

STATEC 24 May, 2013



MANIFESTO FOR HAPPINESS

Shifting Society from
Money to Well-Being

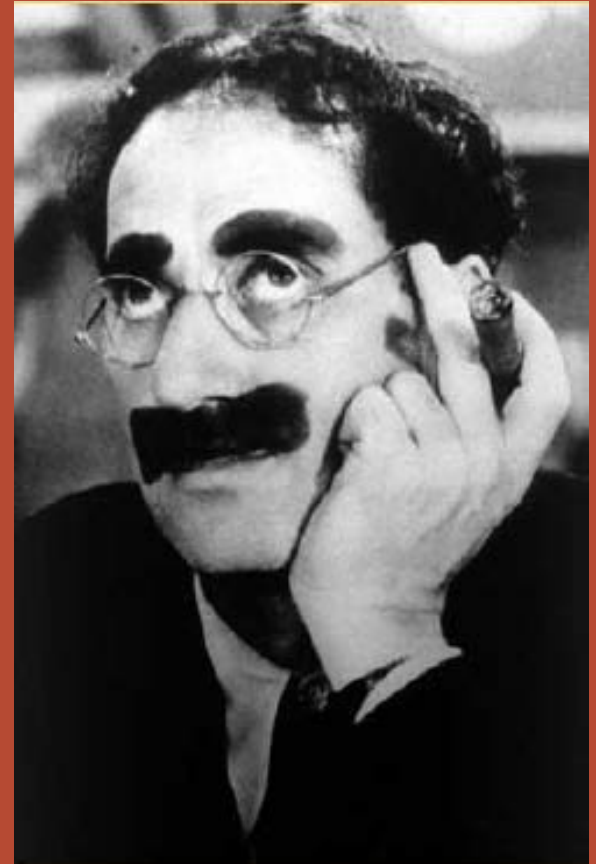
Stefano Bartolini
University of Siena

Prosperity and happiness



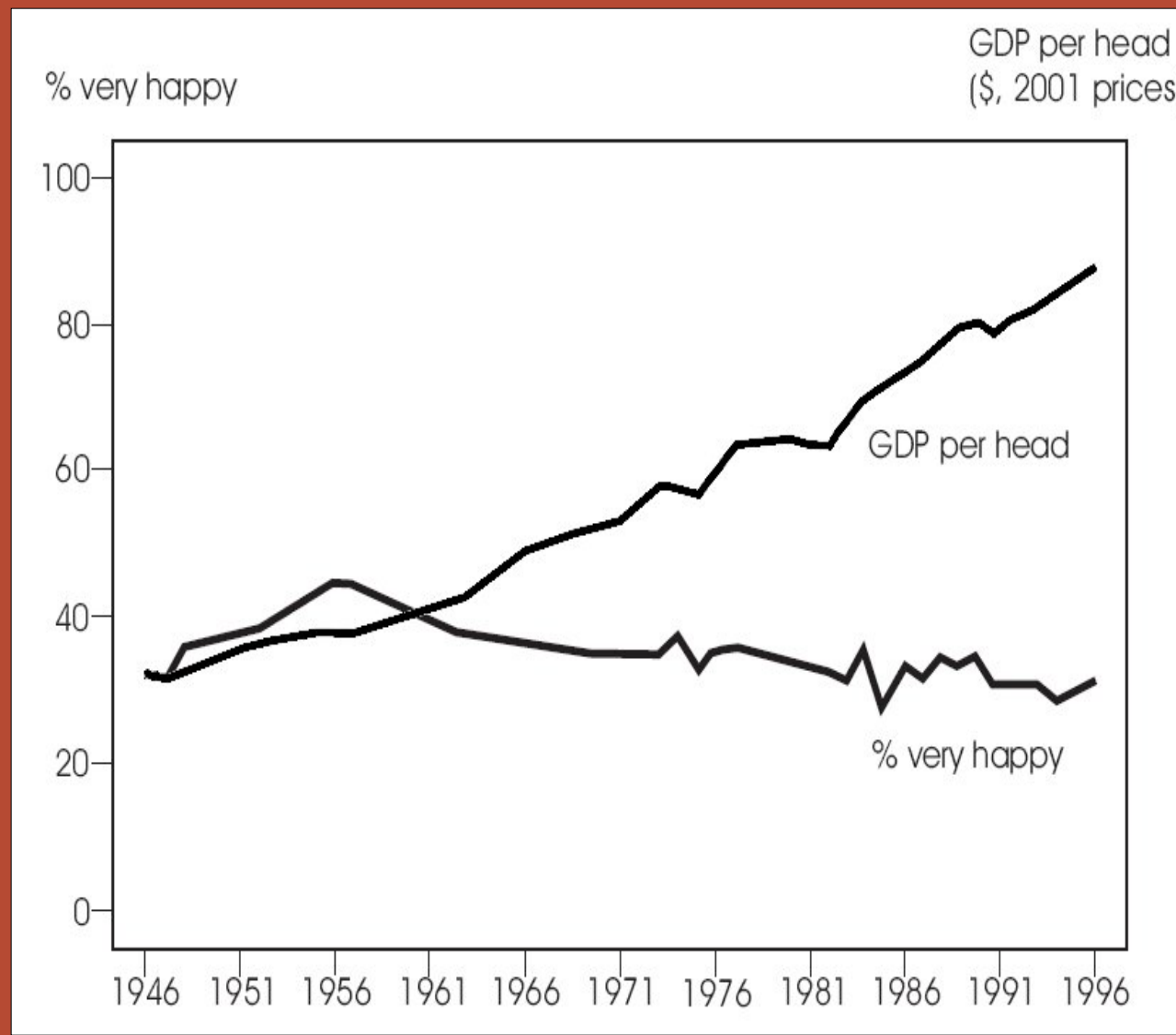
«Life is plenty of things that are more important than money.

The problem is that they are extremely expensive»



GDP and happiness, US, 1946-1996

The Easterlin paradox



Three measures of well-being

- Happiness
- Life satisfaction
- Objective data: mental illnesses, suicides, alcoholism, drugs abuse, psychopharmaca, etc.

Happiness and life satisfaction are called
Subjective Well-Being (SWB)

Reliability of Subjective Well-Being

Happiness is well correlated to:

- Authentic smiles (so called Duchenne smiles: this latter occur when the zygomatic major and orbicularis oris facial muscles fire, and humans identify this as 'genuine smiles').
- Heart rate
- Blood pressure
- Psychosomatic illnesses such as digestive disorders and headaches
- Electroencephalogram measures of pre-frontal brain activity
- Suicides
- Assessment of the person's happiness by friends and family members
- Assessment of the person's happiness by her/his spouse

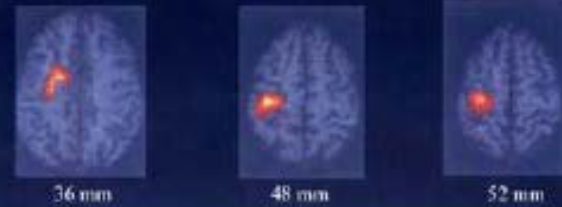
Happy



Sad



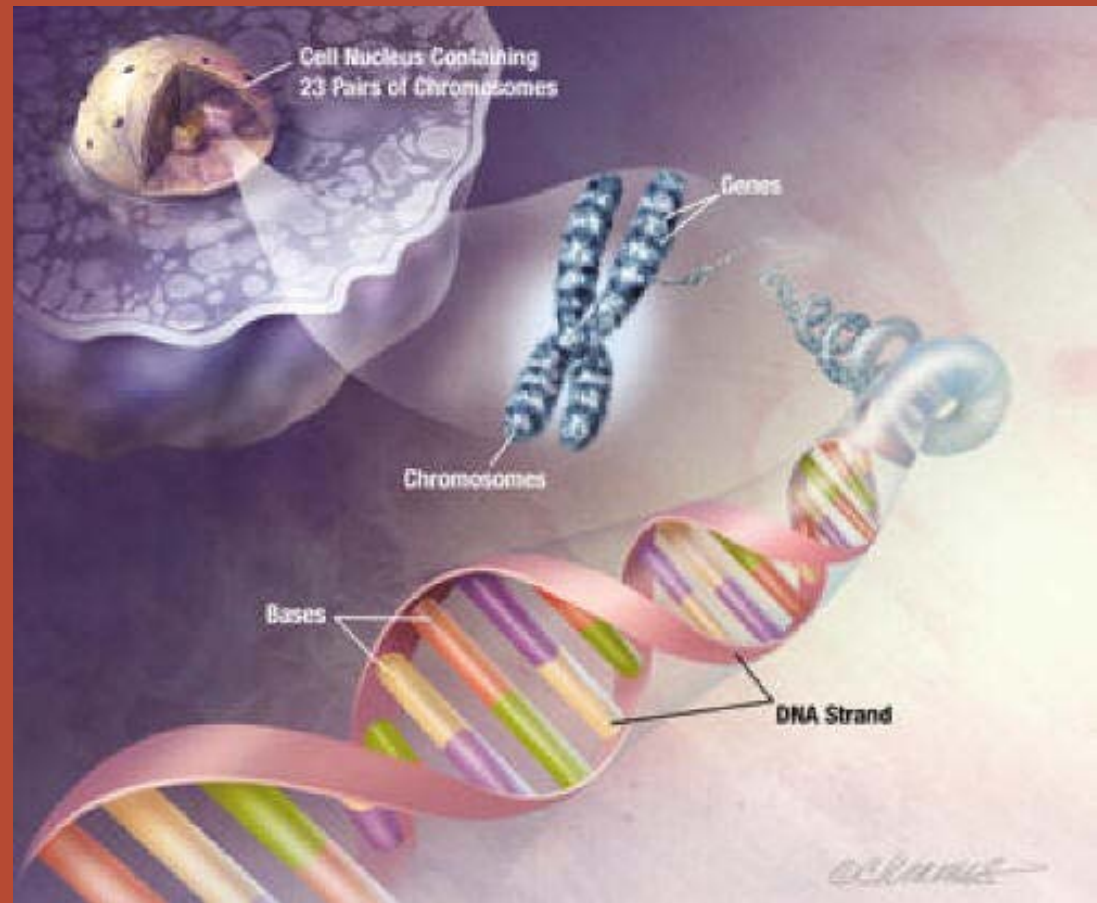
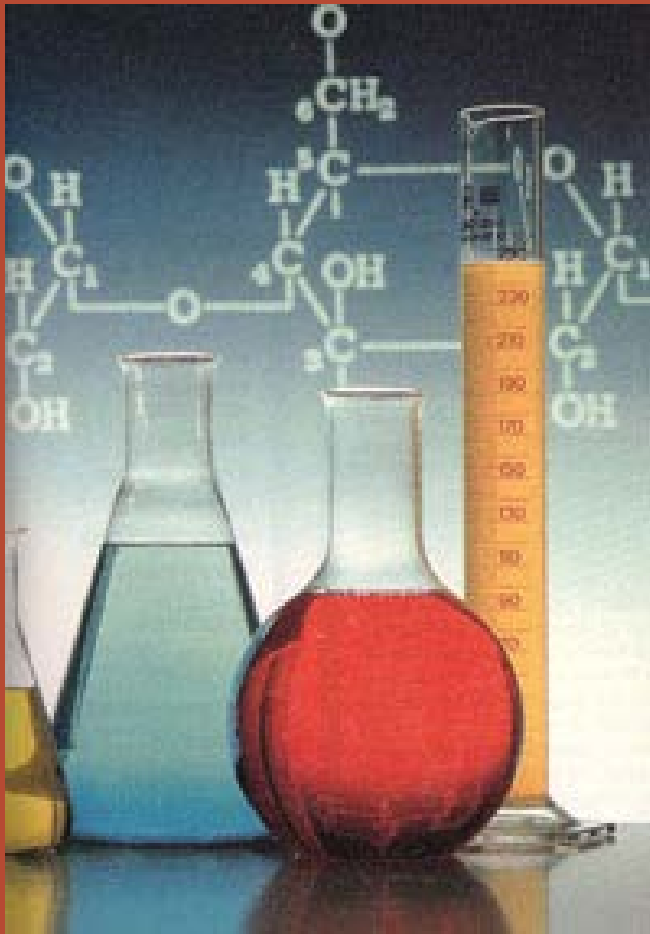
Happy

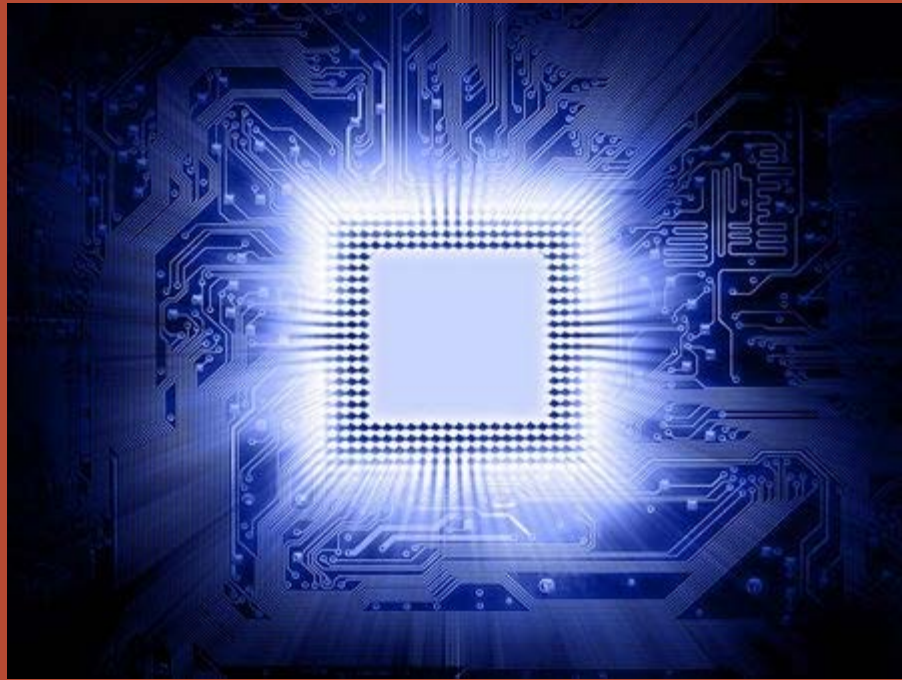


Sad



Health





Information technologies





Travels



But...





.....economic growth seems to be associated to undesirable side-effects on well-being

Moreover: US work hours increased in the last decades

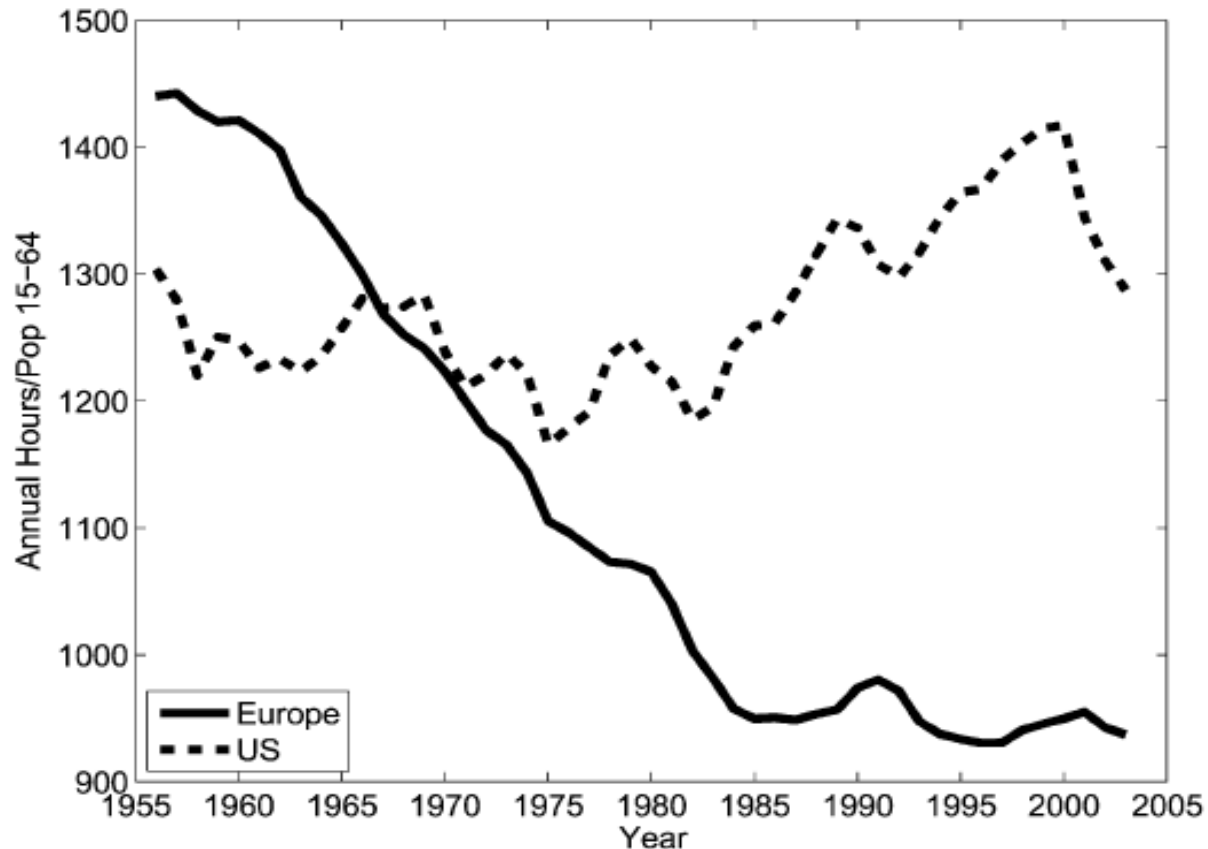
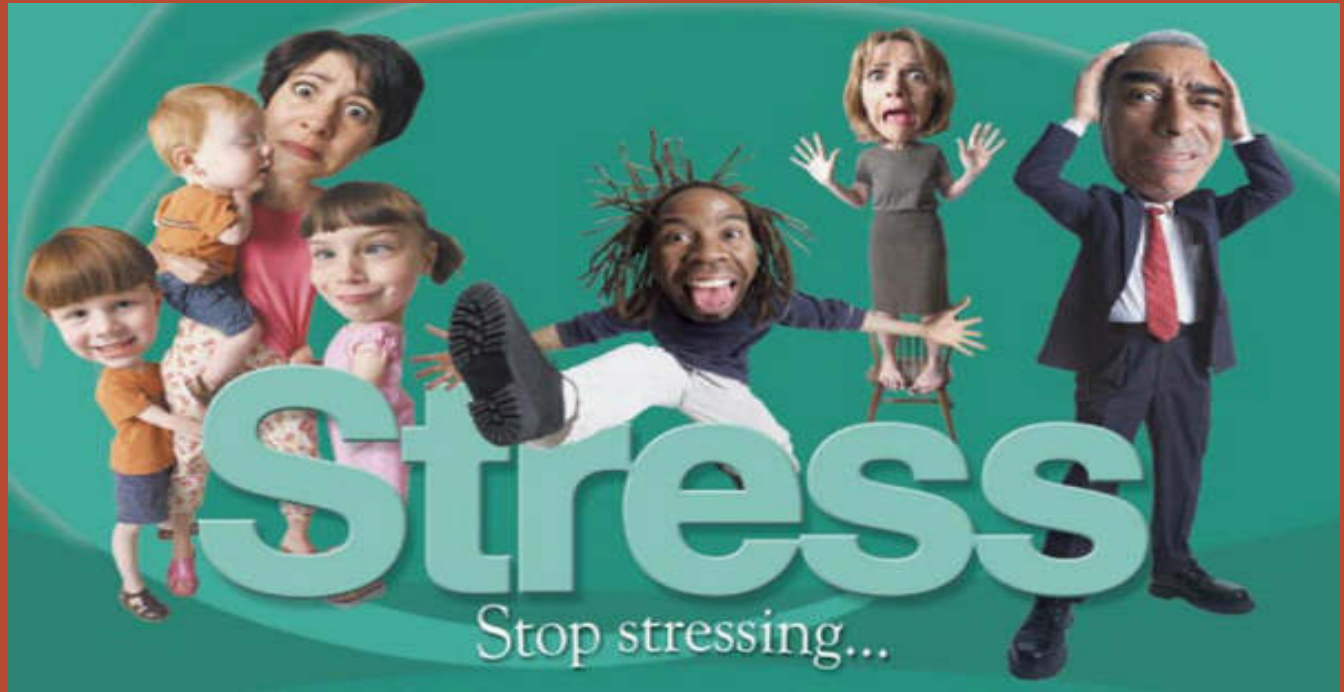


FIG. 1.—Aggregate hours in the United States and Europe

Source: Rogerson 2008



Declining Trend

in US happiness (1975-2004): Why?

The trend of US happiness is predicted by 4 forces that drive such a trend in opposite directions (Bartolini, Bilancini and Pugno 2008, GSS data)

- Increase in income
- Decline of relational goods
- Social comparisons
- Decline of trust in institutions

Relational goods and trust in institutions:
components of social capital

The decline in relational goods

The trends of the various indicators document:

- An increase in: loneliness, communicative difficulties, sense of isolation, fear, instability of families, generational cleavages, mistrust
- A decrease in: honesty, solidarity, social participation, civic engagement, contacts with friends, neighbors, relatives

Relational goods matter

- If relational goods had remained at its 1975 level, happiness might have substantially increased

About 10% !

This is the growth rate of households income needed to compensate for the happiness loss due to the decline in relational measures

Social poverty vs. economic prosperity ?

- The average American is increasingly poor in relations, time, trust in institutions and well-being. These data are the symptom of a social crisis
- However the growth rate of US GDP has been the highest in 1980-2000 among the big western countries (UK excluded)

Relational poverty as a cause of economic growth

The Negative Endogenous Growth (NEG)

(Bartolini and Bonatti JE 2003 and JEBO 2008)

We can defend ourselves from the deterioration of relational and environmental goods by purchasing some goods

To finance these defensive expenditures we must work and produce more. That is to say, we must increase the GDP

Economic growth, however, may cause the deterioration of relational and environmental goods

NEG is a vicious circle: environmental and relational deterioration fuel economic growth which in turn feeds deterioration

NEG is undesirable from the viewpoint of well-being. Private wealth is fueled by the deterioration of the common goods.



Private
wealth



Common poverty





Relational poverty



NEG models predict:

- The worse is the trend of relational goods
- The higher will be the growth rate of GDP
- The worse will be the trend of hours worked
- The worse will be the trend of well-being

Do NEG processes matter?

Some international comparisons

GDP growth rates 1980-2000

Country	Gdp % growth 1980-2000	Gdp annual average % growth 1980- 2000
United States	53,5368	2,549
United Kingdom	60,6247	2,886
Italy	47,1403	2,244
France	39,9541	1,902
Germany	47,6756	2,270
Netherlands	52,8461	2,516
Sweden	41,8359	1,992
Denmark	52,1377	2,482

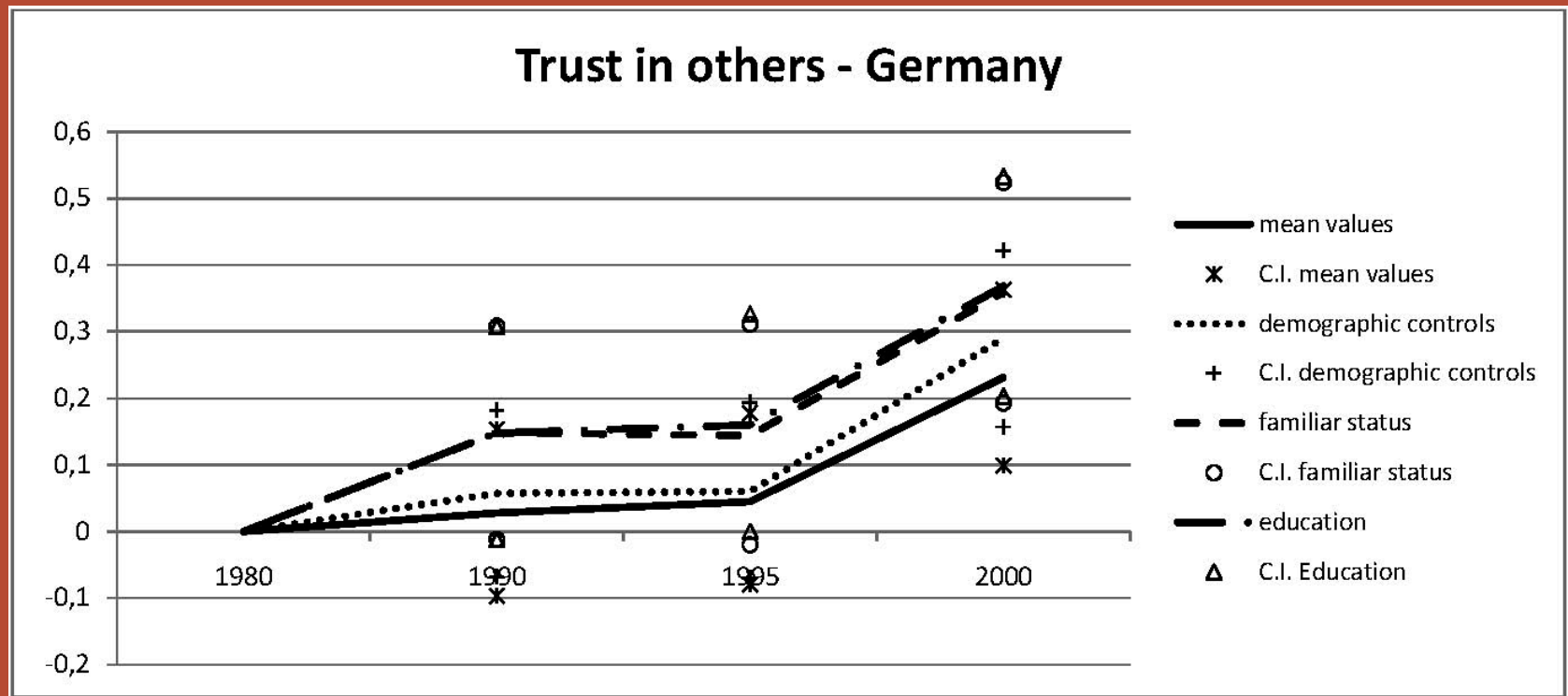
Does the NEG process matter in US growth?

*Summarizing: USA (and UK) compared to continental
Europe exhibit:*

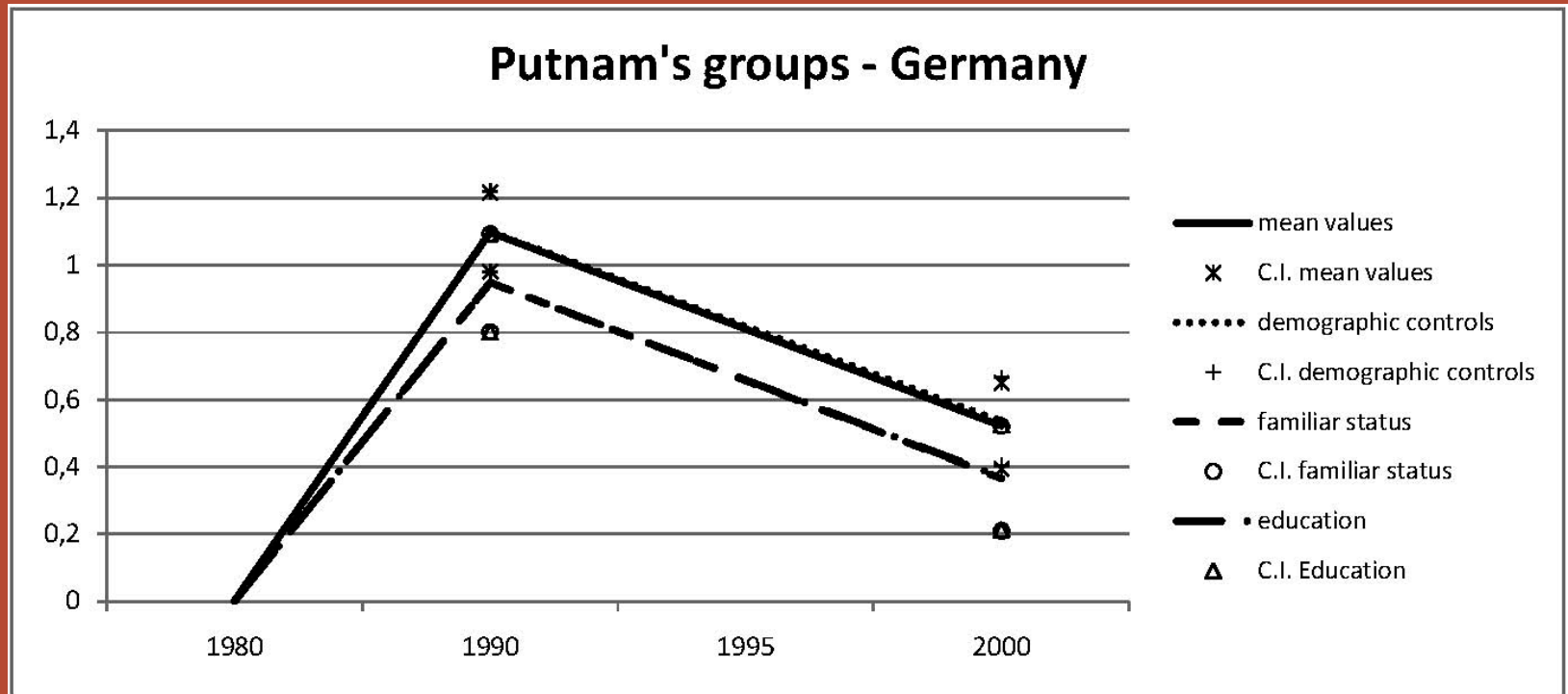
- More economic growth
- Increasing vs. decreasing hours worked
- What happened to happiness and relational goods in Europe?

Sarracino (JSE 2010) provides an answer (WVS data)

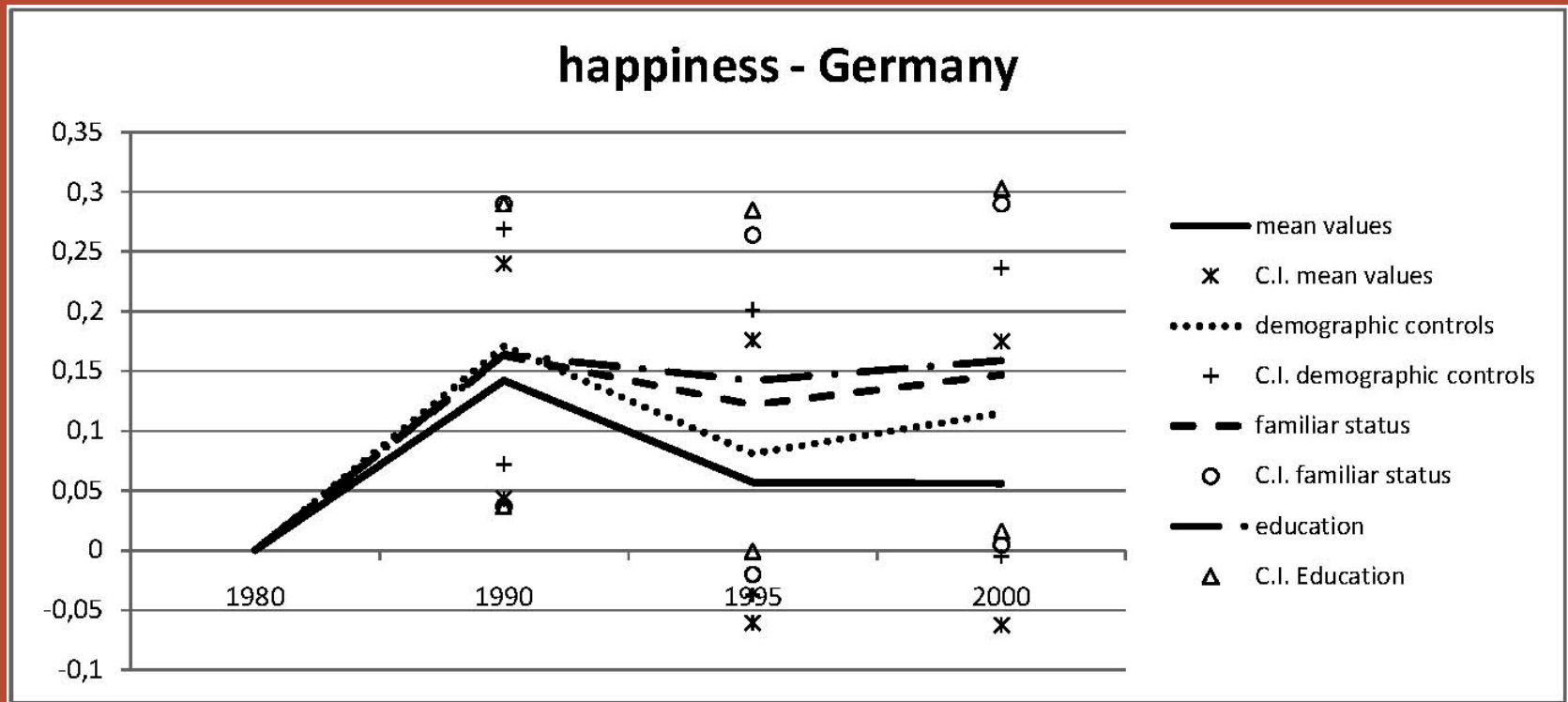
Trends of relational goods 1980-2000 (Sarracino 2010, WVS data)



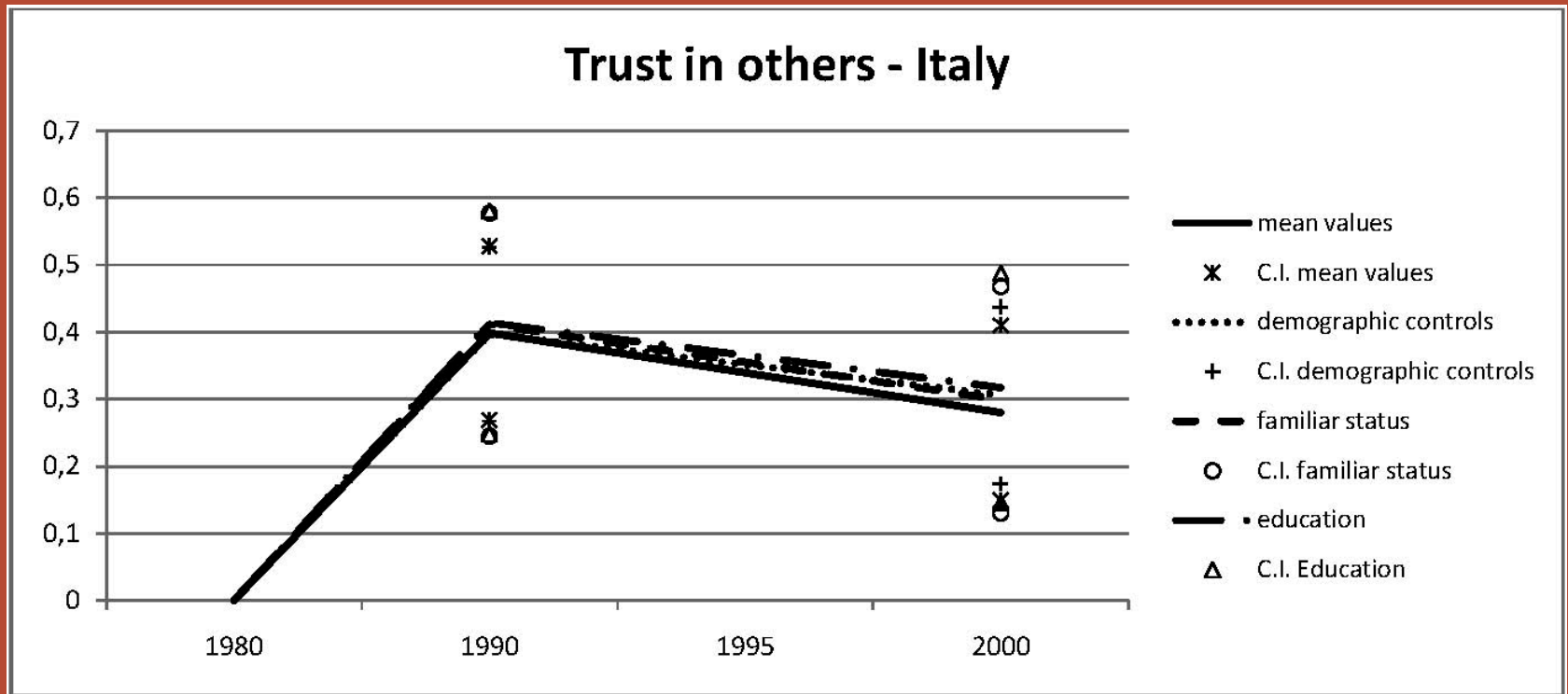
Trends of relational goods 1980-2000



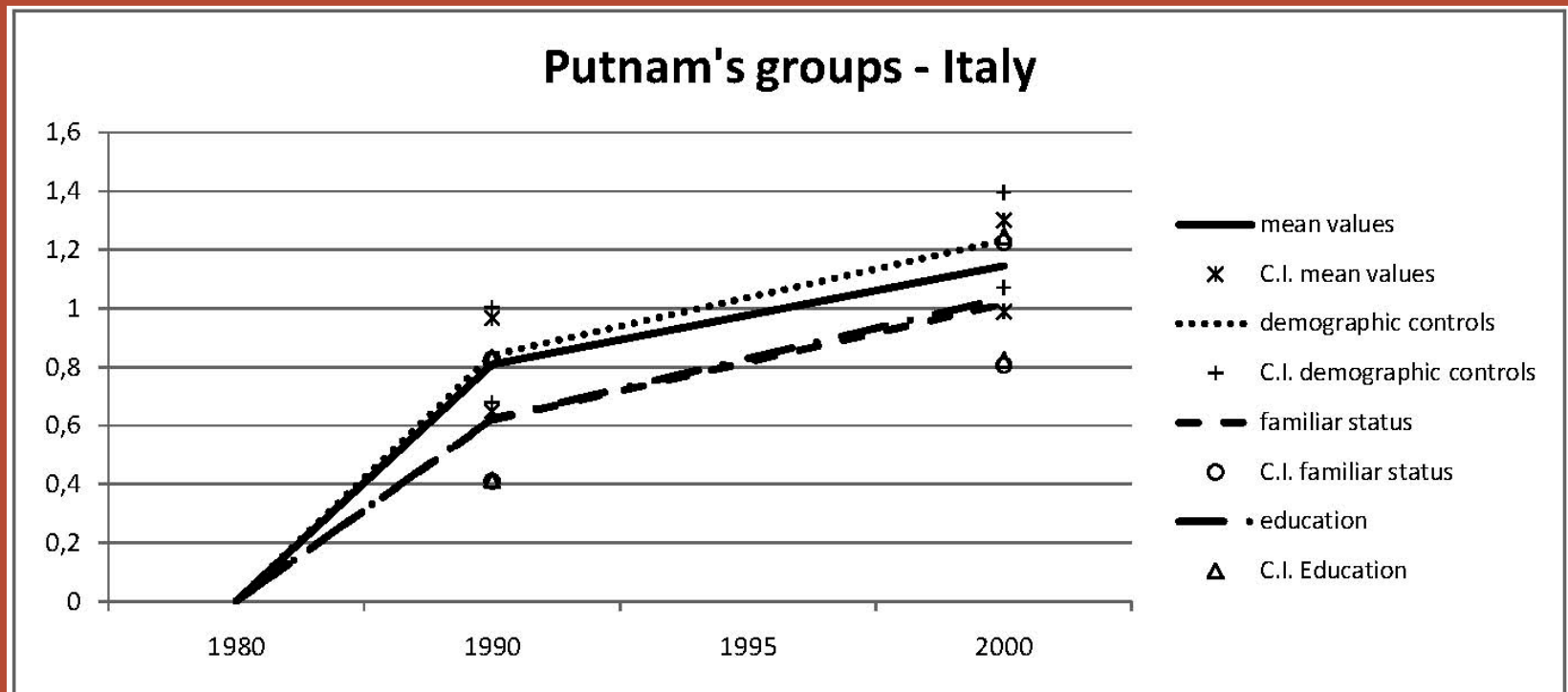
Happiness trends 1980-2000



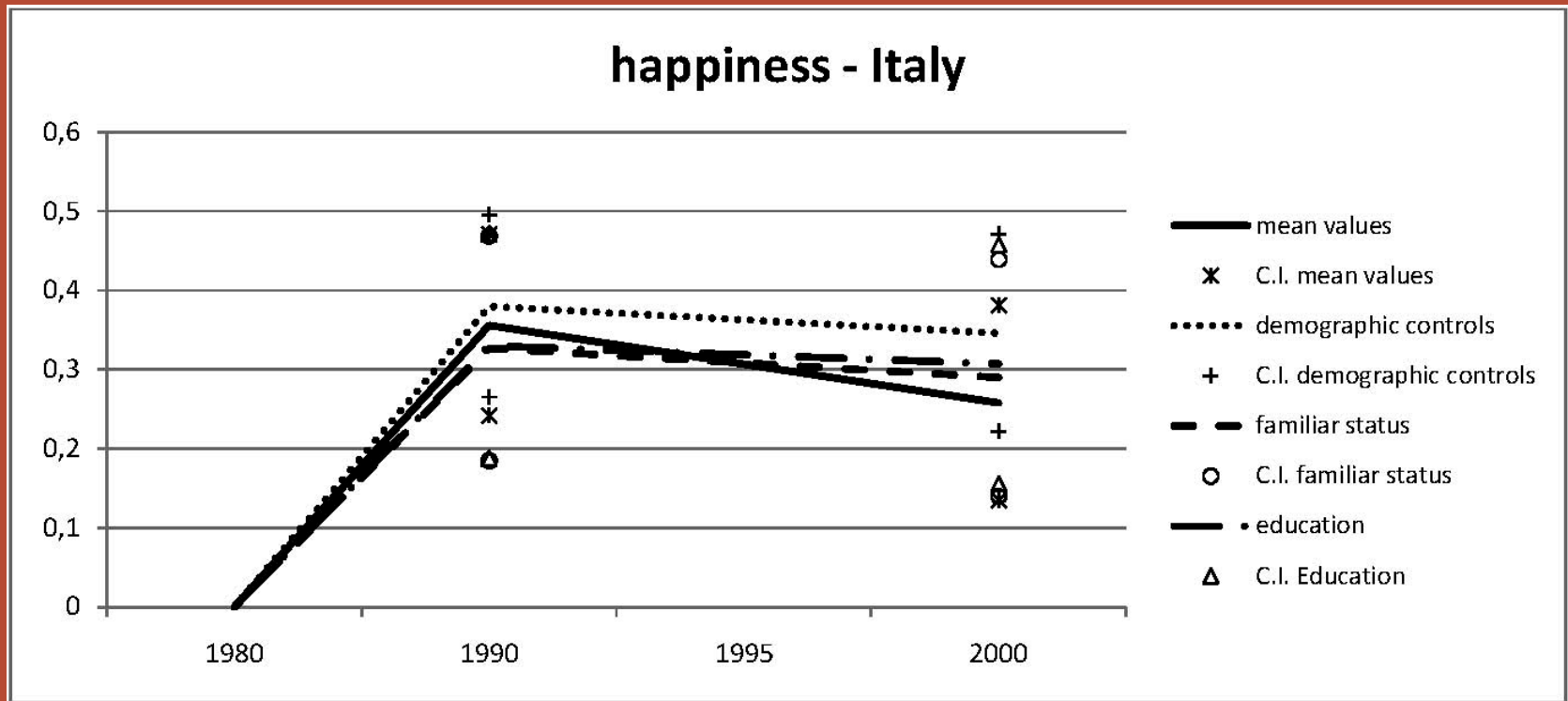
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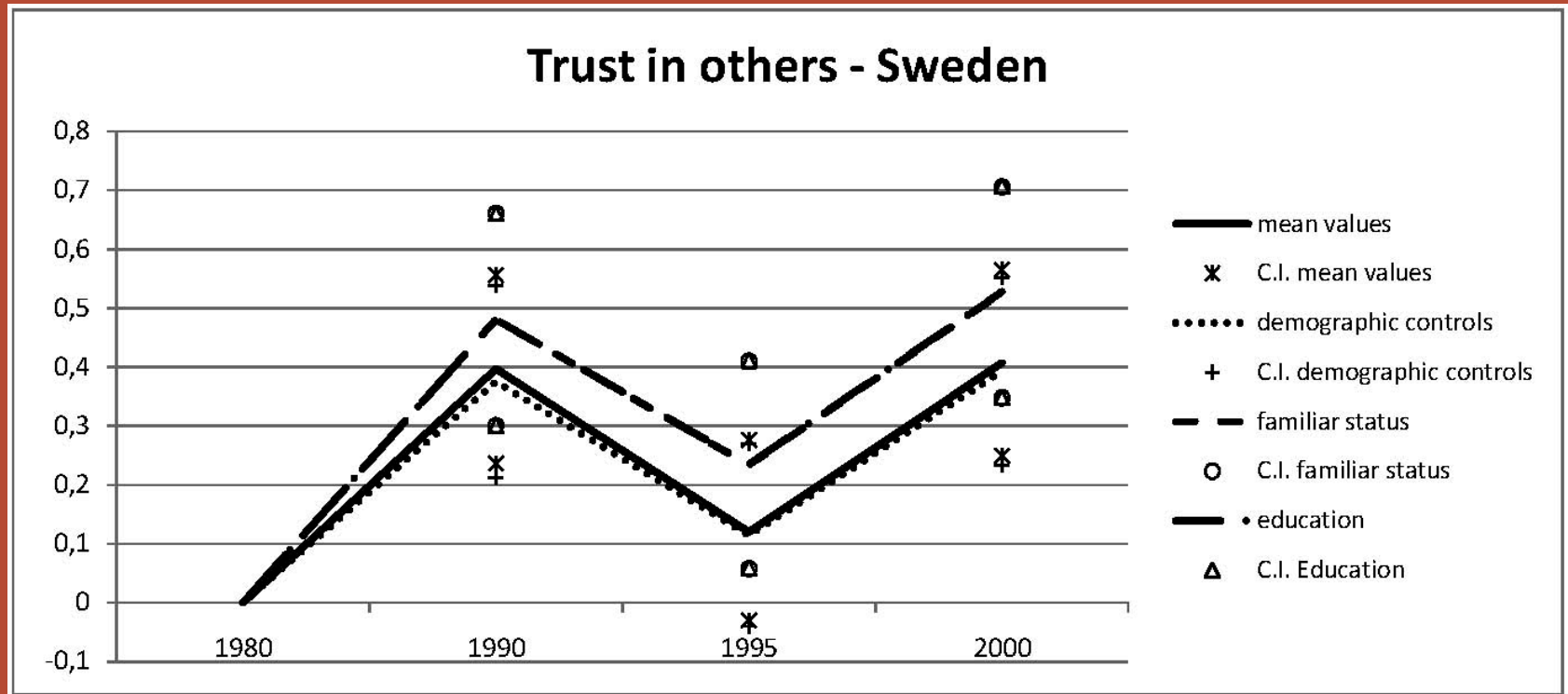
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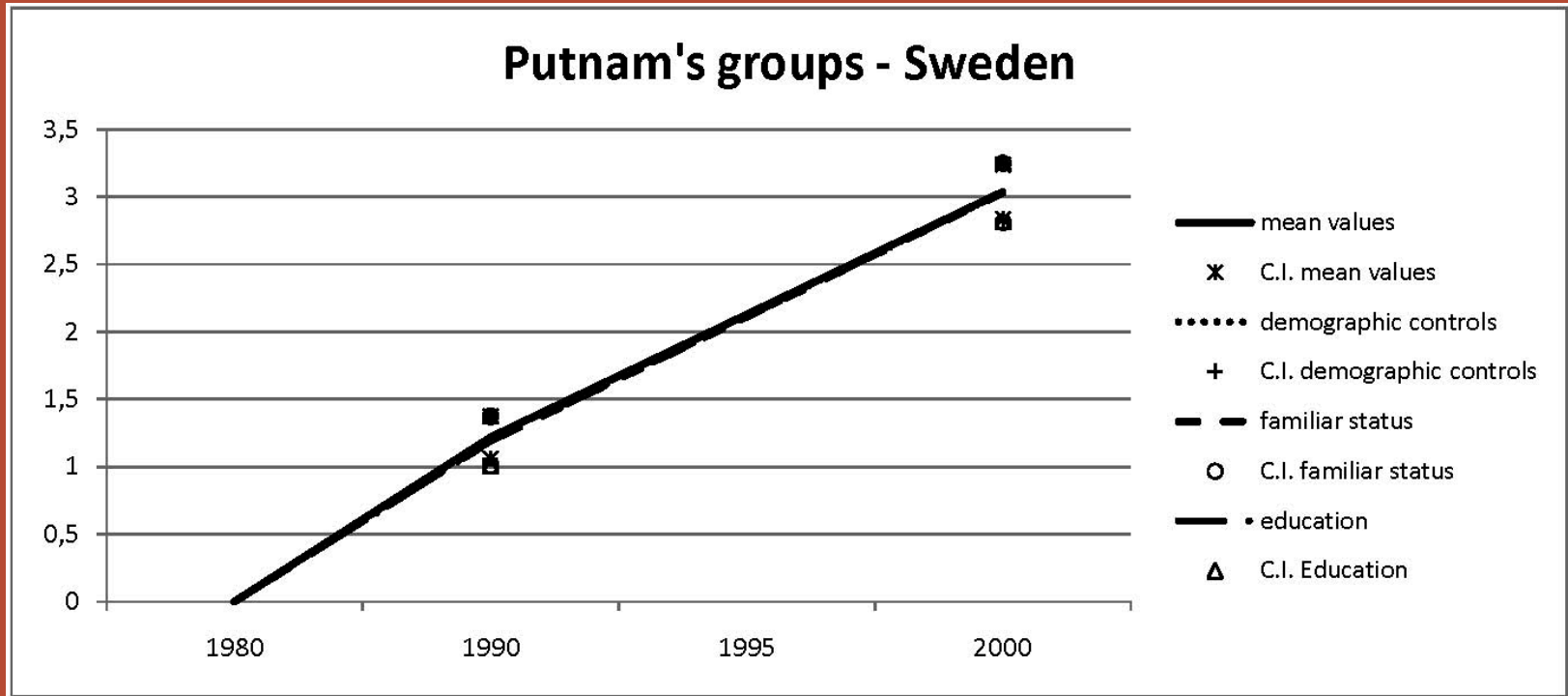
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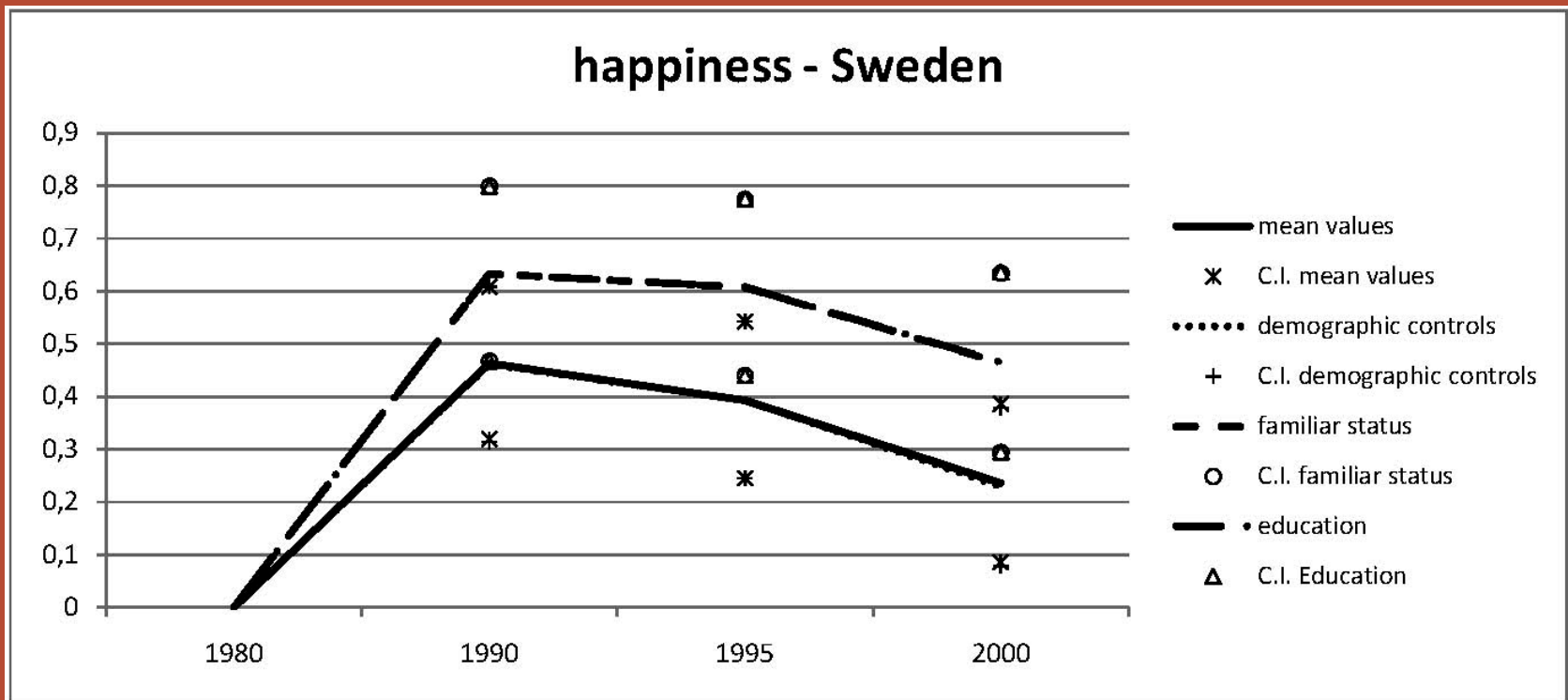
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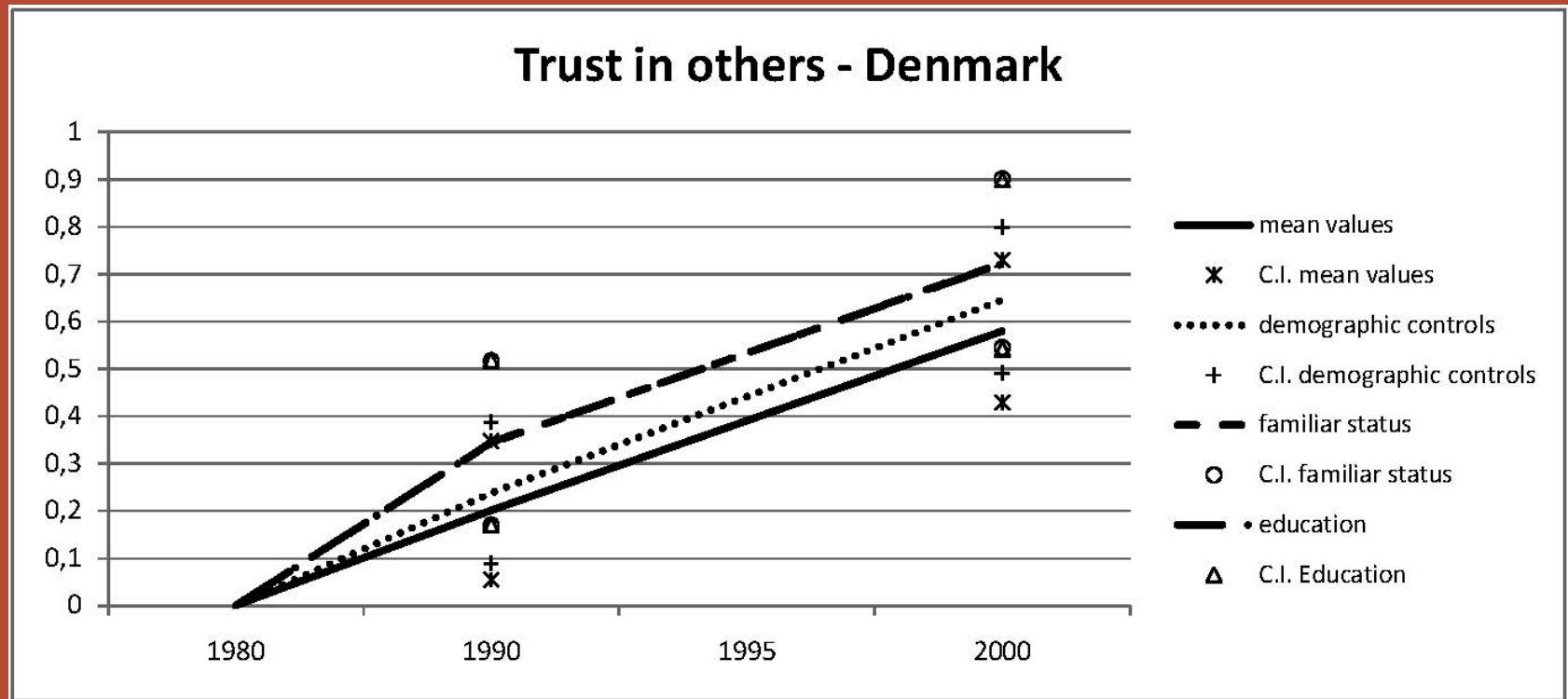
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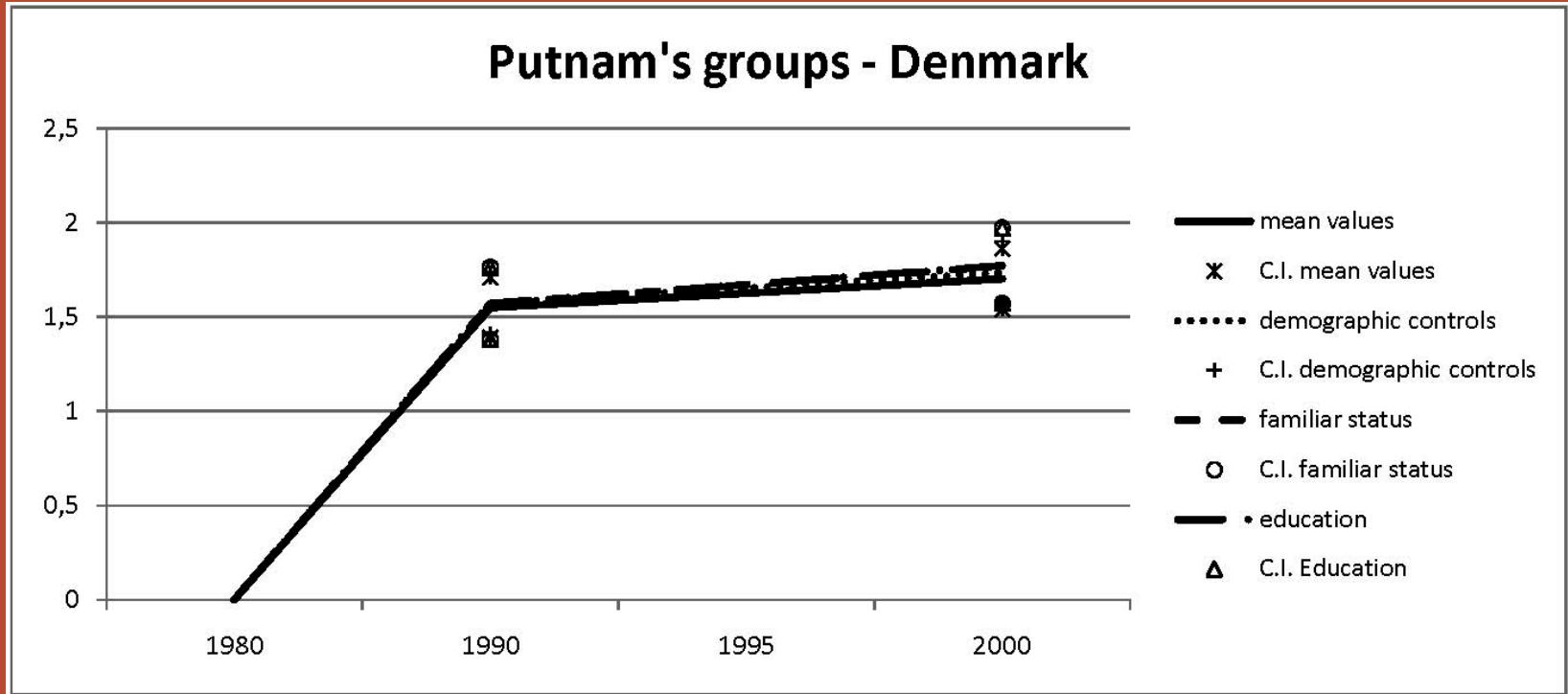
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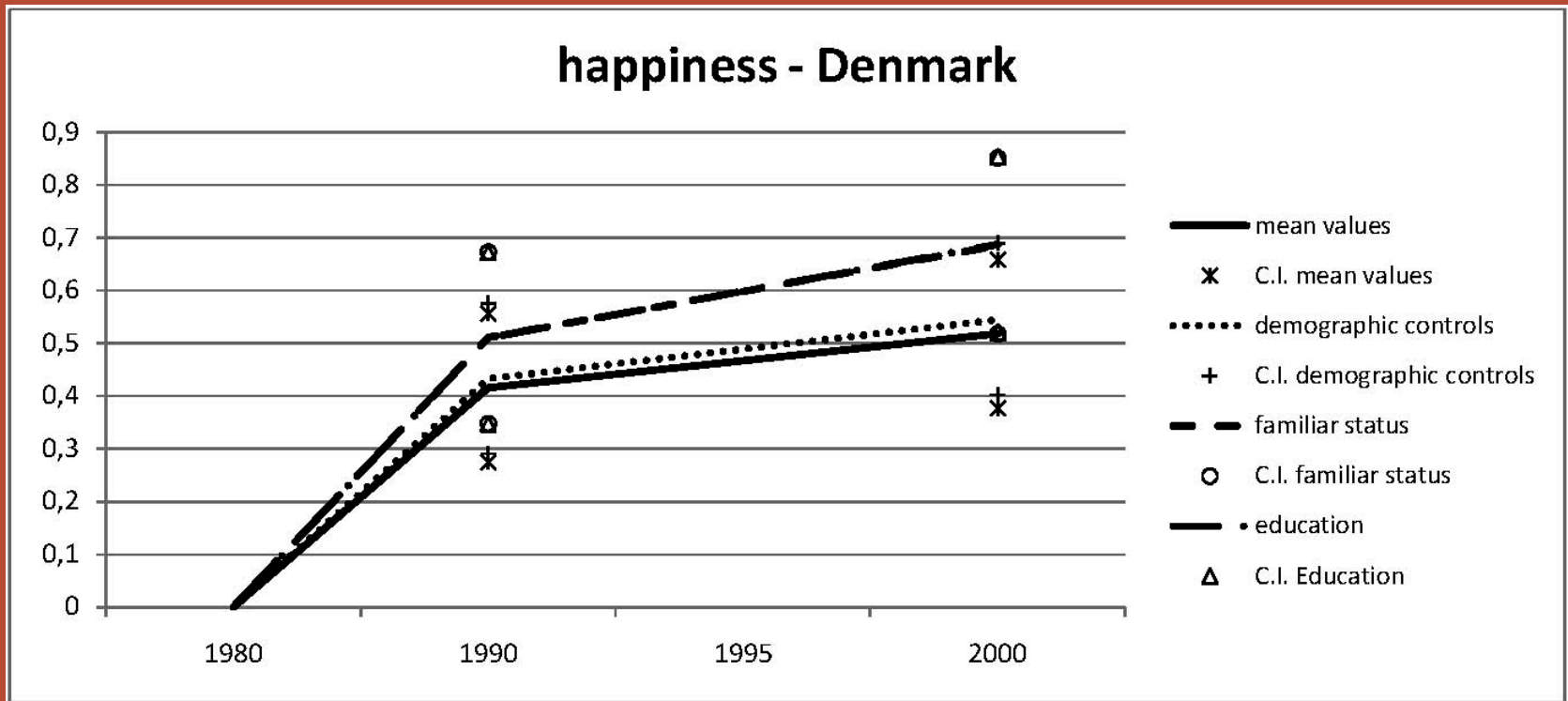
Trends of relational goods 1980-2000



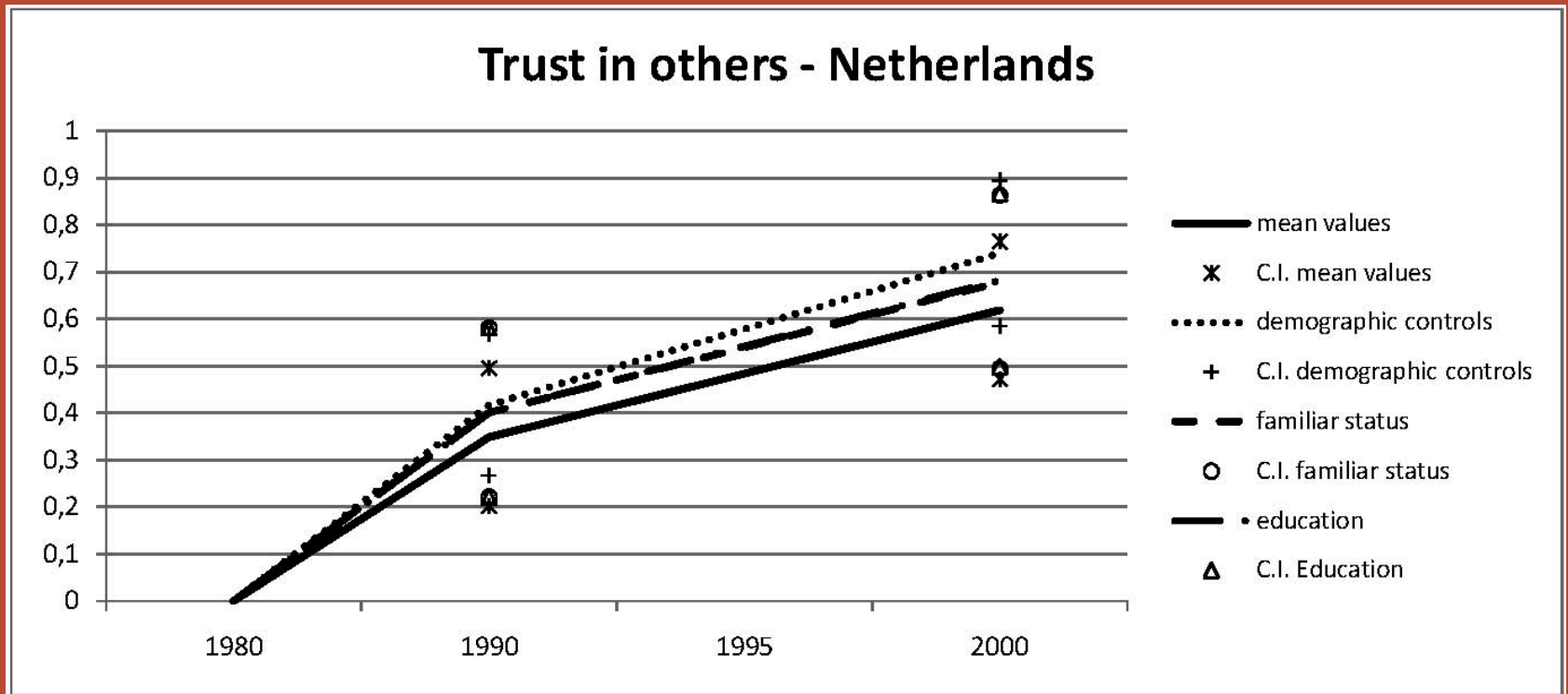
Trends of relational goods 1980-2000



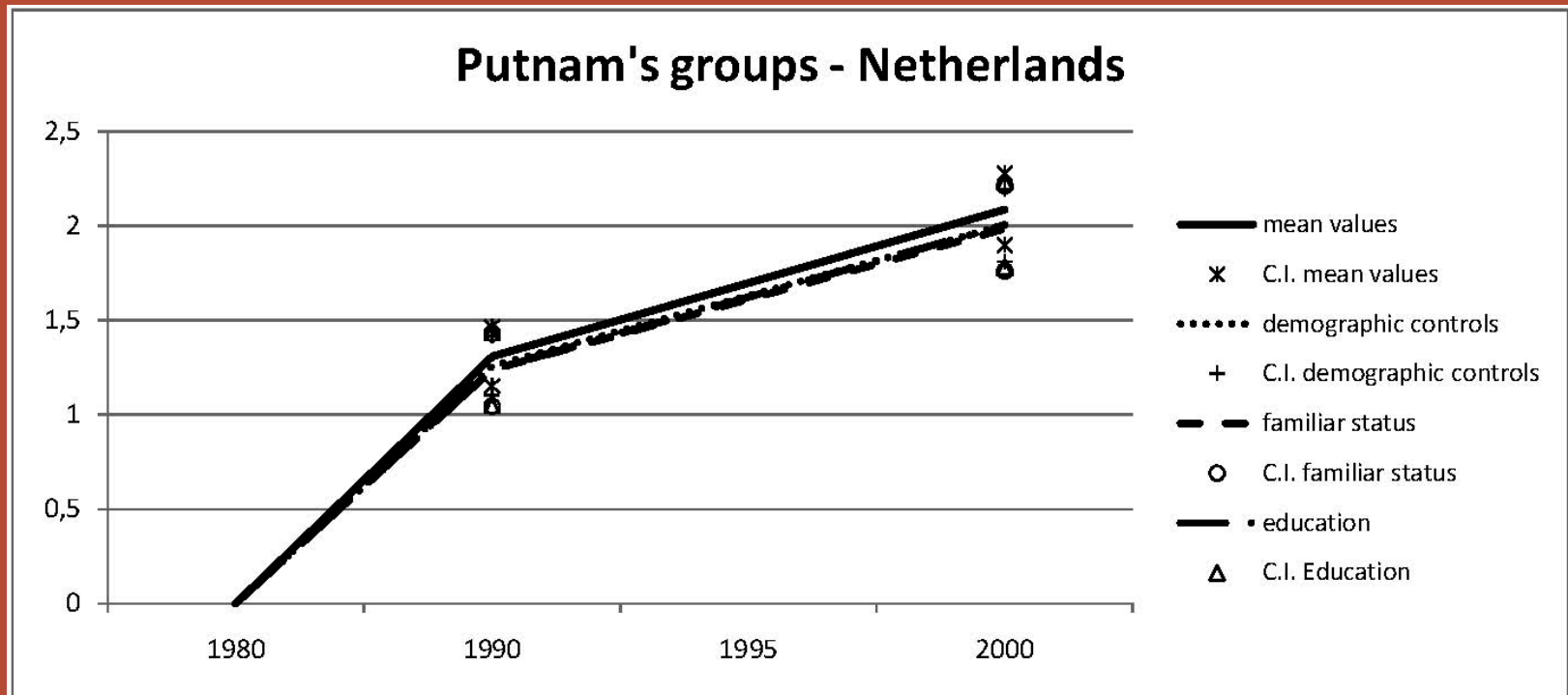
Happiness trends 1980-2000



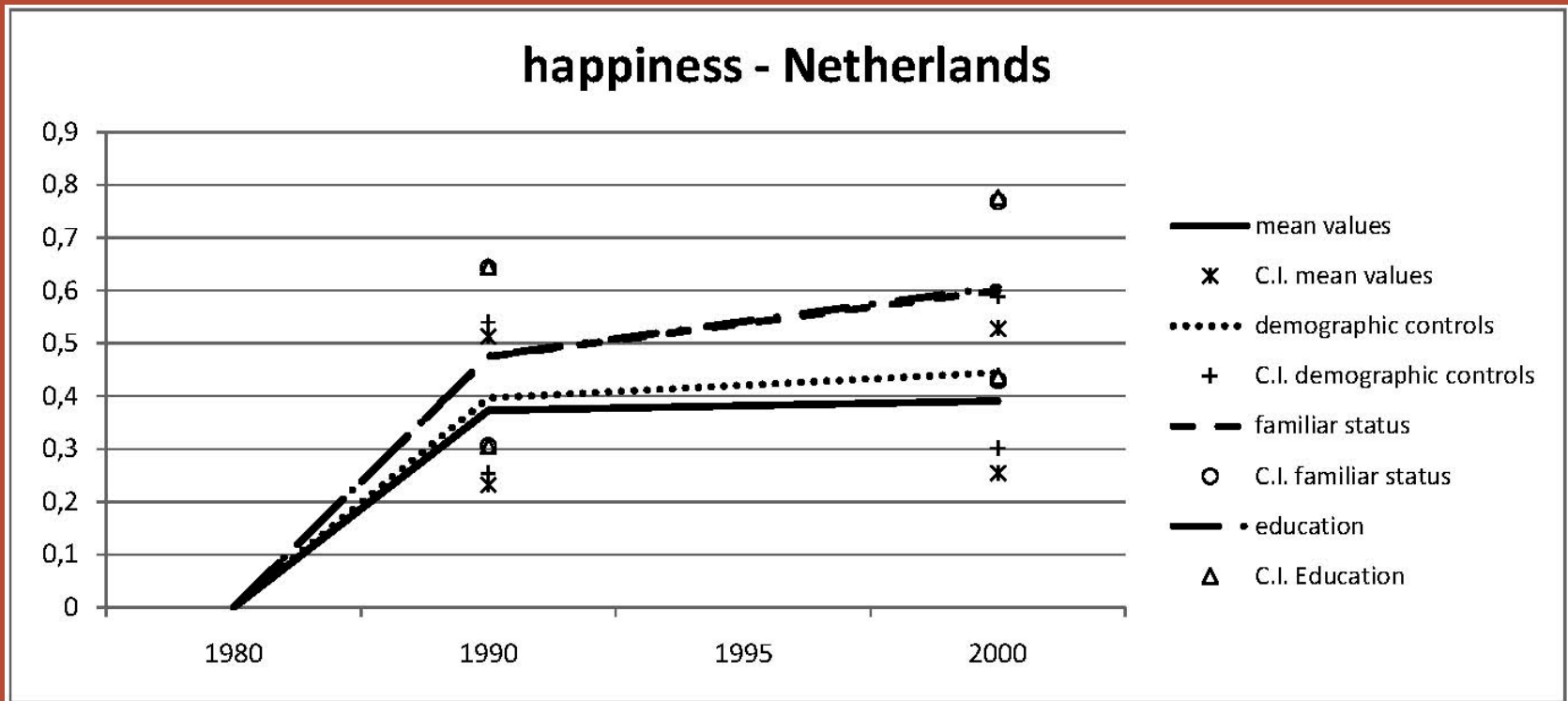
Trends of relational goods 1980-2000



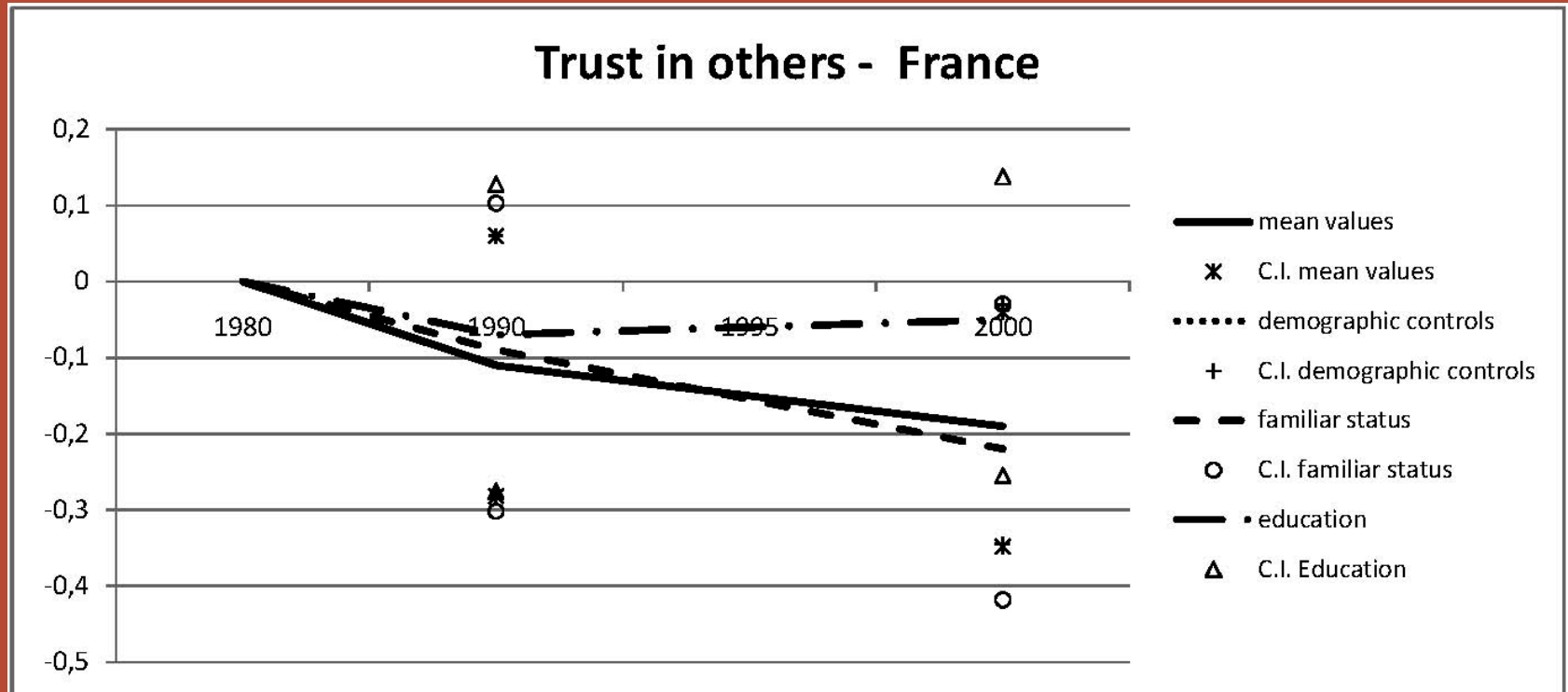
Trends of relational goods 1980-2000



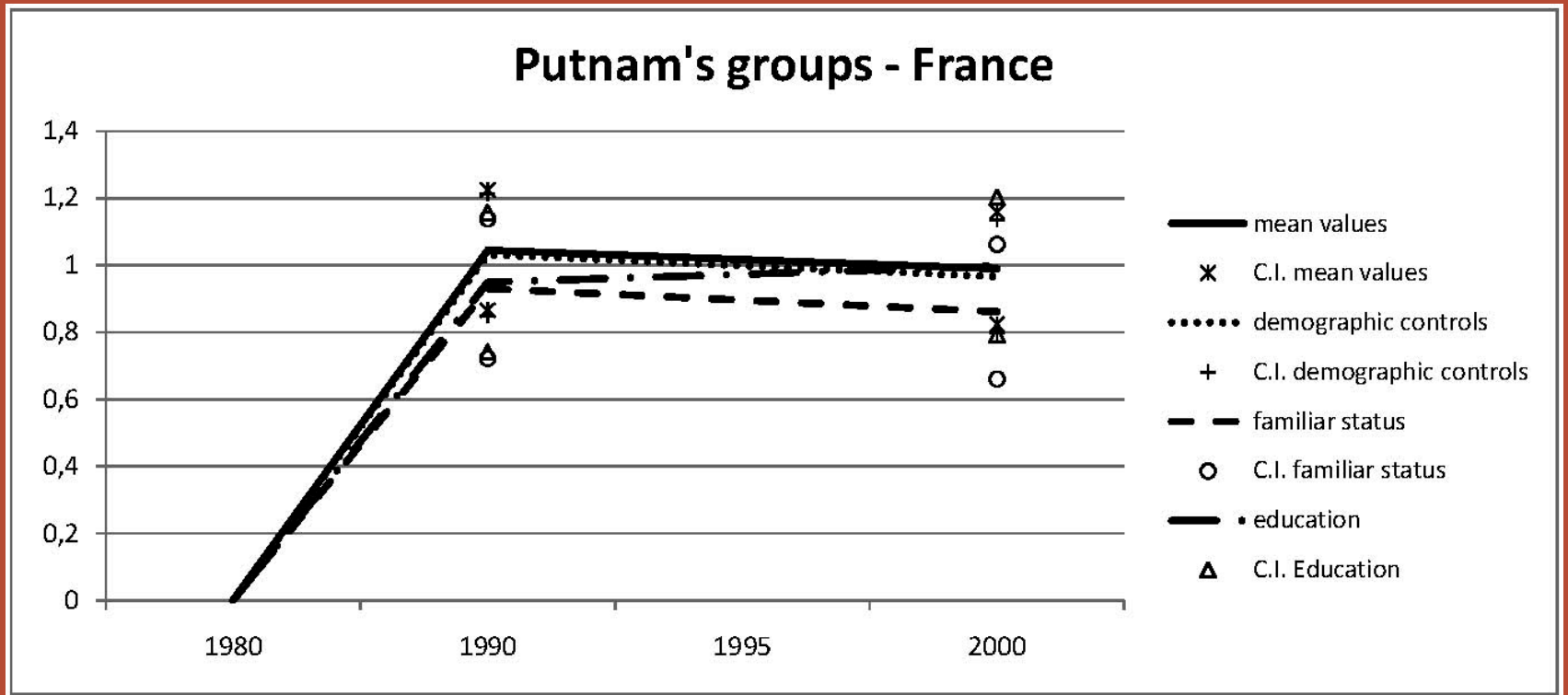
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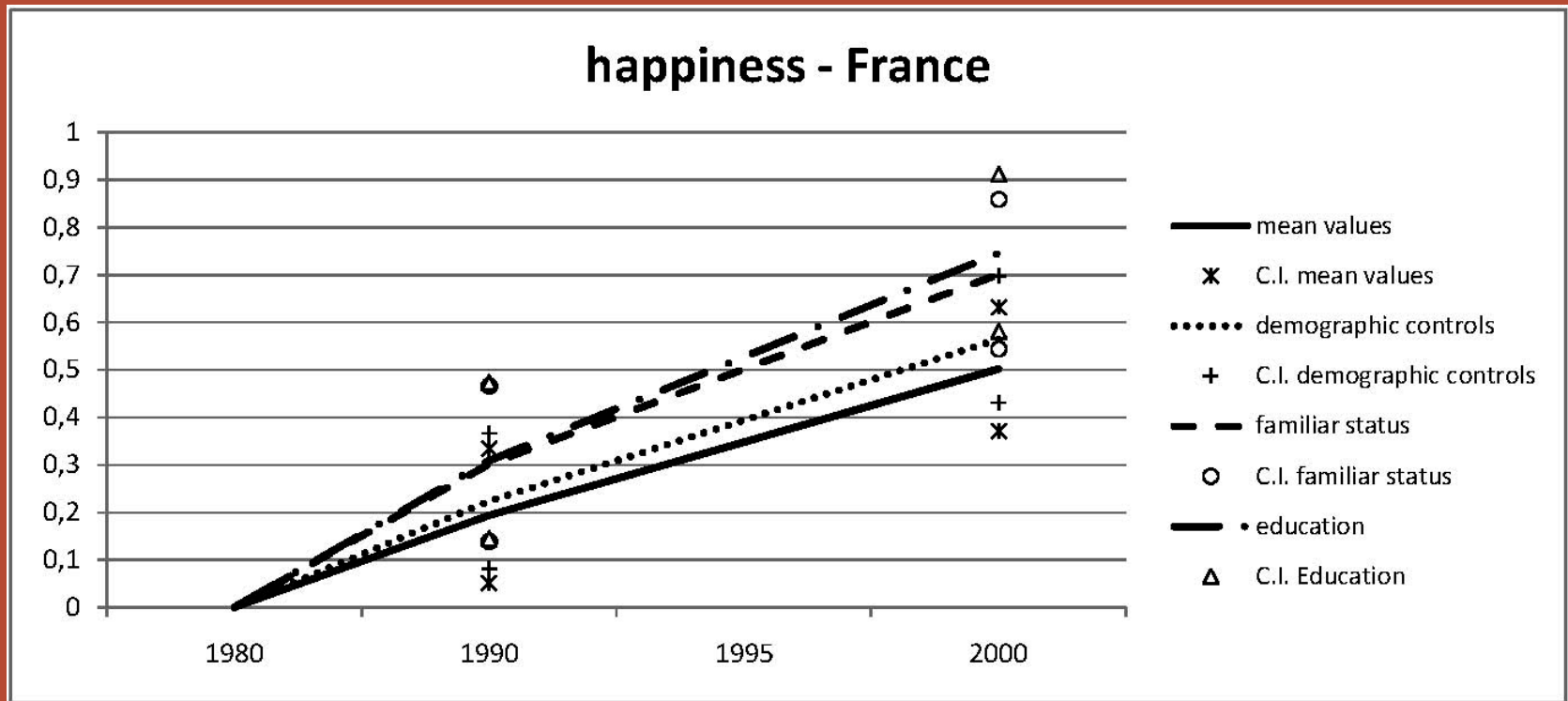
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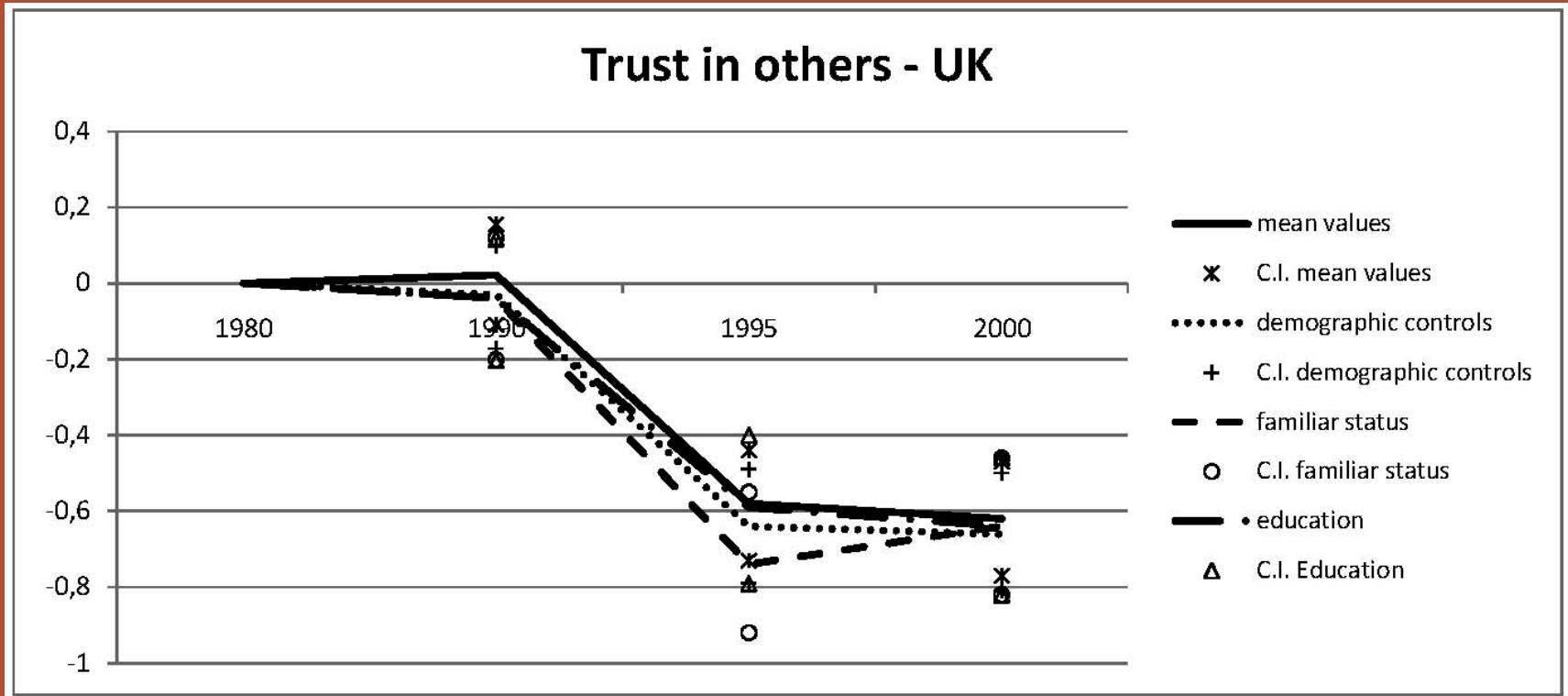
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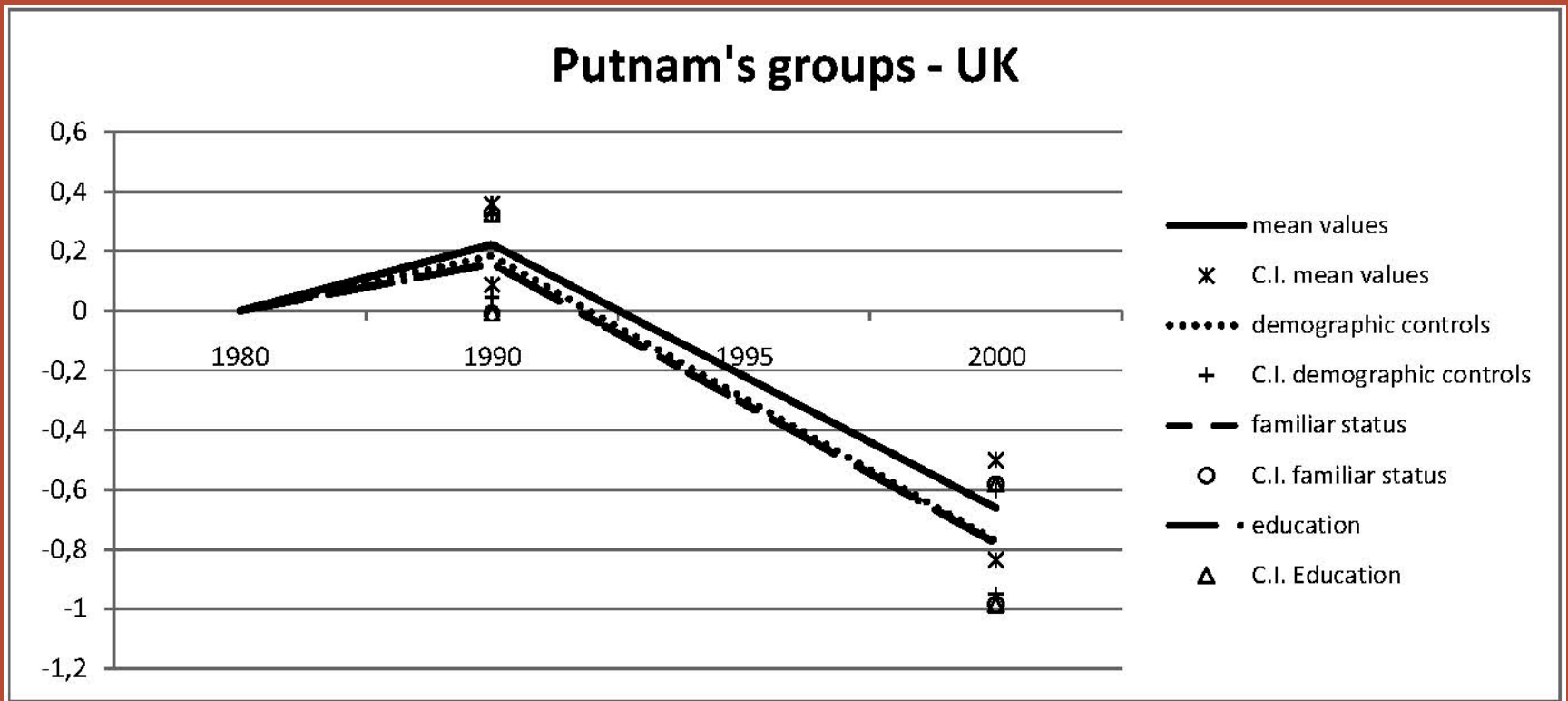
Happiness trends 1980-2000



Trends of relational goods 1980-2000



Trends of relational goods 1980-2000



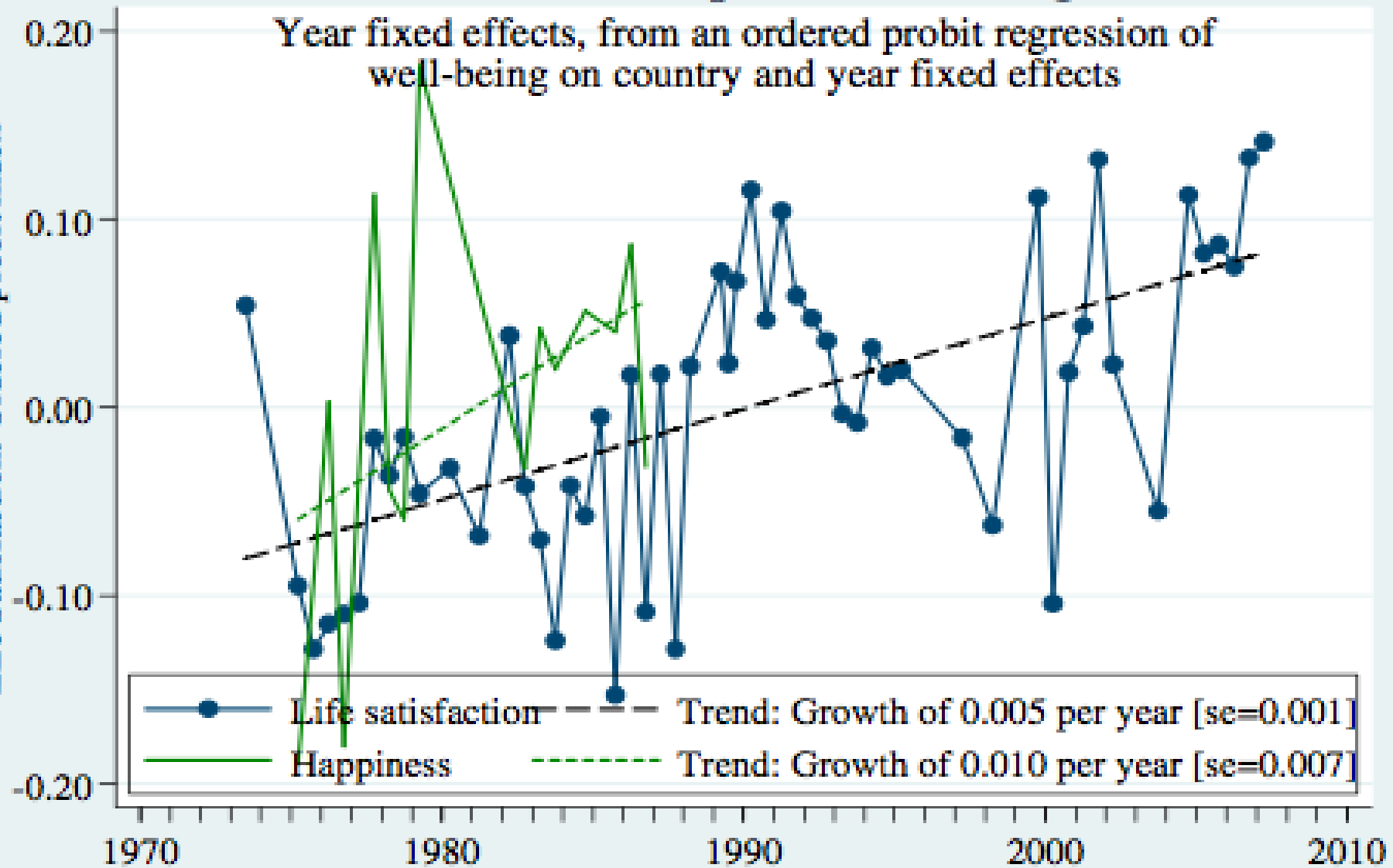
Happiness trends 1980-2000



Trend in European Well-Being

Year fixed effects, from an ordered probit regression of well-being on country and year fixed effects

Life Satisfaction: Ordered probit index



Source: Eurobarometer, 1973-2007.

Does the NEG process matter in US growth?

Summarizing: the US (and UK) compared to continental Europe exhibit:

- More economic growth
- Increasing vs. decreasing hours worked
- Decreasing vs. increasing relational goods
- Decreasing vs. increasing happiness

Conclusion: this picture is consistent with NEG

Prudence: only descriptive statistics, scarcity of comparable data on relational goods

Why GDP may grow?

The evolution of “guard labor” in the US



Guard labor



Guard labor without unemployment

Percentage of “guard labor” on the labor force 1890-2002.

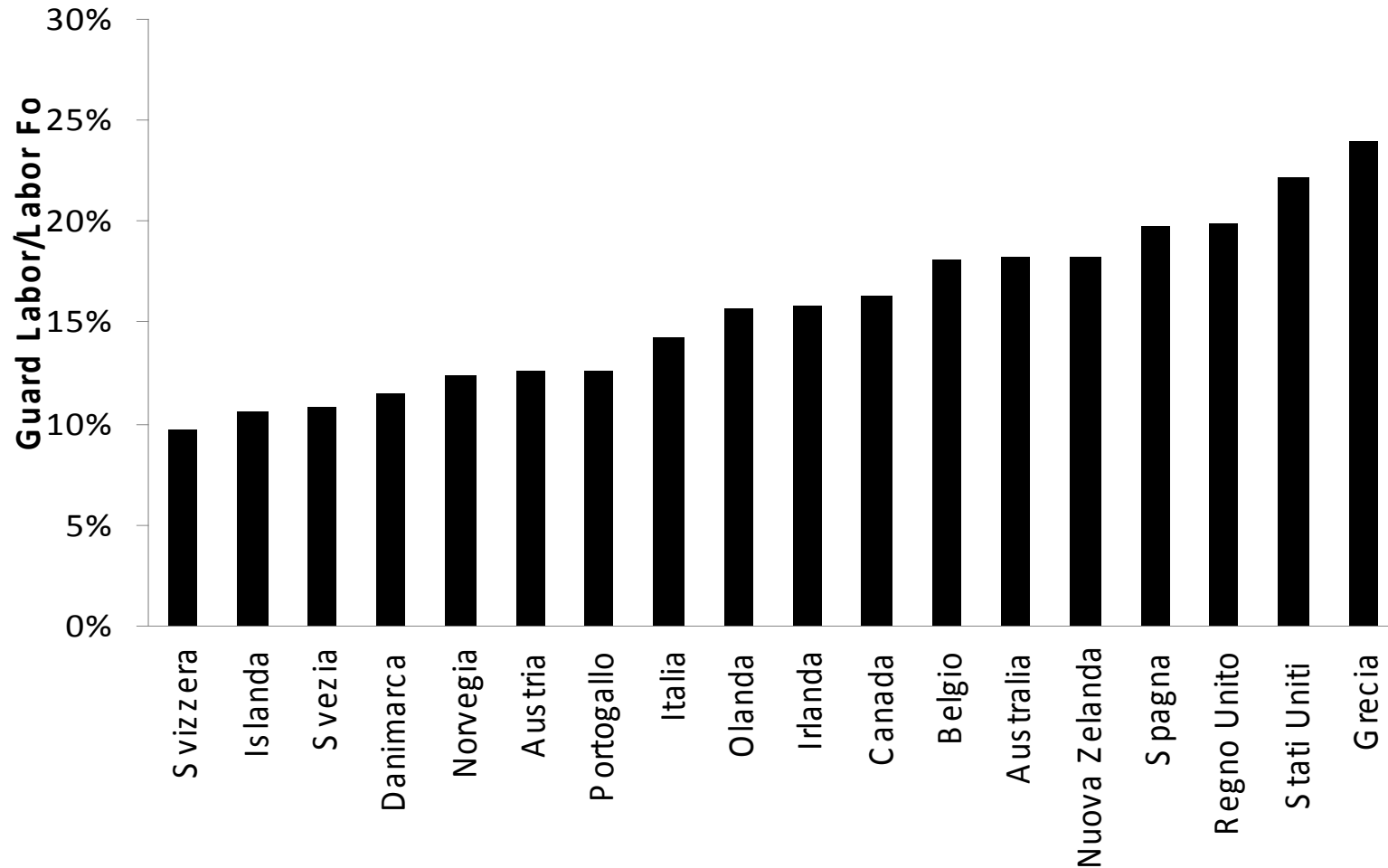
Source: Jayadev and Bowles 2006

Guard labor and its components as a percentage of the labor force in the United States: 1890–2002

	1890	1929	1948	1966	1979	1989	2002
Supervisors	0.8	1.4	9.8	9.9	11.7	13.2	15.7
Guards	0.3	0.7	0.8	0.9	1.7	1.8	2.2
Military	0.3	0.8	3.3	5.4	3.0	3.1	1.8
Prisoners	0.4	0.2	0.2	0.3	0.3	0.5	1.5
Unemployed	4.2	3.8	4.7	4.5	6.7	6.3	4.8
Total	6.0	6.9	18.9	20.9	23.4	24.9	26.1

Source: Bowles e Jayadev, 2006

Guard labor: international comparisons



Source: Bowles e Jayadev, 2006

Work supervisors as a share of the labor force (2002)

<u>Country</u>	<u>Supervisors</u>
<u>United States</u>	<u>14.9</u>
<u>United Kingdom</u>	<u>13.4</u>
<u>New Zealand</u>	<u>11.9</u>
<u>Netherlands</u>	<u>11.6</u>
<u>Australia</u>	<u>11.1</u>
<u>Ireland</u>	<u>10.6</u>
<u>Belgium</u>	<u>10.3</u>
<u>Greece</u>	<u>9.1</u>
<u>Canada</u>	<u>8.5</u>
<u>Iceland</u>	<u>7.9</u>
<u>Norway</u>	<u>7.3</u>
<u>Denmark</u>	<u>6.9</u>
<u>Austria</u>	<u>6.8</u>
<u>Portugal</u>	<u>6.7</u>
<u>Spain</u>	<u>6.7</u>
<u>Switzerland</u>	<u>5.8</u>
<u>Sweden</u>	<u>4.4</u>
<u>Italy</u>	<u>2.9</u>

The myth of the reduction of unemployment

- Many think that this kind of mechanisms have a positive aspect: they reduce unemployment

- It is a superstition: the creation of the need to purchase a lot, while it creates jobs, it also increases the number of people that want a job and the number of hours they are available to work.

First conclusion: NEG and GDP

To use GDP as an indicator of well-being seems particularly absurd if an increase in GDP can be the consequence and the cause of social and environmental decay

To question GDP means to question an economic and social model seen by many as the example to follow: the US

Key questions for policy

- Why are relational goods in the US declining? And why are these tendencies better in Europe?
- Is there any social, economic or cultural difference that motivates these international differences?

The Role of Materialistic Values

To be consumeristic means:



- To give a high priority in life to extrinsic motivations such as money, consumption, success ...
- and a low priority to intrinsic motivations such as relationships, pro-social behaviors in general

Materialism and well-being

Evidence from social psychology

Materialistic people:

- are less happy
- have greater symptoms of anxiety and irritability
- have a higher risk of depression
- are unhealthier
- watch more television
- consume more alcohol and drugs

Materialism and Relationships

Evidence from social psychology

Materialistic individuals have lower quality relationships with others:

They are less:

- generous
- empathic
- Cooperative

They tend more to:

- instrumental friendships
- cynicism
- distrustful of others

Why are relationships degenerating?

The diffusion of materialistic values

- USA: percentage of university students who believe that an outstanding economic condition is an essential goal in life

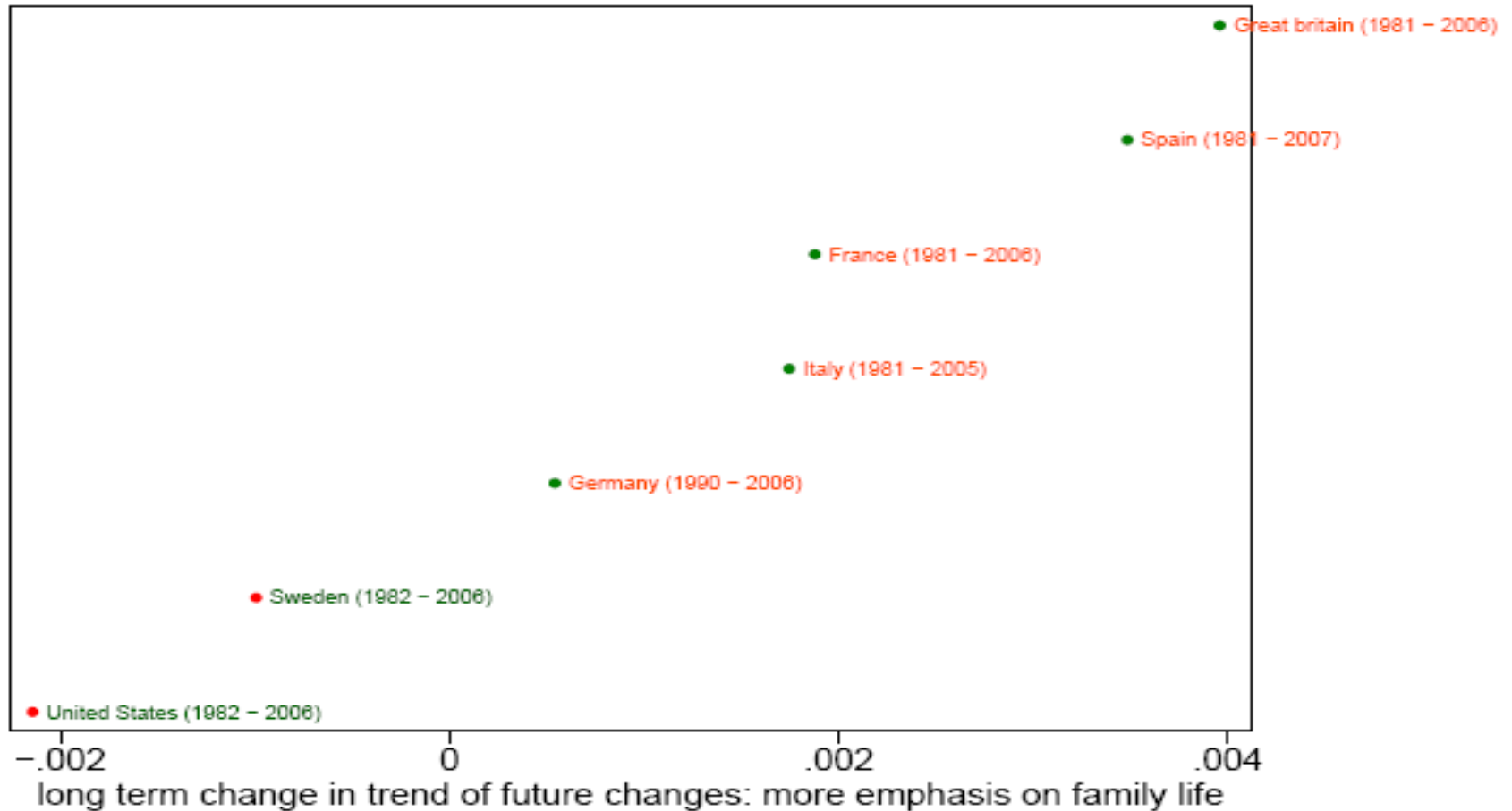
- 39% in 1970
- 74% in 1995

In 1995 this had become the main goal in life.

Percentage identifying items as a part of the good life

	1975	1991
• A lot of money	38	55
• A job that pays much more than average	45	60
• Happy marriage	84	77
• Interesting job	69	63

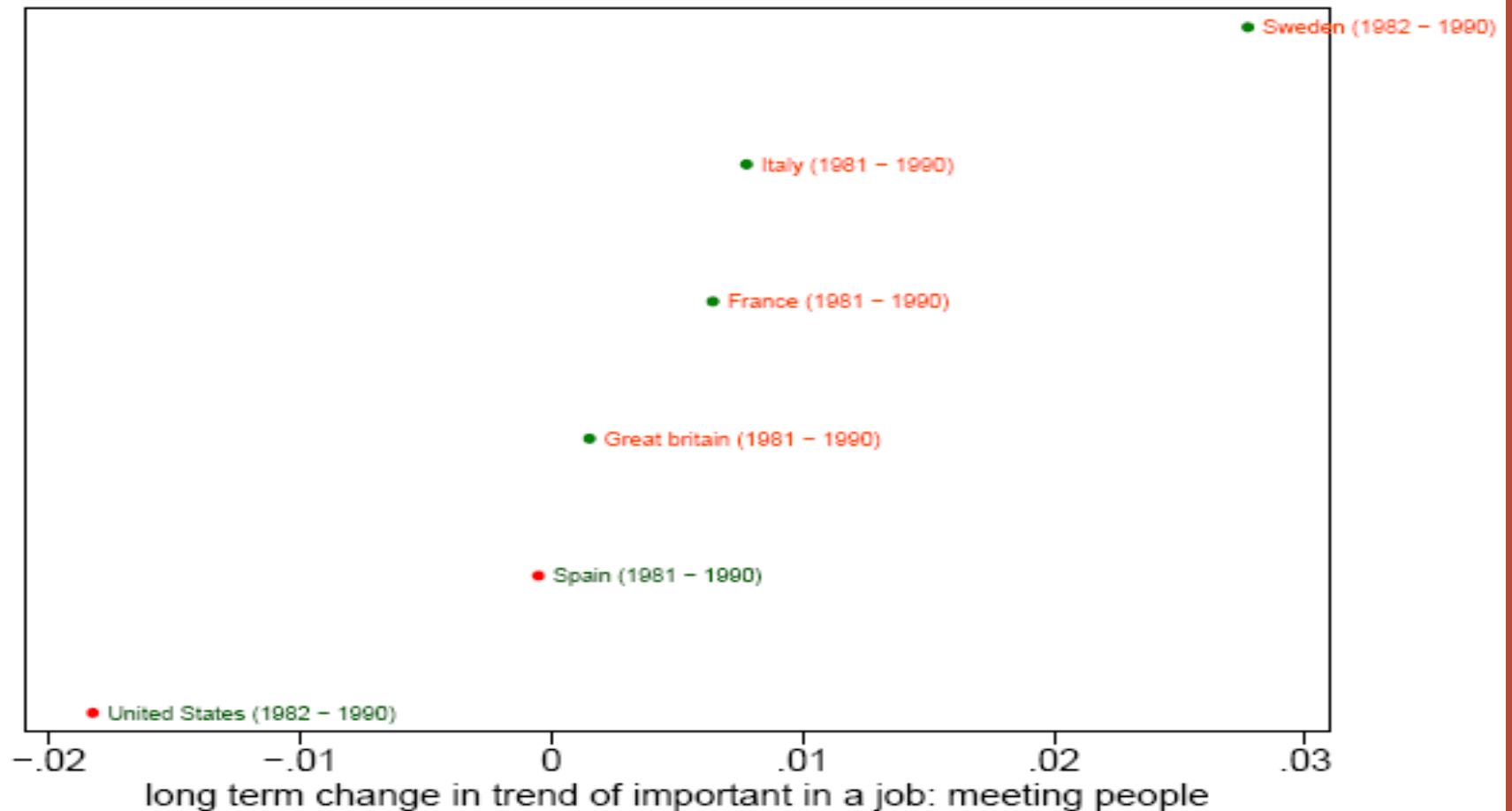
Materialism: Europe vs. US (WVS data)



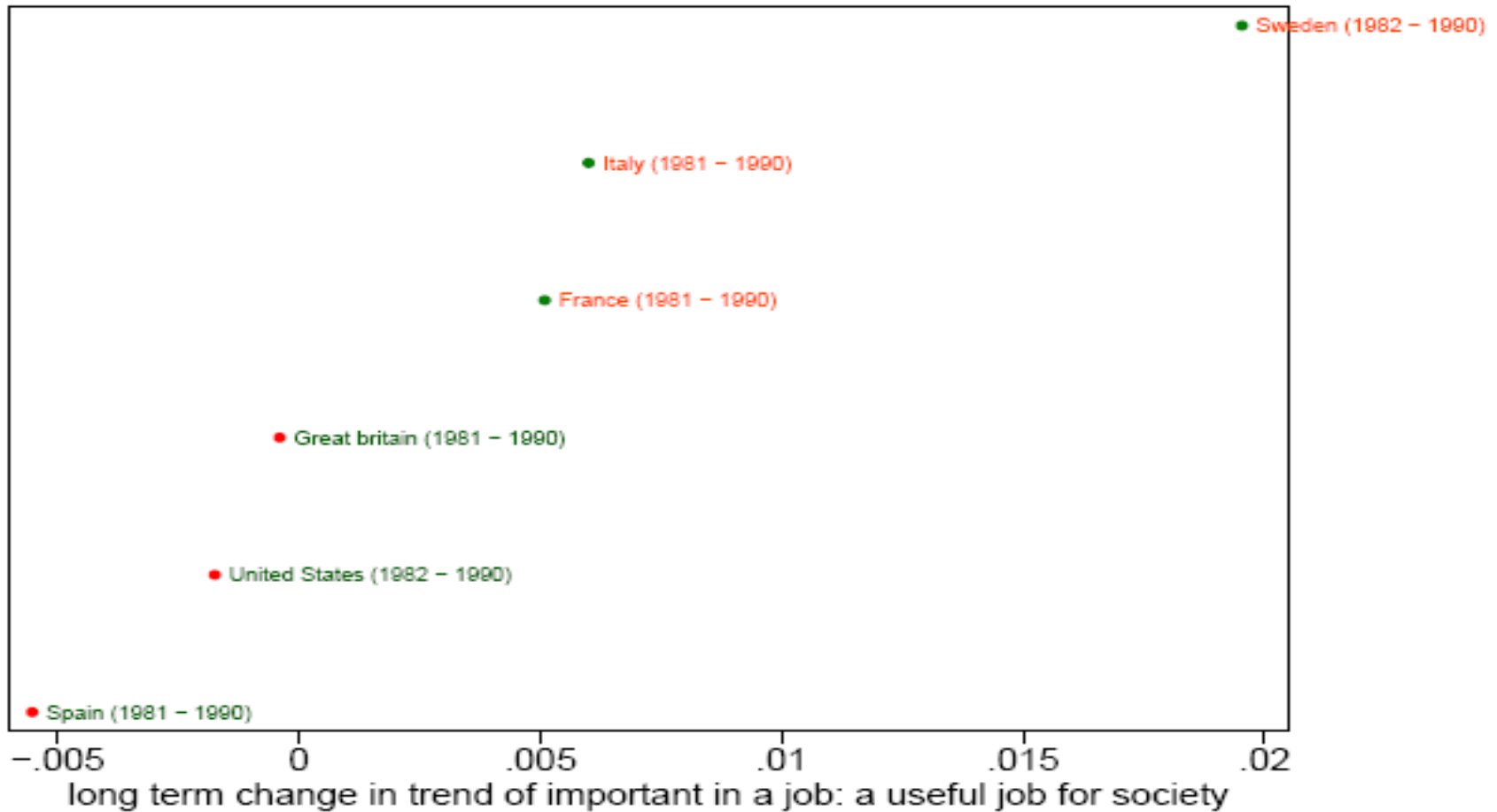
Materialism : Europe vs. US (WVS data)



Materialism : Europe vs. US (WVS data)



Materialism : Europe vs. US (WVS data)



US-EU differences: Why?

- There is comparative evidence indicating a more limited diffusion of materialism in Europe.
- The widespread diffusion of materialism in the US has been promoted by the economic reforms that this country experienced in the last 30 years.
- Indeed, market relationships tend to promote materialism and the extent to which they do so varies with the degree of penetration of market relations into social relationships.
- The United States is the sickest patient in the West from the relational and well-being point of view, because its socio-economic organization, its culture and its educational institutions have been oriented over the past thirty years towards levels of competition and possession never experienced before, neither in the United States nor elsewhere.

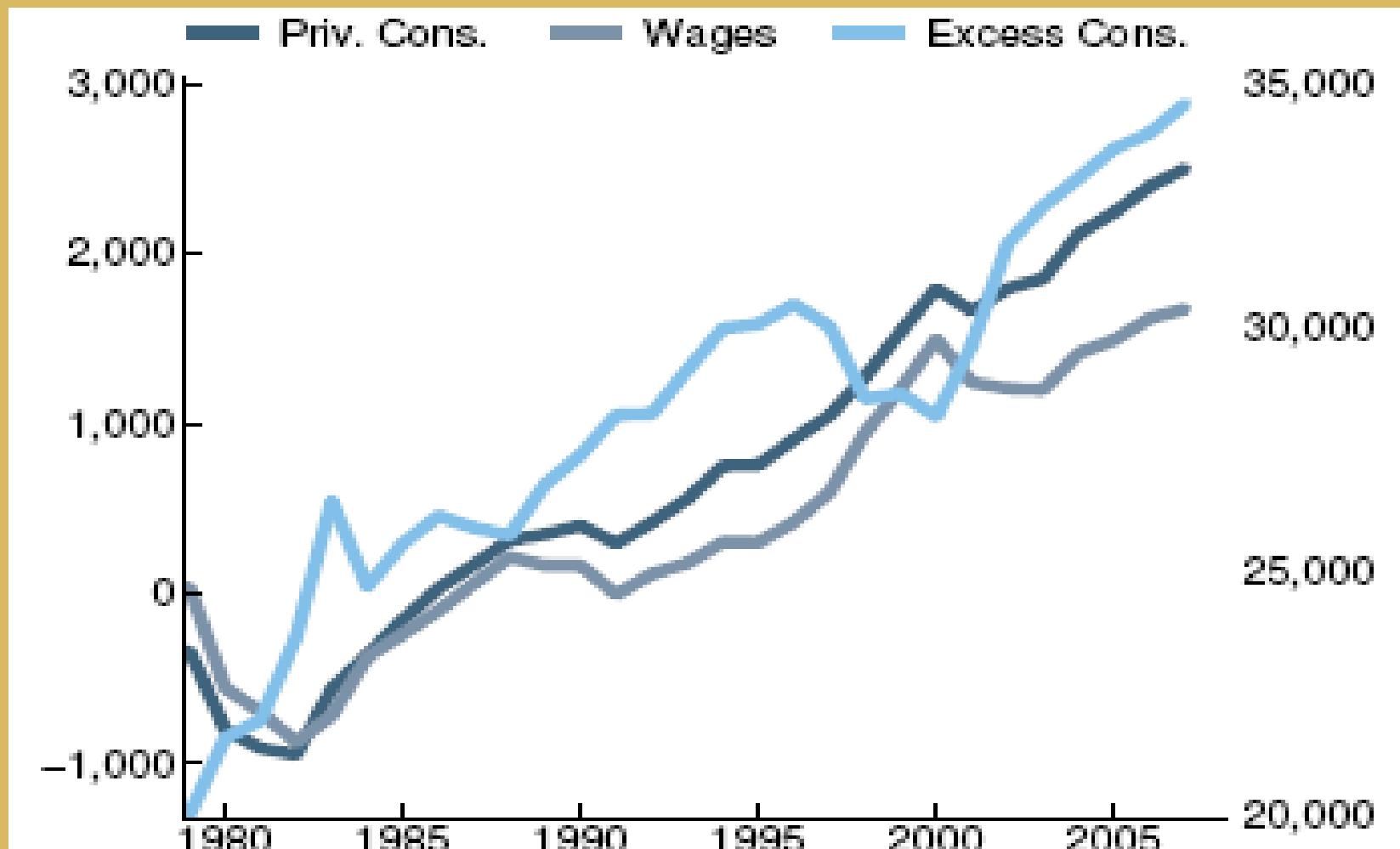
Buying alone

How Americans' unhappiness turned into a global economic crisis

- The enormous debt of American households
- Americans lived for a quarter of a century beyond their possibilities.
- Mortgages and credit cards were the way Americans bought bigger and nicer houses, and more consumption goods, than those that they could have afforded

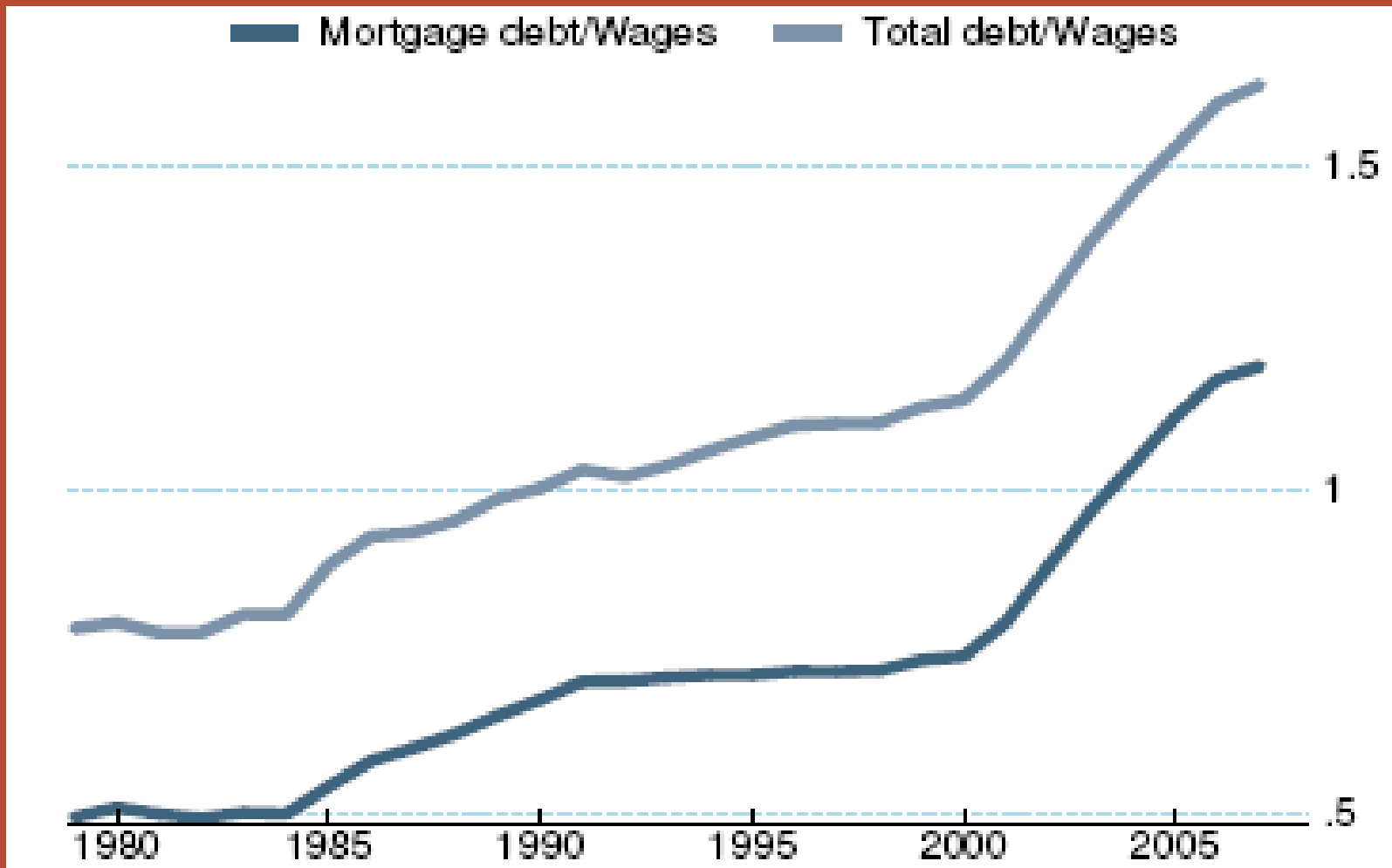
The premises of the crisis: The formidable American consumerism

Private consumption increased more than wages
(1979-2007, US 1980 \$ per-household)

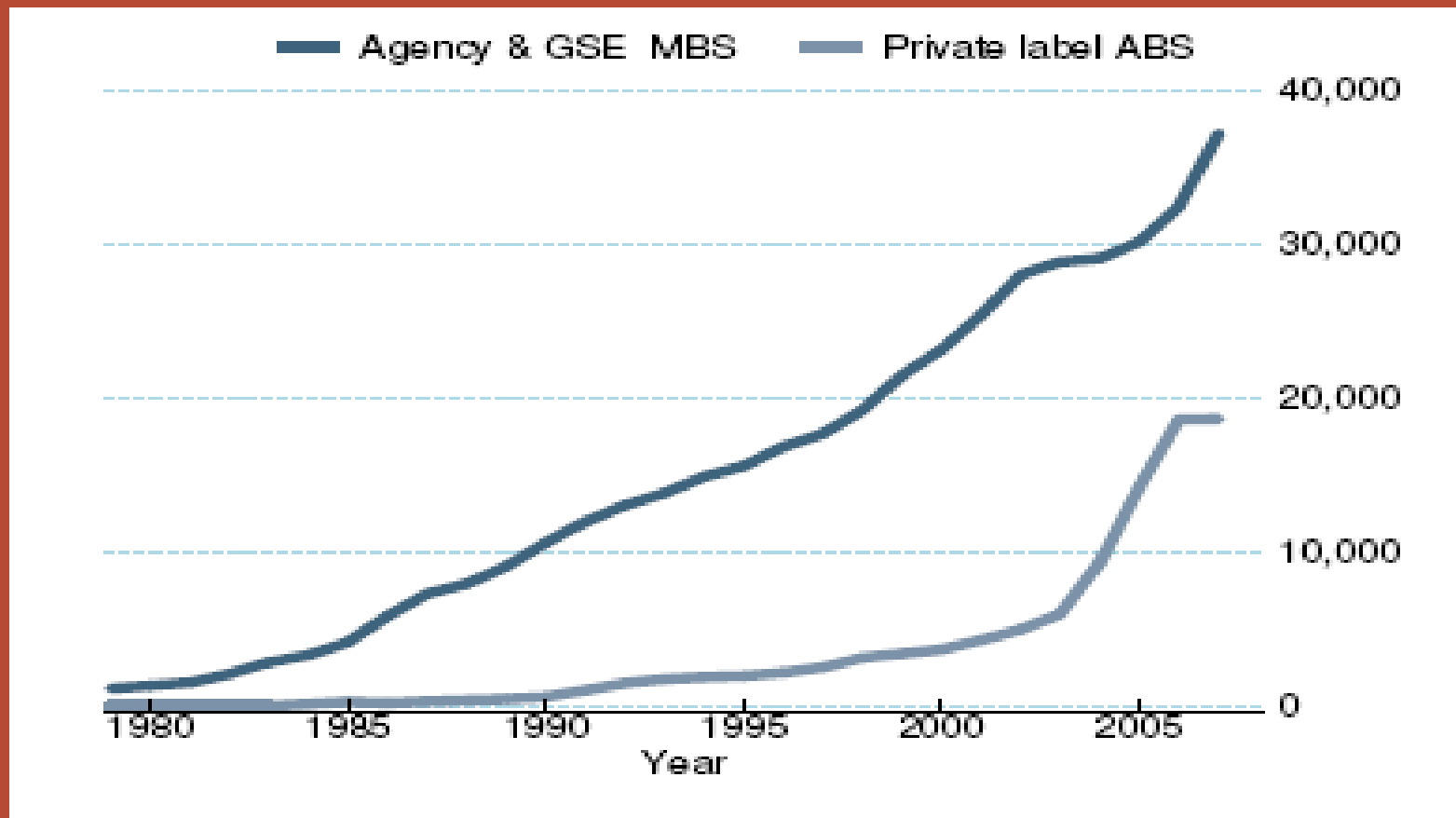


How Americans financed their consumption: The households' debt

Ratio of debt (mortgage and total) to wages



Securization of mortgages: growth in structured assets (1980 US \$ per household)



Source: Jagannagath et al. 2009

The American consumption bulimia

- Buying alone: NEG describes consumerism as an answer to the decline in common goods. The extreme American consumerism as a reaction to the decline of social capital
- In a society of lonely people consumption provides a form of identity: “I buy hence I am”
- What happened in the credit market is the other side of the coin of what happened in the labor market. Americans plundered every resource that was available to boost their consumption: credit and their own time

Advertising, identity, happiness

- “I’m an ad-man. My mission is to make you drool. In my line of work, nobody wants you to be happy, because happy people do not consume” (Frederic Beigbeder, famous advertising executive)
- “I buy, therefore I am. The brand defines the consumer. We are what we wear, what we eat, what we drive. The collection of brands with which we surround ourselves has become one of the most direct expressions of our individuality,” (The president of a large consumer goods multinational)
- “Advertising at its best is making people feel that without a product, you are a loser” (Nancy Shalek, president of the Shalek Agency)

Increasing youth distress

In the USA, compared to the preceding one, each new generation:

- declares itself less happy



Increasing youth distress

Each new generation:

- has a higher probability of mental illness



Each new generation

- has worse relationships



Each new generation

- has greater materialistic values



The generational nature of the decline of happiness and relationships

In the USA, compared to the preceding one, each new generation:

- declares itself less happy
- has a higher probability of mental illness
- has worse relationships
- has greater materialistic values

**WHAT HAS CHANGED
IN THE LIFE OF CHILDREN?**

The life of children has changed in the last decades

We have created for them a life as small adults

- Growing commercial pressure.
Born to buy?
- Growing pressure on their time.
Born to work?
- Growing relational poverty.
Born to be alone?

Advertising and children

- *“Advertising at its best is making people feel that without a product, you are a loser. Kids are very sensitive to that ... You open up emotional vulnerabilities and it is very easy to do with kids because they’re the most emotionally vulnerable (Nancy Shalek, president of the Shalek Agency)*
- “There are only two ways to increase customers: either you switch them to your brand or you grow them from birth”, (James U. Mc Neal, professor of marketing at Texas A&M)

Advertising and children

- All of these people understand something that is very basic and logical, that is if you own this child at an early age, you can own this child for years to come. Companies are saying: Hey, I want to own the kid younger and younger and younger.” (Mike Searles, president of Kids ‘R’)
- When it comes to targeting kid consumer, we at General Mills follow the Procter and Gamble model of “cradle to grave”. We believe in getting them early and having them for life”, (Wayne Chilicky, executive at General Mills).

The origins of the theory of marketing

- “In order to capture the attention of the audience” marketing “must be limited to a small number of assertions, constantly repeated”; “no change must modify their shape”; “the success of any form of marketing, either in business or politics, is based on its duration”; “its action must stimulate sentiments and not the reason”; “its spiritual level must be lower the greater it is the audience targeted”
- (***Adolf Hitler, Mein Kampf***, chapt. 6)

Therapies: Policies for Relational Goods

How can we build an economy and a society that are more attentive to the relational aspects of life?

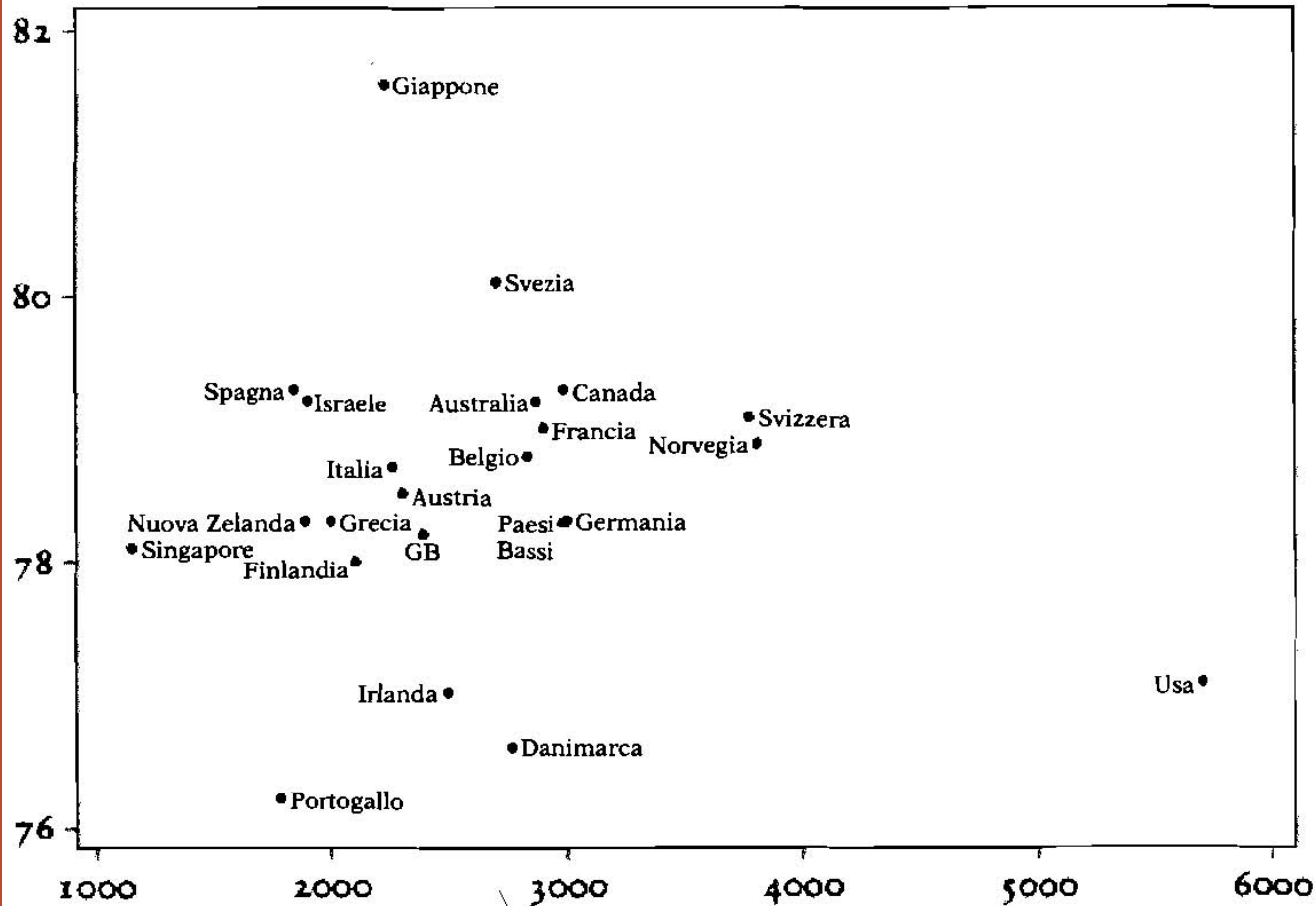
It is necessary and possible to change our:

- Cities
- Media
- Work
- Schools
- Health system
- Democracy
- Culture

Changing the health care system

- How can people's health be improved?
- The spontaneous answer of most people generally is: what matters most is the income of a country and how much of it is spent on healthcare.
- It is a wrong answer

Life expectancy and health care expenditures p.c.



Source: Wilkinson and Pickett, 2009

Results from epidemiology

- Healthcare expenditure is only one of the elements that influence health and longevity
- Happiness plays a dominant role in the health of individuals and populations
- Example: **the nuns study**. In the 30s a group of nuns was asked to write brief auto-biographies. These latter have been recently analyzed measuring the positive emotions expressed.
- 90% of the quarter of nuns that expressed the most positive emotions were still alive at the age of 85. Only 34% of the quarter that expressed the less positive emotions were still alive.

Results from epidemiology

- Epidemiologists are also perfectly aware of the link between relations and well-being.
- Health, mortality and life expectancy are strongly correlated with the relational experience.
- Having friends, love affairs, participating in groups and associations, having an identity, support and social integration, trust in others, all these protect the health of individuals and populations (Wilkinson and Pickett 2009, Jetten, Haslam and Haslam, 2010)

The prevention of diseases

- We over-spend in cure and under-spend in prevention
- The most important kind of prevention takes place outside of healthcare systems and it is achieved by promoting relations.
- Moreover: Importance of the relationships between medical personnel and patients. Doctors cure the illness, not the ill

Changing our cities

- For 5000 years, cities have been built for making people meet
- Recent evolution:
 - The decline of relational areas
 - Commercial malls as relational areas
 - Traffic: the city for cars
- The modern city is a gathering place only for production and consumption
- The main victims: generational inequalities

Changing our cities: space and transportation

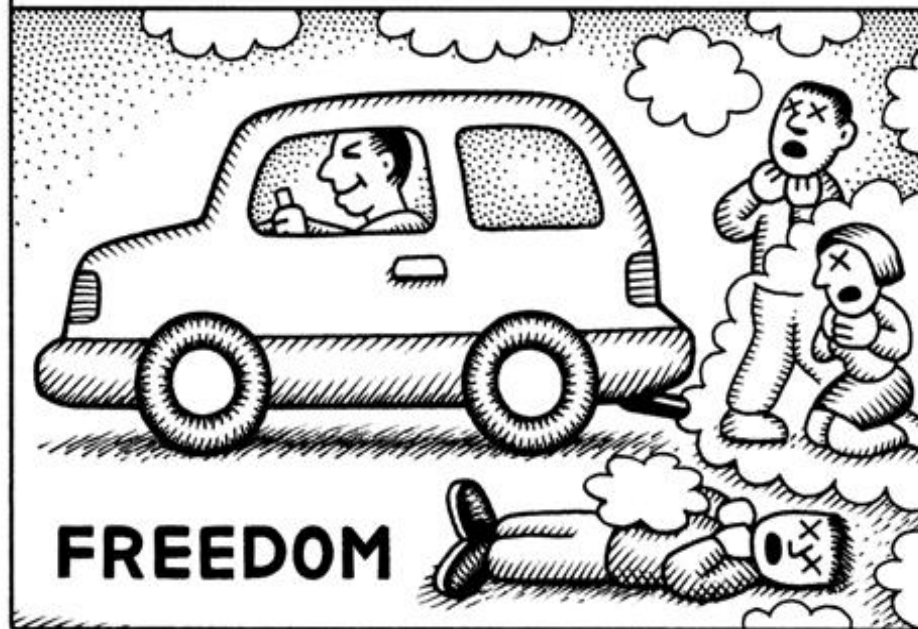
- The central points of the problem are the organization of public space and of transportation
- Relations require quality pedestrian public areas
- Relations needs to be protected from traffic

NO EXIT

© Andy Singer



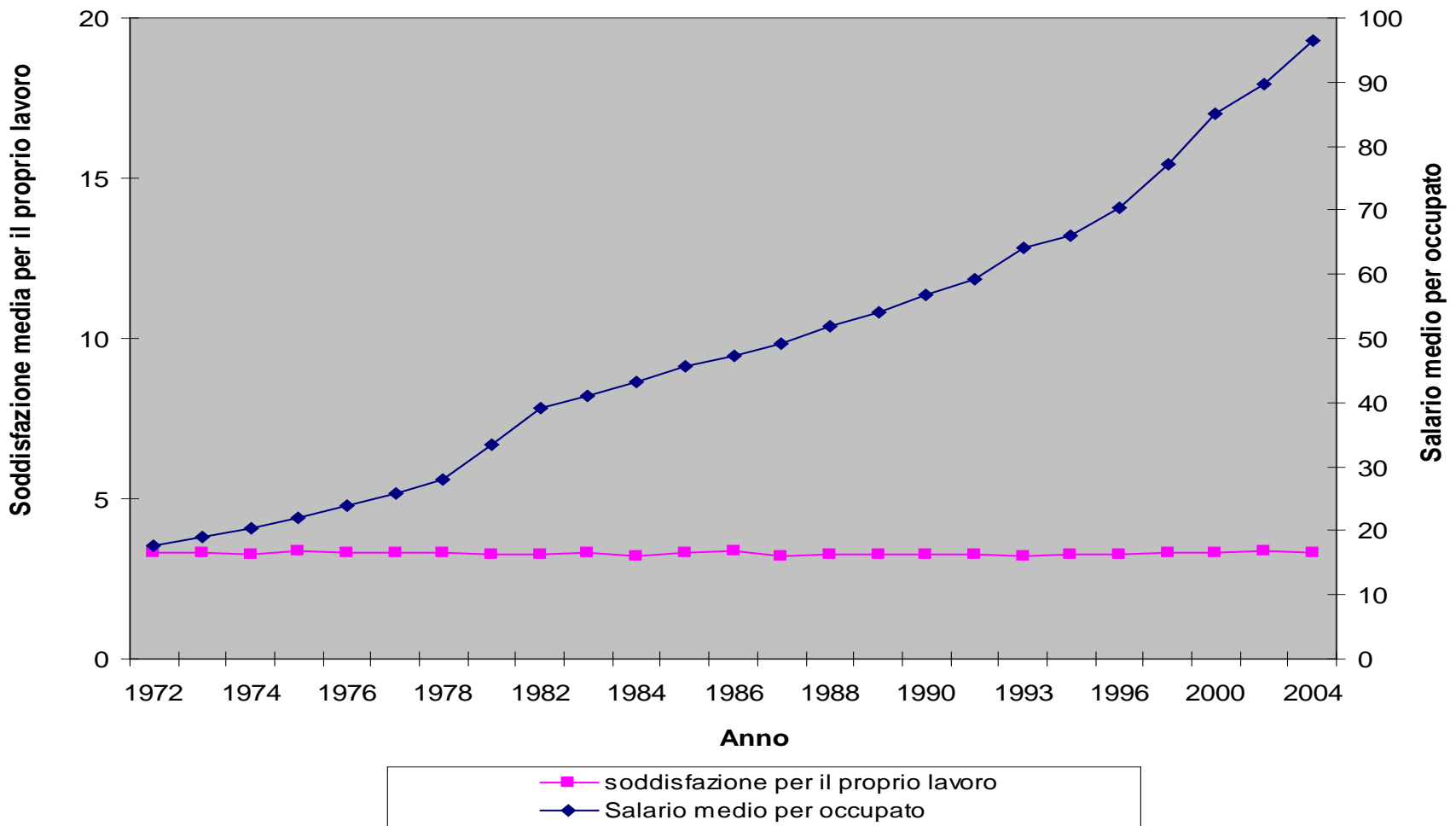
SINGER (STREDWICK)



Changing work experience

Well-being in the workplace

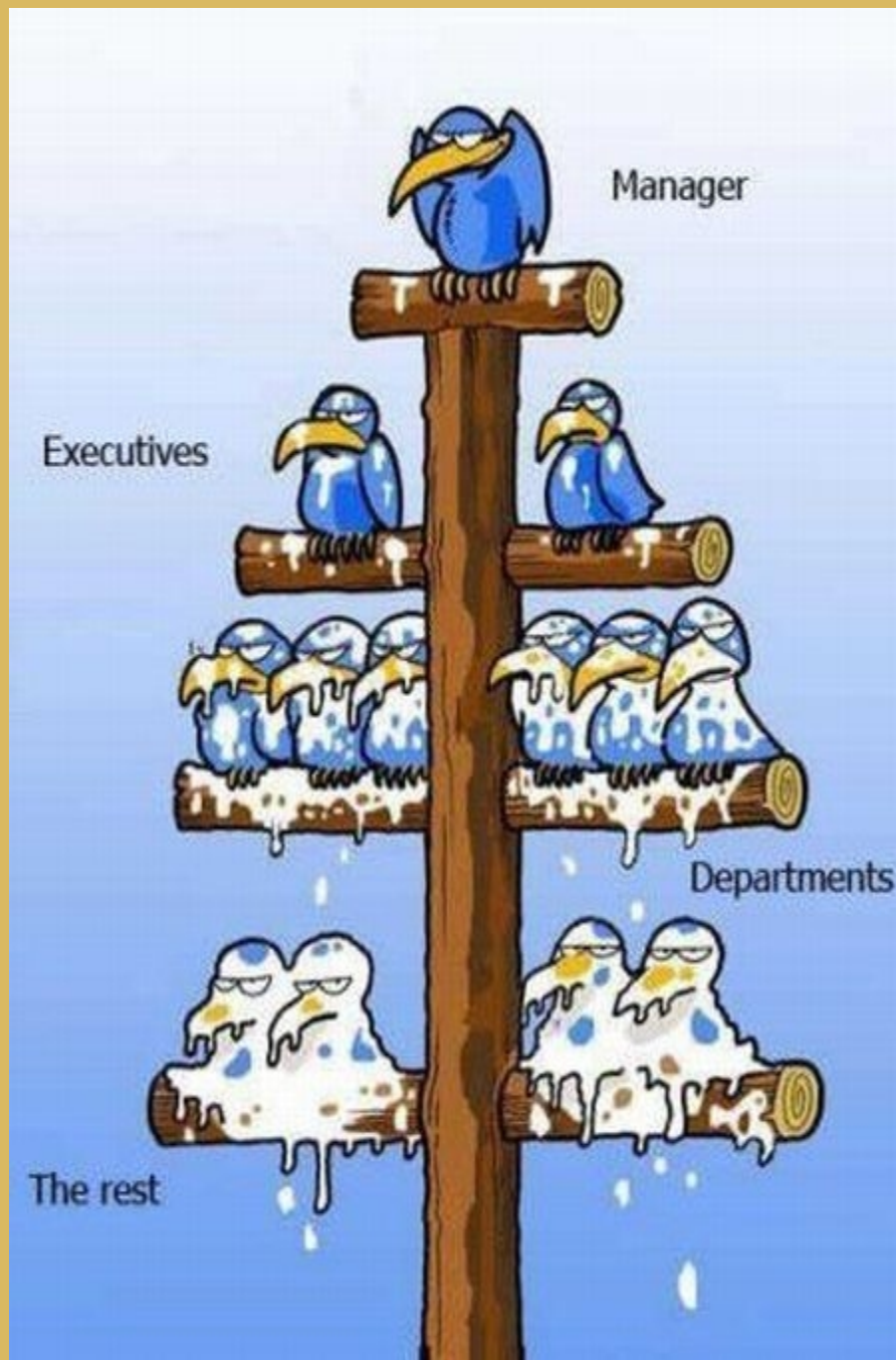
USA: Satisfaction in one's job has not increased in the past 30 years despite an increase in wages



Changing work experience

Satisfaction in one's job increases with:

- the quality of relations on the job (trust)
- the perception of control over one's work
- the opportunity to express one's abilities
- the variety of tasks carried out



Changing work experience : what should we do?

- Redesign the content of work processes so as to make them more interesting (e.g. job redesign, job rotation)
- Increase the degree of discretion and autonomy of workers
- Increase the compatibility between work and other aspects of life.
- Improve the relational content of working life.
Entrepreneurial culture
- Reduce those aspects of occupational organization that produce stress: pressure, controls, incentives

Happier but less productive?

- According to many economists, stress, dissatisfaction, pressures, tensions, competition, conflicts and difficult relations, repetitive and boring tasks are the price to pay for high production
- But psychological studies of the organizations do not confirm this belief
- Workers who are more satisfied have a higher “organizational citizenship”, that is the capacity of cooperation with others and with the organization in which they work in ways that are not strictly connected to their assigned tasks

Satisfaction on the job and productivity

Studies on “organizational citizenship” document that workers who are more satisfied :

- are more practical, collaborative and friendly
- change their jobs less frequently
- are less absent, more punctual and willing to help their colleagues
- The well-being of workers prefigures also the satisfaction of clients
- These correlations are stronger in relatively complex occupations

The limits of incentives

- Incentives tend to shift the efficiency of the performance to that which can be measured to the detriment of that which cannot
- Incentives work well when performance is highly measurable and when the task is extremely boring and repetitive
- But this is not the general case
- **The message: it is not possible to build an efficient economy completely free of incentives. But we must invert the tendency of considering them as all that matters.**

Changing our schools

Schools teach:

- The time for production is not the time for well-being
- Passivity with regards to one's education
- Subordination of one's physical requirements to the needs of production
- Haste
- Competitiveness
- A relation with power
- That intrinsic motivations are not important

A school that functions: Liberal Arts Colleges

- “Knox's unique penchant for self-expression, conversation and tolerant debate Students are encouraged to take on their own research projects, participate in off-campus programs, even design their own majors.Knox is also an engaged place, where students actively participate in the governance of the College, and the issues of the day are openly—though respectfully—debated in and out of the classroom. You'll acquire the freedom to flourish.you'll develop your own personal educational plan uniquely suited to your educational goals and aspirations in life... (This will) give you complete ownership of your education “.

Conclusion: intrinsic motivations and the culture of stress

- The entire economic and social organization is based on the underestimation of intrinsic motivations and this is based on our culture.
- Once these intrinsic motivations have been forgotten, we are left with the **culture of stress**. It tells us that stress is a way of managing situations, guiding people, resolving problems. It is the same culture that directs the education of children, the organization of labor, as well as the entire socio-economic organization.

Changing our culture: the sense of the possible

- The human mind invented the alternative, that is the capacity to conceive change. For mankind, the possibility precedes the reality. This makes humans capable of adapting the environment for needs they see as their own, first of which is to make life easier and more enjoyable.

Our culture instead ...

- The cultural and educational choices of advanced societies systematically favor the capacity of individual adaptation, taking the economic and social environment as a given, to the detriment of the capacity of adapting this environment taken instead as a human product (the sense of the possible)