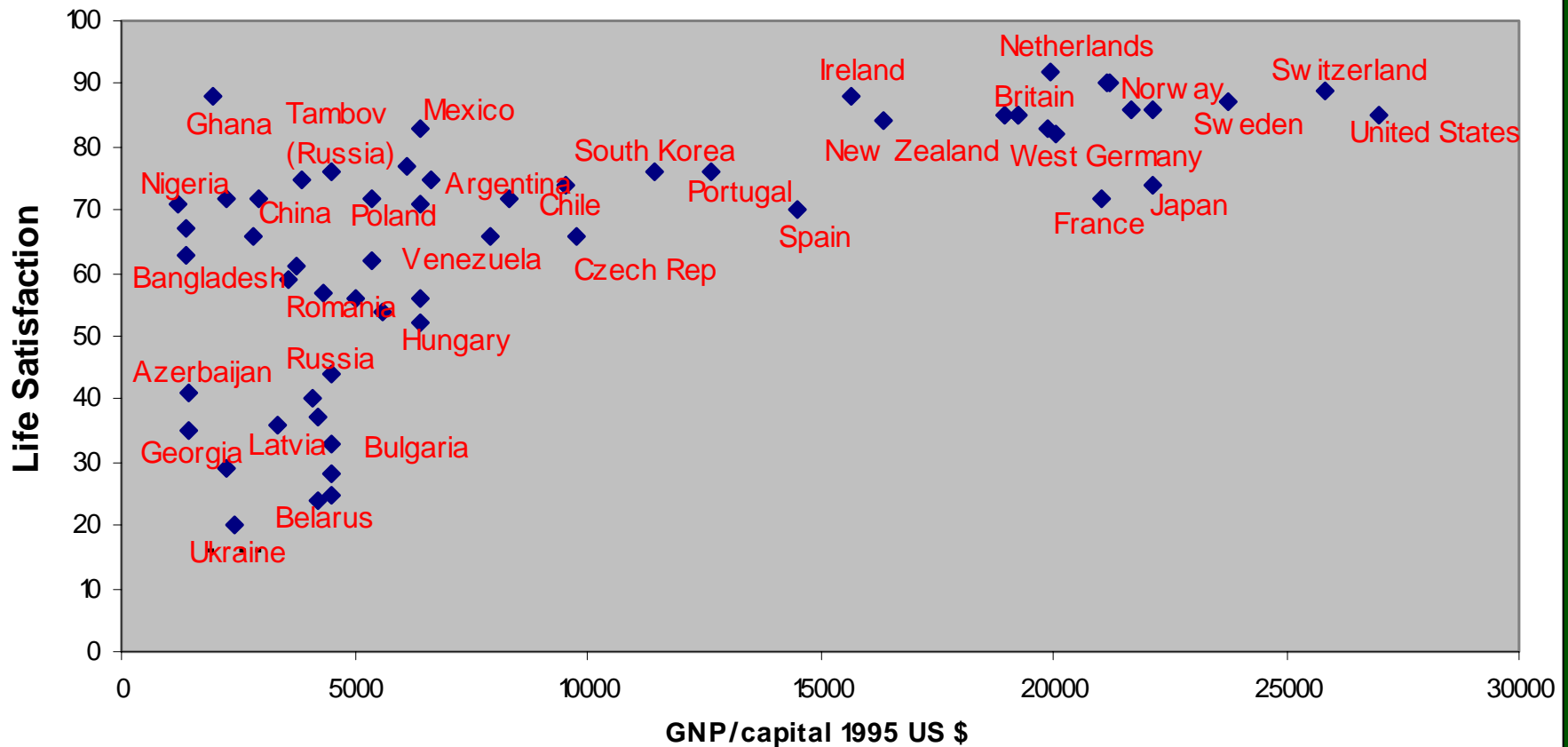
Income in more depth...

- Causal: lottery winners experience rise in happiness
- Size of effect is small compared to effect of marriage, divorce, unemployment
- Some researchers hold that positive association only holds at bottom of income distribution i.e. that rich gain less from extra income than the poor.

Life satisfaction and GDP per capita 1973-2001



Life satisfaction & GNP, 1995

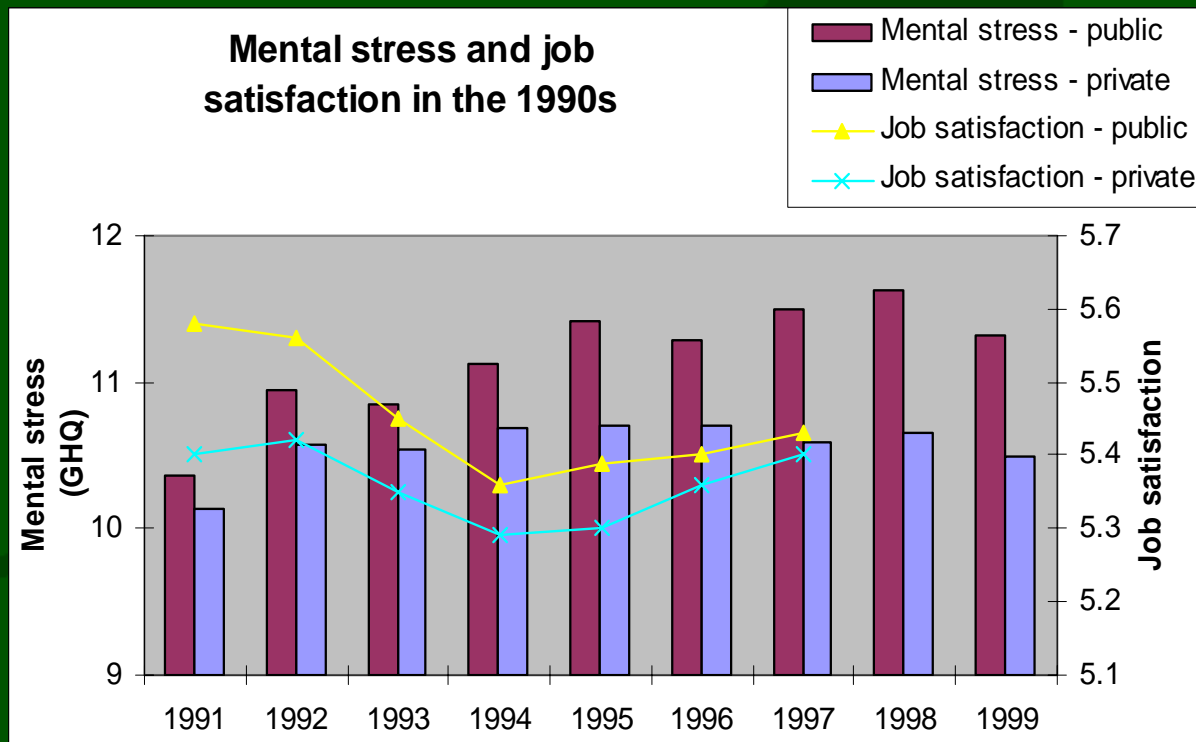


Economic growth in more depth...

- Latest research (MacCulloch et al) finds that, when isolated from other factors, both GDP growth and the rate of GDOP growth have positive small effect.
- Paradox that higher income brings happiness but growth doesn't (much).
- Two broad sets of explanations for paradox:
 - rising GDP brings offsetting effects (congestion, pollution, crime, divorce)
 - role of envy and positional goods + hedonic adaptation and rising aspirations

Work

- Job satisfaction correlated with life satisfaction
- During 1990s UK job satisfaction differential between private and public sectors narrowed while mental stress gap widened



Unemployment brings lower life satisfaction & recessions also affect the employed



Inflation and inequality

- Inflation reduces life satisfaction slightly (by the way misery index under-emphasises unemployment: 1.66% inflation = 1% unemployment)
- Inequality. High levels of inequality associated with low life satisfaction in EU but not US. In Europe rich people are indifferent to inequality while poor people strongly affected. In US rich seem slightly affected by inequality while poor people indifferent. Are perceptions of social mobility the cause?

Health and education

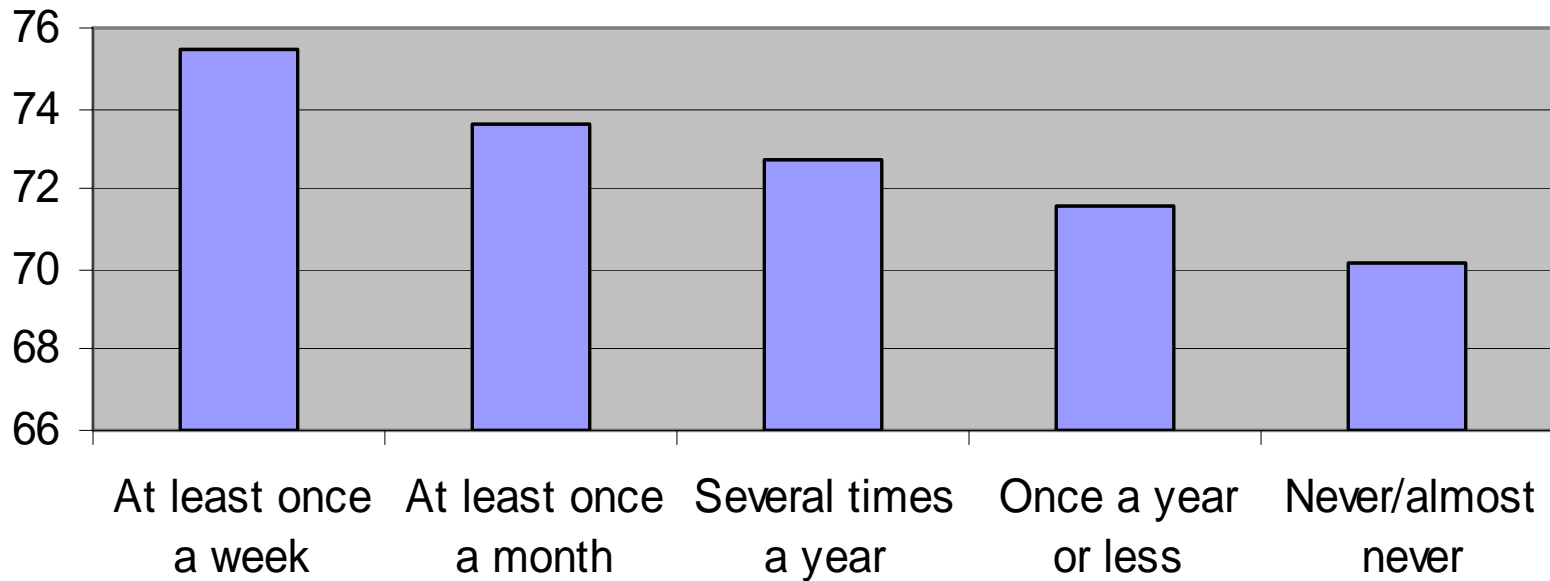
- Over long term a 1% increase in average self reported health status is associated with a 1% increase in life satisfaction
- Once effects of higher incomes, higher health and more social capital are controlled for, education seems to bring no gain in life satisfaction

Leisure and relationships

- “If you want to be happy for few hours, get drunk. If you want to be happy for a few years get a wife. If you want to be happy for ever, get a garden.” Anon
- Having friends, supportive relatives and work-mates all correlate with life satisfaction
- Studies consistently show that married people happier than those who were never married, divorced, widowed or separated - a very strong effect.

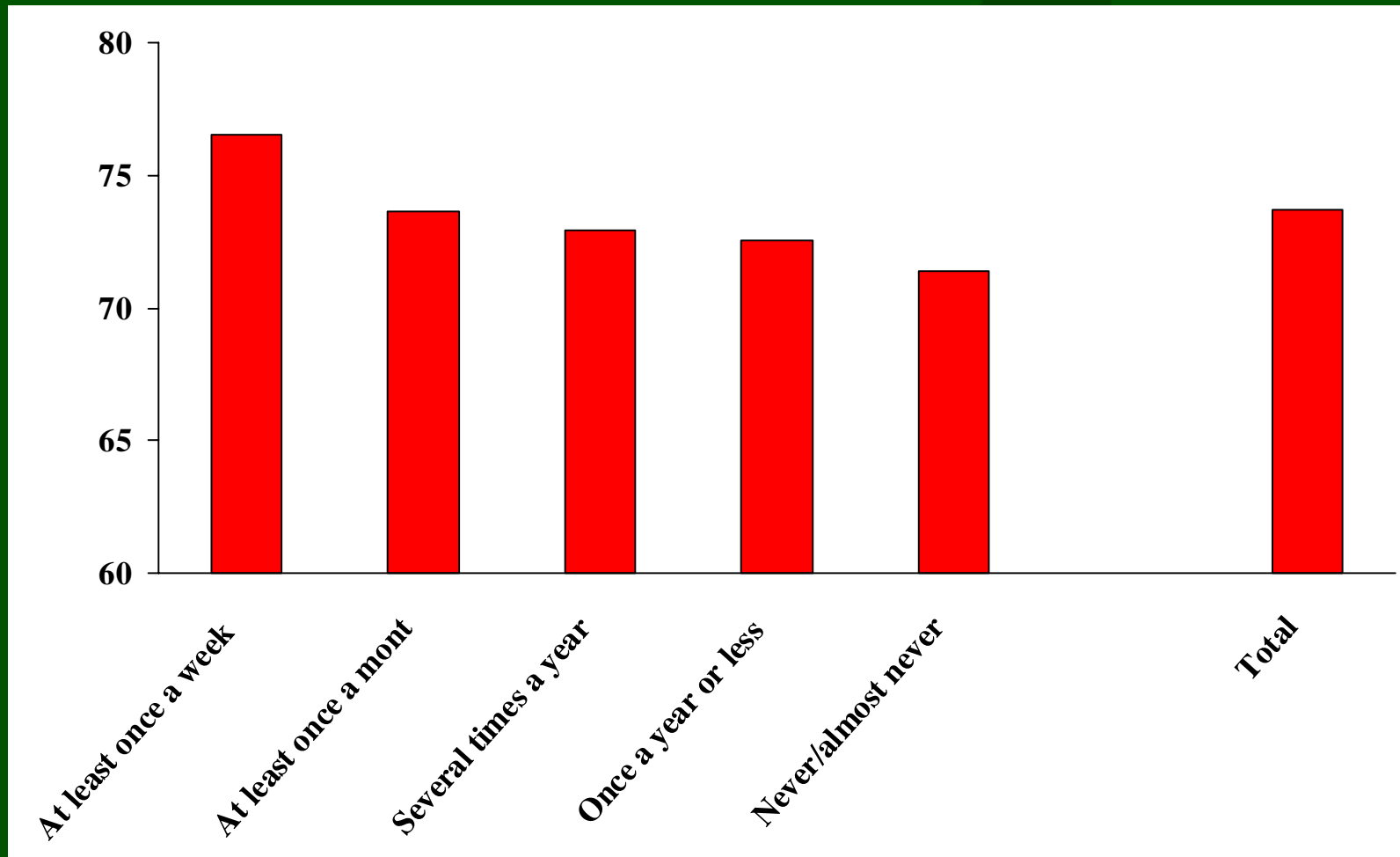
Leisure and relationships

Life satisfaction by regularity of walking, swimming or playing sport



Leisure and relationships

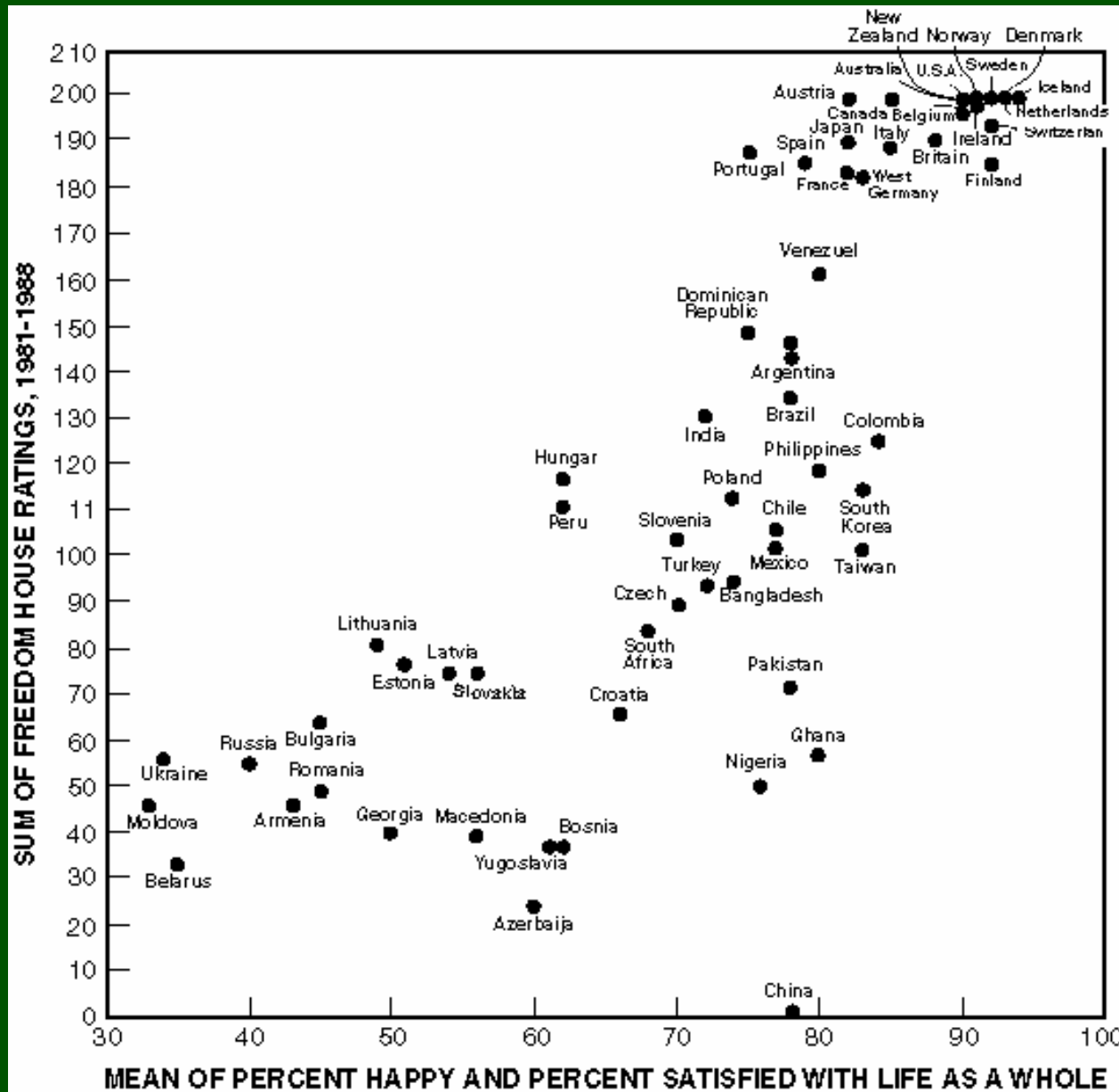
Satisfaction by frequency of gardening



Summary (in £ per month)

Event	Effect size (£ per month) GHQ-12 equations	Effect size (£ per month) happiness equations.
Employment to Unemployment	−£15,000 per month	−£23,000
Single to married	n.s.	£6000
Married to separated	−£8,000	−£11,000
Married to divorced	−£1,000	n.s.
Married to widowed	−£7,000	−£14,000
Health excellent to Health good	−£10,000	−£12,000
Health excellent to Health fair	−£32,000	−£41,000

Freedom



Once GNP is controlled for, political freedoms have high correlation in rich countries and economic freedoms in LDCs.

Direct democracy

- Direct democracy - in Switzerland
 - 2/3 participation, 1/3 decisions