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Relative Concern: Pros and Cons and Lessons to be Learned

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KDI FOCUS | Analysis on critical pending issues of the Korean economy to enhance public understanding of the economy and provide useful policy alternatives

Relative Concern: Pros and Cons and Lessons to be Learned

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“Individuals with a strong tendency to compare themselves to others are those who place the priority on work, position, and material goods; have a high degree of financial success; and tend to engage in overconsumption and conspicuous consumption. However, this relative concern was correlated with poorer health and low degrees of happiness and life satisfaction. In order for upward comparison to be a catalyst for self-development, fair competition must be ensured. Relative concern can be used to nudge people into socially desirable behaviors, but in order to increase the degree of happiness, it is necessary to counter the negative effects of social comparison and look after the quality of life to enable people to enjoy a balanced life.”

I. Research Question and Methodology

Relative concern, or the tendency to compare what one has with others, is a double-edged sword. On the one hand, upward comparison with those who are doing better than oneself can serve as an incentive for self-improvement. For example, during the period of development and rapid economic growth, the competitive spirit—the desire not to fall behind other people and other regions—was a motivation for individual and collective effort and indeed had a beneficial effect, bringing about significant results.

But relative concern, or social comparison as it is also called, can have a detrimental effect on happiness. One explanation of this “paradox of happiness” (known as the Easterlin paradox,

Relative concern is a double-edged sword. It can have the positive effect of stimulating self-development, but it can also have a negative effect on happiness.

* This is the translated version of *KDI FOCUS* released on August 12, 2014.

* This paper is an abridgement of Hisam Kim's contributions to the following policy study, of which he was the main author: Hisam Kim and Fumio Ohtake, *Status Race and Happiness: What Experimental Surveys Tell Us*, Policy Study 2014-01, Korea Development Institute, 2014.

or the phenomenon in which public happiness does not increase proportionally with income) is provided by relative income theory. This theory argues that people feel less satisfied despite increasing income when their income is not as high as other people's. The effect that relative income has on happiness varies with the degree of relative concern. Relative concern occurs not only in regard to income level but in a variety of areas in which relative position can be assessed, including grades, appearance, and consumption.

With that in mind, what does relative concern mean for Korean society today? In order to thoroughly explore this question, we surveyed 3,000 male and female adults (20~69 years) living throughout Korea from October to November 2013 using an experimental questionnaire from the discipline of behavioral economics.¹⁾ In addition to a variety of hypothetical experimental questions that we designed, the questionnaire also included questions from the World Values Survey and the Global COE project at Osaka University (http://www.iser.osaka-u.ac.jp/coe/journal/survey_eng.html).

Based on the results of the survey, this paper analyzes the socioeconomic backgrounds and values connected with relative concern and explores the behavioral characteristics resulting from relative concern, the economic performances, consumer behavior, and differences in health and happiness. The main conclusions gleaned from our research are presented below.

II . Results of Study about Relative Concern

1. Koreans have a strong tendency for relative concern

Around 36% of Koreans consider it important to compare their standard of living with people around them, while 25% think it is not important.

In response to the question "How important do you think it is to compare your living standard with that of others surrounding you?" 3.3 percent said it was "very important", 32.3 percent said "rather important", 39.4 percent said they were "neutral", 20.0 percent said it was "not very important", and 5.0 percent said it was "not at all important". In other words, all but 25 percent of respondents were concerned about comparing themselves with others, and 35.6 percent of respondents made it clear that such comparisons were important to them.

Generally speaking, Asian culture is collectivist and defines the self in terms of social relationships, while Western culture emphasizes the independence and autonomy of the individual. As a result, Asians tend to compare themselves to others more often and to pay more attention to their opinions than Westerners do (Chung and Mallery, 1999; Gibbons and Buunk, 1999; White and Lehman, 2005). After Korea's outmoded caste system was demolished under the control of other countries, relative concern among Koreans seems to have increased even more, especially under the bell-curved grading system at schools and the educational fervor

1) Behavioral economics is the field that attempts to complement the less realistic aspects of existing economic theory by drawing attention to the fact that people's actual behavior is affected by psychological, physiological, and social factors in addition to the rational decision-making assumed by traditional economics. The field includes experimental economics and neuroeconomics, making use of research methods including field experiments, questionnaires, and functional MRI.

that transcends class. In an experiment involving independent and competitive gambling tasks designed to tease out the degree of subjects' relative concern, Koreans were more interested in how their income compared to their rivals than Americans, who were more interested in their absolute income (Kang *et al.*, 2013).

People with a strong tendency for relative concern prefer to have more than other people even if that means less in absolute terms, rather than having less than other people even if it means more in absolute terms. The degree of relative concern measured on a five-point scale ("not at all important"=1~5="very important") shows a close correlation to relative preferences for income, academic achievement, grades, appearance, and ownership of various goods.

Even among Koreans, a stronger tendency for relative concern was found among women, young people, parents, and high-income earners. By region, the tendency for relative concern was found to be greatest among people living in the Gangnam area of Seoul (the three districts of Gangnam, Seocho, and Songpa). The intense competition for children's education led by young "tiger moms" earning high salaries in Gangnam appears to fall in line with relative concern.

It should be noted that, for all the findings below, we control for all socio-economic background factors (academic achievement, marital status, number of family members, religion, military service, along with gender, age, number of children, income, and region) in each regression connected with relative concern. That is to say, we analyzed to what degree, and in what way, values, behavior, and achievement vary with the five-point scale of relative concern even when these background factors are not different.

2. Relative concern shows a correlation to materialism and a goal-oriented attitude

Hypothetical situation: Suppose your employer hosts a regular company dinner every month. Where would you sit?

- ① Next to the boss so you can have a good chance of impressing your boss
- ② Next to a close colleague you feel comfortable with
- ③ Next to a new intern whom no one talks to

In the hypothetical situation above, people inclined to relative concern were more likely to choose the first option, that of sitting next to their boss. The likelihood of sitting next to the close colleague was also high, though not as high as sitting next to the boss, while the likelihood of sitting next to the new intern was low.

A strong correlation between relative concern and materialistic tendencies has been shown in multiple surveys that address the values held by an individual. With regards to the concept of a happy life, people with greater relative concern are more likely to place the priority on a life of personal advancement and comfort rather than on contributing to other people or to society. When asked about what was most important to them, such respondents tended to emphasize wealth, honor, and a good house above social contribution, faith, and personal satisfaction.

People who are inclined to relative concern tend to prioritize work and material values and have a goal-oriented mindset.

Respondents with a strong tendency for relative concern were also more likely to say that work was an important part of life, and they were less likely to have an attitude toward volunteering. In terms of choosing an occupation, high compensation and power were preferred to giving back to society, a sense of accomplishment, coworkers, compatibility, and personal interest. In terms of success factors for marriage life, adequate income, positive living environment, and living apart from one's parents-in-law were preferred to mutual respect and gratitude, understanding and tolerance, and similar interests and tastes. When evaluating the skill sets and values that should be instilled in children in the home, studying (and working) hard and a submissive attitude were more highly valued than tolerance, respect for others, and creativity.

Furthermore, respondents with a tendency for relative concern valued wealth, safety, and success that others would envy, but they did not regard enjoying the moment and helping other people as important. In addition, relative concern was strongly correlated with support for opinions that included the following: ① If early education overseas increases my child's chances of getting a better job, I would support this despite the risk of damaging the family relationship; ② I feel better when my child is doing well in his or her studies, rather than growing up to have a well-rounded character; ③ I would probably tolerate the involvement of the CEO from a large enterprise in an unlawful act in pursuit of bigger corporate profit; ④ when national interests are at stake, it is right to join hands with other countries and turn against the allies that helped us in the past. In addition, those with a strong tendency for relative concern disagreed with the notion that hard work was the most important factor for success in life, instead preferring to rely on luck and connections.

3. Relative concern is correlated with a strong tendency for herding, maximizing behavior, and selfishness

Individuals with a tendency for relative concern were also likely to exhibit herding and maximizing behavior, while their altruism tended to be limited to their children and their spouse.

People inclined to relative concern have a tendency to pay attention to how other people see them and are disposed to herding, that is, adopting the opinions and imitating the behavior of those around them. They also showed a strong tendency to feel at ease when they did this.

Hypothetical situation: You just received wedding invitations from three close acquaintances. However, you currently have only 180,000 won to give as wedding gifts. How would you allocate this money? (The total amount must be equal to 180,000 won)

(1)	Upper-class acquaintance's wedding where guests give 100,000 won or more on average	_____ won
(2)	Middle-class acquaintance's wedding where guests give around 50,000 won on average	_____ won
(3)	Lower-class acquaintance's wedding where guests give 30,000 won or less on average	_____ won
Total		180,000 won

The questions above were asked to determine how the degree of relative concern would affect preferences about the allocation of funds. There are three types of allocation that were examined in this portion of the study: herding allocation (giving 100,000 won to the upper-class acquaintance, 50,000 won to the middle-class, and 30,000 won to the lower-class), equal allocation (60,000 won to the upper class, 60,000 won to the middle class, and 30,000 won to the lower class), and sympathetic allocation (upper class \leq middle class \leq lower class, except for the option of giving 60,000 won to each). Respondents disposed to relative concern were more likely to choose herding allocation and less likely to choose equal and sympathetic allocation.

At the same time, individuals with a strong degree of relative concern were also found to have a propensity for maximizing behavior, or perfectionism. Maximizing behavior refers to the inability to be contented with what is satisfactory when making choices in everyday life—the effort to always acquire the very best.

If the objective of private tutoring is to help one's children increase their rank at school, the practice contributes to what is known as a “status race”,²⁾ with parents attempting to provide their children with more tutoring than other children receive. When asked to consider a hypothetical situation in which all other parents either increased, decreased, or completely eliminated expenditures for private tutoring, those inclined to relative concern tended to want to maintain a higher level of expenditures on private tutoring than other people, regardless of whether this involved raising or lowering those expenditures.

Hypothetical situation: Suppose that your employer provides better opportunities for promotion to those who have a good command of foreign languages, and that you want to attend night classes at a foreign language institute to improve your proficiency. However, if you attend the class, you will not be able to participate in overtime work, which could place a burden on your colleagues. What would you do in this situation?

- ① Register for a foreign language course
- ② Not register

In the situation outlined above, people with a greater degree of relative concern showed a greater tendency to selfishly pursue their own interests, even if it increased the burden on their coworkers. With 40 percent of respondents indicating that they would attend the foreign language course, the probability of registering for the course increased by 3.7 percentage points for each one-point increase on the relative concern scale. In addition, the study also found that people with a high degree of relative concern are less likely to hesitate before cutting in front of others who are standing in line.

2) As stated in Kim and Ohtake (2014), “When there are only scarce openings in elite universities and decent jobs, outperforming others become imperative even by a small margin, which we call a ‘status race’.”

Another result was that people strongly inclined to relative concern are less likely to agree that volunteering or doing good deeds for other people brings happiness to themselves. Indeed, those disposed to relative concern gave less money to charity each year.

In order to determine the scope and strength of respondents' altruism, we had them suppose that their parents or children were surviving on just one third of the respondents' household income. Participants were then asked what percentage of their own income they were willing to offer until their parents' or children's situation stabilized. People inclined to relative concern were willing to give a high percentage of income to their children, but a low percentage of income to their parents.

At the same time, people with high relative concern had a strong desire to leave as much of their assets as possible to their children. We also witnessed a tendency for them to want to leave as much of their estate to their spouse as possible, though the desire to leave their wealth to their children was greater. To sum up, respondents inclined to relative concern are reluctant to share with other people, and the range of altruism that they have for members of their family is limited to their children and spouse, excluding their parents. Furthermore, selfish motivation may be a part of such individuals' dedication to their children, considering that they tend to expect their children to look after them in their old age.

4. A strong inclination to relative concern is correlated with financial success and propensity to consume

When comparing people with similar earning potential—controlling for gender, age, years of schooling, and region and excluding the variable of income—those with a higher degree of relative concern tended to be more financially successful. For each one-point increase on the relative concern scale, the average monthly salary of the employed was 28.9 percent higher, and the yearly income of all respondents, including students and the elderly (factoring in scholarships and public assistance) was 15.3 percent higher. The total household income, which includes the income of other members of the family, was only 2.5 percent higher for each point increase in relative concern, but this rose to 22 percent for real estate and 20.7 percent for financial assets. Given the correlation between relative concern and materialistic values, this suggests that material success follows from these values.

What is the secret of their success? Among people inclined to social comparison, there was a strong tendency to prioritize material success in their lives and to fully dedicate themselves to competitive environments. A high percentage of such individuals worked with relatively greater intensity under a performance-based compensation system. In addition, these people had a strong tendency to take large risks when significant gains were at stake; in fact, a high percentage of such individuals gambled. Furthermore, the strong tendency to sacrifice other values to achieve a certain goal probably assisted with the acquisition of wealth.

On the back of their financial success, people with high relative concern tended to agree with

For each one-point increase on the relative concern scale, monthly income went up by 29%, real estate value by 22%, and financial assets by 21%.

the idea that, though the market economy widens the income gap between rich and poor, it also increases the size of the “pie”, generally making people better off. However, in light of the results of the afore-mentioned value survey, they did not show a strong belief that the market economy must be run according to the principle of fair competition.

On a related point, people with a high degree of relative concern showed a strong propensity for overconsumption, and they preferred maintaining a high level of consumption even if it meant having to borrow money. For each one-point increase on the relative concern scale, the amount of time spent shopping each week increased by 9.2 percent, the average amount of monthly household expenditures increased by 5.1 percent, and the yearly expenditures on durable goods such as automobiles and expensive electronic products that tend to be positional goods increased by 41.7 percent. For each one-point increase, spending on food (not including eating out) went up by 4.1 percent, while spending on eating out jumped by 10.1 percent, confirming that eating at restaurants is a more conspicuous form of consumption than eating at home.

For each one-point increase on the relative concern scale, expenditures on high-priced durable goods such as automobiles went up by 42 %.

5. High relative concern is correlated to lower psychological health, happiness, and life satisfaction

While people inclined to relative concern may have had a material advantage, this sensibility came at a cost. A higher percentage of these respondents had been hospitalized over the past year, while they also showed evidence of unhealthy habits: a higher percentage consumed alcohol, while a lower percentage exercised regularly. More worrisome was the fact that such respondents had higher incidence of anxiety, stress, depression, insomnia, and isolation, and their overall psychological health index was markedly lower, with respondents reporting that they worried about trivial issues, felt like failures, and experienced a lack of appetite.

Individuals inclined to relative concern had high levels of anxiety, stress, depression, insomnia, and feelings of isolation, and they had low levels of happiness and satisfaction about their life as a whole.

As a natural consequence, people with a strong tendency for relative concern reported lower feelings of happiness and life satisfaction, and the negative effects of relative concern prevailed over the boost in happiness resulting from an increase in financial success. Our analysis found that overall levels of current happiness (which was assessed on a scale of 0, or very unhappy, to 10, or very happy) decreased by 0.237 points for each one-point increase on the relative concern scale. For each one million won increase in yearly household income, the overall level of happiness is estimated to increase by 0.012 points, and, therefore, each one-point increase on the relative concern scale has a negative effect on happiness that is equivalent to a 20 million won reduction in income. Furthermore, the percentage of people inclined to relative concern who said that they are happier this year than last year was low, while the percentage who said they were less happy was very high.

For each one-point increase on the relative concern scale, happiness fell by a level commensurate with a 20 million won drop in household income.

Just as the relative income theory can be used as one explanation of the happiness paradox, this study also confirmed that respondents who rated the people around them as having a higher standard of living than themselves reported that they were less happy. However, even among

those with similar responses about how their relative standard of living was lower, the negative effect on happiness was stronger among those inclined to relative concern. From this it can be inferred that feelings of relative deprivation are positively correlated with relative concern.

In fact, the negative effect of relative concern was clear even when using the factor of life satisfaction (1~5 points), an index of subjective well-being and an alternative to evaluating the level of current happiness. Respondents with a tendency for relative concern were less satisfied not only with their life overall but also with the various elements that add up to life satisfaction, including place of residence, leisure activities, current financial situation, relations with friends, relationship with spouse and other family members, and work.³⁾

6. Respondents inclined to relative concern generally think Koreans are unhappy because of relative deprivation

In the survey, we asked respondents to read a list of factors that are believed to have an effect on decreasing Koreans' life satisfaction and to rank each of those factors in terms of importance. The average importance of these factors across all respondents is shown below (the values in parentheses indicate the item's average importance on a five-point scale).

1. More and more people feel isolated due to increased difficulty in personal relationships and estrangement of family relationships. (4.30)
2. Overflowing materialism causes more and more awful crimes and cases of conflict between values. (4.27)
3. Employment is increasingly unstable as irregular jobs and early retirement increase. (4.22)
4. Economic polarization has shrunk the middle class and its class consciousness. (4.16)
5. Social conflicts between different social classes, regions, and generations have intensified. (4.14)
6. People are affected by fatigue, obsessive-compulsive behavior and stress due to heated competition. (4.10)
7. The sense of stability is weakening due to a rapidly changing society and increasing uncertainty over the future. (4.06)
8. There is high discontent and frustration with dysfunctional politics and political leadership. (3.94)
9. The lack of social trust has caused higher expenses and increased wariness. (3.93)
10. As it is becoming increasingly clear that only a few can rise from humble backgrounds, people are losing hope for a better life. (3.86)
11. Both the global and domestic markets have slowed, and the economic growth potential has been weakened. (3.81)
12. There is a growing sense of relative deprivation caused by showing off and the propensity to compare. (3.76)

3) Incidentally, when we estimated the relative weight of the influence that each of these elements had on overall life satisfaction, respondents inclined to social comparison were found to place greater weight on their personal financial status and less weight on their relationship with friends (People with a lesser level of social comparison also put an emphasis on their financial situation, but people with a tendency for social comparison placed an even greater emphasis on this).

13. The degree of satisfaction that could be earned through material possessions besides meeting basic needs has decreased. (3.72)
14. Korea's security has become unstable due to North Korea's nuclearization and threats. (3.41)

As this list shows, ordinary Koreans identify isolation in their personal relationships, confusion about values, anxiety about employment, polarization, and increasing social disagreements as the primary causes of unhappiness. However, respondents with a strong tendency for relative concern were less likely to attribute unhappiness to isolation in personal relationships and confusion about values. Instead, they were more likely to attribute it to restrictions on upward mobility, the economic recession, the decrease in material satisfaction, anxiety about security issues, and in particular the growth of relative deprivation, which were ranked lower by average respondents.⁴⁾

7. Relative concern, or the awareness of others, can be used to motivate individuals to contribute to the public good

Those who are inclined to relative concern were found to be financially successful but reluctant to engage in altruistic behavior. One way to prompt such people to move in a socially desirable direction would be to take advantage of the fact that relative concern is associated with the desire to show off and a concern for how one is seen by other people. Indeed, people inclined to relative concern were found to agree more with the idea of making one's good deeds known publicly, rather than committing such acts anonymously or without disclosing them to one's social group

The situations detailed above were designed to answer three questions: in situations (1) and (2), whether respondents would actually increase their donations when a request was made for more donations (altruistic donation); in situations (3) and (4), whether they would emulate others by increasing or decreasing their donation (herding donation); and in situations (5) and (6), whether they would increase their donation when other people were watching (conspicuous donation).

Respondents who were inclined to relative concern were not very likely to increase their donations in situations (1) and (2); in fact, they were more likely to decrease them.⁵⁾ This illustrates that making appeals based on need is unlikely to persuade people inclined to relative concern to give.

Relative concern, which Respondents with a tendency for relative concern were more likely to attribute unhappiness to restrictions on upward mobility, the economic recession, decreasing material satisfaction, anxiety about security issues, and in particular an increase in relative deprivation.

Relative concern, which implies concern about other's opinions, can be used to lead people to make conspicuous donations and to reduce use of electricity through peer pressure.

4) Indeed, these items can be seen as substantially overlapping with the elements that compose the materialist mindset defined by Inglehart (1997). This can be interpreted as reconfirming the correlation between social comparison and materialism.

5) Experimental research related to charitable behavior has found that donations decrease when mails asking for donations mention that not enough money has been raised to reach the goal of the fundraising drive (Gneezy and List, 2013). When it is said that the money raised thus far is a result from the charitable activity of other people, potential donors with a herding tendency are more likely to give if a lot of money has already been raised. The rationale is that they are encouraged by the idea that their contribution is all that is needed to achieve the goal in a situation where other people's actions have brought the goal within sight. A similar logic can be applied to instances where people who are inclined to social comparison instead opt to reduce their donation when there is an increasing demand for donation money.

Hypothetical situation: You have been donating 10,000 won to charity at monthly gatherings of donors. These are anonymous donations in a sealed envelope. In the following situations, what would your response be? (You currently have one 5,000 won bill, one 10,000 won bill, and one 50,000 won bill, and all other conditions are assumed to remain unchanged in each situation.)

If I were told that...		I would reduce my donation to 5,000 won.	I would still donate 10,000 won.	I would increase my donation to 50,000 won.
(1)	...the number of people the charity decided to support increased five-fold this month;	①	②	③
(2)	...the number of people the charity decided to support increased two-fold this month;	①	②	③
(3)	...the average monthly donation per donor is 5,000 won;	①	②	③
(4)	...the average monthly donation per donor is 50,000 won;	①	②	③
(5)	...the donation envelope is not ready this month and I would have to make my donation in front of other people;	①	②	③
(6)	...the donors will be given a donation envelope with their name written on it this month and the amount of their donation will be posted on the charity's newsletter.	①	②	③

Next, respondents with a strong sense of relative concern were likely to follow the average by reducing their donation in situation (3) and by increasing it in situation (4) (However, the chance that they would follow the average by reducing their donation was greater than the chance that they would follow the average by increasing it). From this it can be implied that, when donations from those inclined to relative concern fall below the average amount, fundraisers could take advantage of the herding tendency to obtain more favorable results.

However, it was situations (5) and (6) that had the greatest effect on increasing these respondents' donations, and there was virtually no difference in the outcomes of each case. More specifically, a situation (either intentional or accidental) in which others are able to see how much money is being donated can lead individuals with a tendency toward relative concern to make more conspicuous donations.

On a related note, a survey was performed as part of a campaign to encourage people to turn on their fans instead of using their air conditioning, carried out to determine what kind of slogan would be most effective in making people cut back on their electricity use. The result of the survey was that, for individuals inclined toward relative concern, slogans urging them to save the environment or appealing to their civic spirit were not very effective. Instead, these individuals were more likely to respond to slogans that provided information about the amount of money they would save on electricity or that encouraged them to compare themselves with their neighbors who were participating in the electricity saving campaign. In particular, when it came to motivating people inclined to relative concern to make an effort to cut back on their electricity use, taking advantage of peer pressure through comparison was more effective than the financial incentive of reducing one's electric bill.

III. Lessons to Be Learned

There are important deductions that can be made about contemporary Korean society from the findings described above. These will be examined separately under the headings of relative concern, happiness, and the utility of behavioral economics.

First of all, there is a need for government policies that address the significance that relative concern has for Korean society at its current stage. The country's slowing economic growth and limited availability of good jobs have exacerbated competition in a zero-sum game with a narrow definition of success, making it more difficult to stimulate the beneficial effects of relative concern. In fact, the overheated competition for private tutoring has been noted to have damaging effects on children's health, has drained the retirement savings of many families, and has caused general anxiety, a low birth rate, and a waste of the country's social resources. Relative concern is believed to be a chief cause of the private tutoring boom: the concern that someone else's children might be receiving a better education.

If upward comparison is to become a catalyst for self-development, the person being compared to must not be too far ahead; there must be a way to catch up with that person, and it must be possible to view them as a competitor. However, in a situation where vast sums of money are spent on private tutoring from the time children are young, relative concern serves less as an incentive and more as a cause of alienation and frustration for those who cannot afford such luxuries.⁶⁾

As a result, the government must take quick action and move aggressively to develop policies to prevent the quality gap that has developed in the education sector from widening further. In addition, the goal of public education should be defined as developing a sense of self-worth that is immune to comparison with others, as well as to redress the negative effects of a bell-curved grading system, which weakens students' ability to cooperate and ingrains relative concern in the educational system. In addition, caution is advised when it comes to introducing an educational system that could lead to vertical stratification rather than horizontal diversity. The government also needs to make an effort to correct the excessive gap in working conditions in the labor market between irregular workers and regular workers and between SMEs and large corporations. Furthermore, active support should be given to students who find themselves at a disadvantage in zero-sum status race so that they can pursue a variety of paths to success.

Secondly, there is a need for Koreans to rethink the conditions needed for happiness. While individuals inclined to relative concern may have gained material superiority at the expense of

As competition intensifies in a zero-sum game where success is narrowly defined, the positive effects of relative concern are reduced.

If upward comparison is to become a catalyst for development, the person being compared to must not be too far ahead; there must be a way to catch up with that person, and it must be possible to compete with them.

6) In one social survey conducted by Statistics Korea, the heads of families were asked how likely they thought it was that the socioeconomic position of their children's generation would be higher than their own. The number of respondents who said chances were low has steadily increased over the past twenty years: 5.1% (1994) → 11.2% (1999) → 19.8% (2003) → 29.0% (2006) → 30.8% (2009) → 42.9% (2011) → 43.7% (2013). This shift reflects a growing pessimism about the possibility of class mobility between generations. By 2011, most respondents who had said that they didn't know in 2006 (31.2%) had migrated to the opinion that chances are low; as of 2013, more people think chances are low than high (39.9%). Significantly, this pessimism was found to be most dominant among householders in their 30s—those who are deciding whether or not to have children (In 2013, 51.5% of this group said chances are low, while 35.9% said they are high).

At present, most Koreans prioritize work and financial success. If they are to enjoy greater happiness, they need to achieve a balanced life in which consideration is also given to well-being in the domains of personal relationships, health, and the community.

other values, attention should be paid to the fact that they have poor psychological health as well as a low sense of happiness and life satisfaction. According to the conclusions of a Gallup survey of people from 150 different countries, our life should be balanced between the five elements of well-being, namely, career well-being, social well-being, financial well-being, physical well-being, and community well-being (Rath and Harter, 2010). But Koreans—and in particular, those with a tendency toward relative concern—seem to be putting a disproportionate emphasis on work and finances. Koreans need to allot time for personal relationships and for health, and they need to have an opportunity to open their eyes to the happiness that comes from sharing and from participating in the community of people around them. Career training needs to encourage people in the process of choosing a job to consider not only how much money they can make and how much influence they would like to wield but also whether the job is a good fit for them and how much satisfaction they will gain from it. Furthermore, given the simultaneous issues of excessive working hours and high unemployment, the government needs to protect the role of the family, as well as make an effort at reducing working hours and allow job sharing between workers to help encourage a work-life balance. The federal government must also work with local governments to build more local sports facilities, expand meeting facilities for communities of various age groups, and provide support for high-quality programs.

Research into behavioral economics, which can reveal the characteristics of human psychology and behavior, has the potential to promote policy goals through non-coercive and inexpensive means.

Finally, it is also necessary for government policy to begin to actively incorporate behavioral economic research on such topics as human psychology and patterns of behavior. In showing how people's inclination for relative concern can be used to motivate them to take actions that are socially desirable such as donating money and saving electricity, this paper is only hinting at the potential of such applications. Relative concern was recently used in an extensive field experiment in the U.K. that put messages such as "Nine out of ten people in the U.K. pay their tax on time. You are currently in the very small minority of people who have not paid us yet" on tax bills, which increased the number of people who paid their taxes (Hallsworth *et al.*, 2014). In a democratic policy-making environment, it is no longer possible for the government to take authoritative administrative measures (such as banning private tutoring); at the same time, there are fiscal limitations on using economic incentives such as tax breaks and subsidies to incentivize certain behaviors. In this situation, if the human behavioral characteristics ascertained through field experiments are applied to policy (particularly in the area of regulations), we may be able to successfully achieve desired policy goals in a non-compulsory and inexpensive manner. ■

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