WORLD HAPPINESS REPORT 2017

Editors: John Helliwell, Richard Layard, and Jeffrey Sachs
Associate Editors: Jan-Emmanuel De Neve, Haifang Huang
and Shun Wang

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JOHN F. HELLIWELL, RICHARD LAYARD AND JEFFREY D. SACHS

John F. Helliwell, Canadian Institute for Advanced Research and Vancouver School of Economics, University of British Columbia

Richard Layard, Director, Well-Being Programme, Centre for Economic Performance, London School of Economics and Political Science

Jeffrey D. Sachs, Director of The Center for Sustainable Development at The Earth Institute, Columbia University, and the Sustainable Development Solutions Network, and Special Advisor to United Nations Secretary-General

Chapter 1: Overview (John F. Helliwell, Richard Layard, and Jeffrey D. Sachs)

The first *World Happiness Report* was published in April, 2012, in support of the UN High Level Meeting on happiness and well-being. Since then we have come a long way. Happiness is increasingly considered the proper measure of social progress and the goal of public policy. In June 2016, the OECD committed itself "to redefine the growth narrative to put people's well-being at the centre of governments' efforts".[1] In a recent speech, the head of the UN Development Program (UNDP) spoke against what she called the "tyranny of GDP", arguing that what matters is the quality of growth." Paying more attention to happiness should be part of our efforts to achieve both human and sustainable development" she said.

In February 2017, the United Arab Emirates held a full-day World Happiness meeting, as part of the World Government Summit. Now International Day of Happiness, March 20th, provides a focal point for events spreading the influence of global happiness research. The launch of this report at the United Nations on International Day of Happiness is to be preceded by a World Happiness Summit in Miami, and followed by a three-day meeting on happiness research and policy at Erasmus University in Rotterdam. Interest, data, and research continue to build in a mutually supporting way.

This is the fifth *World Happiness Report*. Thanks to generous long-term support from the Ernesto Illy Foundation, we are now able to combine the timeliness of an annual report with adequate preparation time by looking two or three years ahead when choosing important topics for detailed research and invited special chapters. Our next report for 2018 will focus on the issue of migration.

In the remainder of this introduction, we high-light the main contributions of each chapter in this report.

Chapter 2: The Social Foundations of World Happiness (John F. Helliwell, Haifang Huang, and Shun Wang)

This report gives special attention to the social foundations of happiness for individuals and nations. The chapter starts with global and regional charts showing the distribution of answers, from roughly 3000 respondents in each of more than 150 countries, to a question asking them to evaluate their current lives on a ladder where 0 represents the worst possible life and 10 the best possible. When the global population is split into ten geographic regions, the resulting distributions vary greatly in both shape and average values. Average levels of happiness also differ across regions and countries. A difference of four points in average life evaluations, on a scale that runs from 0 to 10, separates the ten happiest countries from the ten unhappiest countries.

Although the top ten countries remain the same as last year, there has been some shuffling of places. Most notably, Norway has jumped into first position, followed closely by Denmark, Iceland and Switzerland. These four countries are clustered so tightly that the differences among them are not statistically significant, even with samples averaging 3,000 underlying the averages. Three-quarters of the differences among countries, and also among regions, are accounted for by differences in six key variables, each of which digs into a different aspect of life. These six factors are GDP per capita, healthy years of life expectancy, social support (as measured by having someone to count on in times of trouble), trust (as measured by a perceived absence of corruption in government and business), perceived freedom to make life decisions, and generosity (as measured by recent donations). The top ten countries rank highly on all six of these factors.

International differences in positive and negative emotions (affect) are much less fully explained by these six factors. When affect

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measures are used as additional elements in the explanation of life evaluations, only positive emotions contribute significantly, appearing to provide an important channel for the effects of both perceived freedom and social support.

Analysis of changes in life evaluations from 2005-2007 to 2014-2016 continue to show big international differences in the dynamics of happiness, with both the major gainers and the major losers spread among several regions.

The main innovation in the *World Happiness Report 2017* is our focus on the role of social factors in supporting happiness. Even beyond the effects likely to flow through better health and higher incomes, we calculate that bringing the social foundations from the lowest levels up to world average levels in 2014-2016 would increase life evaluations by almost two points (1.97). These social foundations effects are together larger than those calculated to follow from the combined effects of bottom to average improvements in both GDP per capita and healthy life expectancy. The effect from the increase in the numbers of people having someone to count on in times of trouble is by itself equal to the happiness effects from the 16-fold increase in average per capita annual incomes required to shift the three poorest countries up to the world average (from about $600 to about $10,000).

Chapter 3: Growth and Happiness in China, 1990-2015 (Richard A. Easterlin, Fei Wang, and Shun Wang)

While Subjective well-being (SWB) is receiving increasing attention as an alternative or comple-ment to GDP as a measure of well-being. There could hardly be a better test case than China for comparing the two measures. GDP in China has multiplied over five-fold over the past quarter century, subjective well-being over the same period fell for 15 years before starting a recovery process. Current levels are still, on average, less than a quarter of a century ago. These disparate

results reflect the different scope of the two measures. GDP relates to the economic side of life, and to just one dimension—the output of goods and services. Subjective well-being, in contrast, is a comprehensive measure of individual well-being, taking account of the variety of economic and noneconomic concerns and aspirations that determine people's well-being. GDP alone cannot account for the enormous structural changes that have affected people's lives in China. Subjective well-being, in contrast, captures the increased anxiety and new concerns that emerge from growing dependence on the labor market. The data show a marked decline in subjective well-being from 1990 to about 2005, and a substantial recovery since then. The chapter shows that unemployment and changes in the social safety nets play key roles in explaining both the post-1990 fall and the subsequent recovery.

Chapter 4: 'Waiting for Happiness' in Africa (Valerie Møller, Benjamin J. Roberts, Habib Tiliouine, and Jay Loschky)

This chapter explores the reasons why African countries generally lag behind the rest of the world in their evaluations of life. It takes as its starting point the aspirations expressed by the Nigerian respondents in the 1960s Cantril study as they were about to embark on their first experience of freedom from colonialism. Back then, Nigerians stated then that many changes, not just a few, were needed to improve their lives and those of their families. Fifty years on, judging by the social indicators presented in this chapter, people in many African countries are still waiting for the changes needed to improve their lives and to make them happy. In short, African people's expectations that they and their countries would flourish under self-rule and democracy appear not yet to have been met.

Africa's lower levels of happiness compared to other countries in the world, therefore, might be attributed to disappointment with different aspects of development under democracy. Although most citizens still believe that democracy

is the best political system, they are critical of governance in their countries. Despite significant improvement in meeting basic needs according to the Afrobarometer index of 'lived poverty', population pressure may have stymied infrastructure and youth development.

Although most countries in the world project that life circumstances will improve in future, Africa's optimism may be exceptional. African people demonstrate ingenuity that makes life bearable even under less than perfect circumstances. Coping with poor infrastructure, as in the case of Ghana used in the chapter, is just one example of the remarkable resilience that African people seem to have perfected. African people are essentially optimistic, especially the youth. This optimism might serve as a self-fulfilling prophecy for the continent in the years ahead.

Chapter 5: The Key Determinants of Happiness and Misery (Andrew Clark, Sarah Flèche, Richard Layard, Nattavudh Powdthavee, and George Ward)

This chapter uses surveys from the United States, Australia, Britain and Indonesia to cast light on the factors accounting for the huge variation across individuals in their happiness and misery (both of these being measured in terms of life satisfaction). Key factors include economic variables (such as income and employment), social factors (such as education and family life), and health (mental and physical). In all three Western societies, diagnosed mental illness emerges as more important than income, employment or physical illness. In every country, physical health is also important, yet in no country is it more important than mental health.

The chapter defines misery as being below a cutoff value for life satisfaction, and shows by how much the fraction of the population in misery would be reduced if it were possible to eliminate poverty, low education, unemployment, living alone, physical illness and mental illness. In all countries the most powerful effect

would come from the elimination of depression and anxiety disorders, which are the main form of mental illness.

The chapter then uses British cohort data to ask which factors in child development best predict whether the resulting adult will have a satisfying life, and finds that academic qualifications are a worse predictor than the emotional health and behaviour of the child. In turn, the best predictor of the child's emotional health and behaviour is the mental health of the child's mother. Schools are also crucially important determinants of children's well-being.

In summary, mental health explains more of the variance of happiness in Western countries than income. Mental illness also matters in Indonesia, but less than income. Nowhere is physical illness a bigger source of misery than mental illness. Equally, if we go back to childhood, the key factors for the future adult are the mental health of the mother and the social ambiance of primary and secondary school.

Chapter 6: Happiness at Work (Jan-Emmanuel De Neve and George Ward)

This chapter investigates the role of work and employment in shaping people's happiness, and studies how employment status, job type, and workplace characteristics affect subjective well-being.

The overwhelming importance of having a job for happiness is evident throughout the analysis, and holds across all of the world's regions. When considering the world's population as a whole, people with a job evaluate the quality of their lives much more favorably than those who are unemployed. The clear importance of employment for happiness emphasizes the damage caused by unemployment. As such, this chapter delves further into the dynamics of unemployment to show that individuals' happiness adapts very little over time to being unemployed and that past spells of unemployment can have a

lasting impact even after regaining employment. The data also show that rising unemployment negatively affects everyone, even those still employed. These results are obtained at the individual level, but they also come through at the macroeconomic level, as national unemployment levels are negatively correlated with average national well-being across the world.

This chapter also considers how happiness relates to the types of job that people do, and finds that manual labor is systematically correlated with lower levels of happiness. This result holds across all labor-intensive industries such as construction, mining, manufacturing, transport, farming, fishing, and forestry.

Finally, the chapter studies job quality by considering how specific workplace characteristics relate to happiness. Beyond the expected finding that those in well-paying jobs are happier and more satisfied with their lives and their jobs, a number of further aspects of people's jobs are strongly predictive of greater happiness—these include work-life balance, autonomy, variety, job security, social capital, and health and safety risks.

Chapter 7: Restoring American Happiness (Jeffrey D. Sachs)

This chapter uses happiness history over the past ten years to show how the Report's emphasis on the social foundations of happiness plays out in the case of the United States. The observed decline in the Cantril ladder for the United States was 0.51 points on the 0 to 10 scale. The chapter then decomposes this decline according to the six factors. While two of the explanatory variables moved in the direction of greater happiness (income and healthy life expectancy), the four social variables all deteriorated—the United States showed less social support, less sense of personal freedom, lower donations, and more perceived corruption of government and business. Using the weights estimated in Chapter 2, the drops in the four social factors could explain 0.31 points of the total drop of 0.51 points. The offsetting gains from higher income and life expectancy were together calculated to increase happiness by only 0.04 points, leaving almost half of the overall drop to be explained by changes not accounted for by the six factors.

Overall, the chapter concludes that falling American happiness is due primarily to social rather than to economic causes.

1 See OECD (2016).

References

OECD (2016) *Strategic Orientations of the Secretary-General: For 2016 and beyond,* Meeting of the OECD Council at Ministerial Level Paris, 1-2 June 2016. https://www.oecd.org/mcm/documents/strategic-orientations-of-the-secretary-general-2016.pdf