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Development policy based on happiness? A review of concepts, ideas and pitfalls

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DISKUSSIONSBEITRÄGE DISCUSSION PAPERS

Development Policy based on Happiness?

A Review of Concepts, Ideas and Pitfalls

Timon Renz

No. 75 – April 2021



Development Policy based on Happiness?

A Review of Concepts, Ideas and Pitfalls

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Summary

Happiness research, which has been strongly represented in the social sciences for some years, also offers opportunities for application in public policy. Consequently, there are already considerations to evaluate development policy by the yardstick of subjective well-being. This paper aims to provide an overview of the applications of happiness to development issues and to elicit both opportunities and pitfalls of such a policy. As a result, numerous problems associated with happiness research become apparent - conceptually, technically, and even ideologically. It is probably too early to proclaim a new paradigm of a »Happiness Development Policy«. Thus, the paper also deals with what might still have to be done for a meaningful application.

Table of Contents

1	INTRODUCTION.....	1
2	HAPPINESS AND LIFE SATISFACTION IN PUBLIC POLICY.....	2
2.1	THE CONCEPT OF SUBJECTIVE WELL-BEING.....	2
2.2	GENERAL TRANSFER TO PUBLIC POLICY AND ITS MAIN THEORETICAL CHALLENGES.....	3
2.3	FIFTEEN CLASSICAL OBJECTIONS TO HAPPINESS POLICY.....	5
3	TRANSFER TO DEVELOPMENT POLICY – SOME OPPORTUNITIES AND PITFALLS.....	11
3.1	HAPPINESS RESEARCH IN NON-WESTERN COUNTRIES – TWO EXAMPLES.....	12
3.2	FIRST EMPIRICAL EVIDENCE FROM »HAPPINESS DEVELOPMENT ECONOMICS«.....	14
4	»HAPPINESS DEVELOPMENT POLICY« – A NEW PARADIGM?.....	16
	REFERENCES.....	20

1 Introduction

Happiness and well-being have been considered as possible targets for public policy for several years (e.g., Layard 2006; Frey and Stutzer 2012). Nevertheless, in the field of development policy, the indicator of subjective well-being appears only sporadically – in the *Sustainable Development Goals* (SDGs), for example, only indirectly in the third goal as »Well-Being«.¹ Yet, the *World Happiness Report 2020* showed that the SDG-Index (as a measure of SDGs fulfilment) and subjective well-being are strongly positively correlated and that the different fulfilment of SDGs can explain almost 60 per cent of the variance in happiness² levels between countries. The measure of subjective well-being could thus be an indicator or proxy for the successful achievement of development policy goals.

In contrast, there is scepticism about using happiness as an indicator for development policy. The objections range from technical problems with the measurement of happiness to conceptual difficulties (Graham 2011) and ideological distortions of a happiness policy (Cabanas und Illouz 2019). Basic criticism is also expressed: The concept of happiness would be not new, is diffuse, elusive and leads to unethical policies.

This paper aims to sketch this debate and to compile the advantages and disadvantages of including happiness in development policy. Since the emergence of empirical happiness research in the 2000s, there is a growing body of knowledge that can provide guidance for practical development policy. If we investigate countries that already have happiness criteria (e.g., Bhutan, New Zealand), what difficulties could arise when incorporating empirical evidence from happiness research into public policy? This leads to the most important follow-up question: What could be improved in comparison to today's development policy with happiness research? Is it sufficient to proclaim a new paradigm of »happiness development policy«?

The paper continues as follows: Chapter 2 first describes the concept of happiness and the research that accompanies it. This is followed by a critical presentation of the theoretical approaches of life satisfaction to public policy and 15 classical objections are presented. Chapter 3 discusses the empirical evidence, as well as field research on happiness in different countries of "the South". Chapter 4 examines the possibility of a »new« paradigm in development policy. Aspects related to happiness and development policy are discussed and

¹ See United Nations: <https://sdgs.un.org/goals> accessed on 19.02.2021.

² Usually the terms subjective well-being, happiness and life satisfaction are used synonymously. For subtle differences between the terms see Tatarkiewicz (1984).

ways in which happiness science can be made prospectively fruitful for development policy fields.

2 Happiness and Life Satisfaction in Public Policy

2.1 *The Concept of Subjective Well-being*

Happiness or subjective well-being is determined by objective and subjective factors (Veenhoven 2000). The objective factors include observable life circumstances, including personal circumstances such as relationship status (individual level) or the availability of local public goods (collective level). The subjective side concerns the evaluation of one's own general life situation. Objective and subjective factors are multiplicatively linked: This means that happiness is defined as »*justifiable* satisfaction with life (Tatarkiewicz 1984: 16).« *Justifiable* entails that no one living in terrible conditions can be happy. Conversely, no one who lives in complete wealth but whose subjective evaluation is highly negative can be truly happy (Tatarkiewicz 1984).

A further distinction is made between cognitively oriented life satisfaction and affective emotional pleasure as well as contentment arising from the »good life« (eudaimonia) (Nussbaum 2012). The »good life« mostly refers to the feeling of doing something useful. This Aristotelian eudaimonia is approached through the following possible questions: »Does my work mean anything to me? « »Do I feel a sense of purpose for the things I do? « »Is what I do in life meaningful and valuable? «³ Moreover, affective pleasure is measured with the help of various emotional items – e.g., fear, anger, elation, or sadness. It is intended to capture the short-term and day-to-day situation rather than the thoughtful, reflective thinking on one's own life – which is measured by the cognitive general life satisfaction (Kahneman and Deaton 2010).

The scale that is primarily addressed in this paper is that of cognitive life satisfaction. The most used scales are of type 7 or 11, which ask the following question: »Overall, how satisfied are you with your life in general? 0 is very dissatisfied and 10 means very satisfied« (Angner 2013).⁴ The required data is mostly collected via surveys that simultaneously gather other areas of satisfaction (satisfaction with work, health, family, etc.) and numerous life circumstances. The data collected in this way is subsequently evaluated and analysed using quantitative empirical methods (mostly linear or logistic regression techniques). The following empirical

³ Since 2016, the German Socio-Economic Panel, for example, asks eudaimonia using a scale from 0 to 10: 0 means "not at all valuable and valuable", 10 "completely valuable and valuable". The majority (modus) gives a value of 8 here. Source: https://paneldata.org/soep-core/data/bip/bip_03 (Accessed: 23.03.2021).

⁴ Angner (2013) offers a discussion of the extent to which life satisfaction can be measured at all. He also shows further established ways of measuring (cognitive) happiness.

results can be derived from these quantitative studies with relative certainty⁵: Additional income makes people happy, but to a decreasing extent (Easterlin 2001). Health, a stable social environment, and an extroverted personality are happiness drivers (Furnham and Brewin 1990; Graham 2008; Leung et al. 2011). Positive events such as a wedding or winning a lottery make people happy in the short term, but in the long term they adjust to their old level of happiness. This can also be observed in reverse logic with negative events like the death of the partner or a new incurable disease (Lucas 2007).

2.2 *General Transfer to Public Policy and its Main Theoretical Challenges*

Relatively simplistic transfers of the empirical findings of happiness research to policymaking come, for instance, from Clark et al. (2018) or Ng and Ho (2006). Clark et al. (2018) suggest that all policies should be measured by so-called »happiness point-years«. ⁶ Gaining a »happiness point-year« means that an individual in society has risen one point on the happiness scale (scale from 0 to 10) within one year because of a particular policy measure (Clark et al. 2018: 199). These point-years are then summed across all individuals and *the* policy measure that promises the highest gain in cumulative »happiness point-years« – given a specific amount of money – is chosen.⁷ These considerations are additionally embedded in a life-course approach, i.e., all measures should be examined against the background of the effects on families, children, parental behaviour, or mental health (Clark et al. 2018: 213f.).

Ng and Ho (2006), like Clark et al. (2018), call for greater integration of empirical evidence into economic policy gathered by happiness research. However, they formulate their ideas in distinction to classical national economics – for example, according to the authors, factors that have a negative impact on life satisfaction, such as competition or materialism, should be decreased (Ng and Ho 2006: 248).

Many in happiness research make it as simple as Clark et al. (2018) or Ng and Ho (2006). The goal of maximising happiness is often seen as the ultimate goal of public policy – some even speak of the goal of maximising happiness as a »moral obligation (Duncan 2013)«. One of the central proponents of positive psychology⁸, the psychologist *Martin Seligman*, even claims:

⁵ For a comprehensive presentation of results, see e.g., Enste et al. (2019).

⁶ This is similar to the »Quality-Adjusted Life Years (QALYs)« approach (e.g. Vergel and Sculpher 2008).

⁷ Respectively, Fabian (2019) criticises Clark et al. (2018) for their blindness to other approaches of well-being, e.g., the eudaimonic perspective (Graham 2011).

⁸ Positive psychology as a psychological branch of happiness research tries to find out which characteristics distinguish happy from unhappy people and draws implications for personal lifestyle. In this way, Positive Psychology sets itself apart from traditional psychology, which – roughly speaking – tries to shed light on illnesses and reduce the suffering of the ill (Seligman et al. 2005).

»There is a politics behind positive psychology. It is not a politics of left versus right, however. Left and right are the politics of means – empowering the state versus empowering the individual – but, stripped to essentials, they both advocate similar ends: more material prosperity, more wealth (Seligman 2011: 221).« It does not matter whether a policy is oriented to the right or the left: According to Seligman, they all pursue the identical goal, namely the greatest possible happiness of the community. However, the assumed freedom of ideology must be viewed critically for several reasons. First, there is an extreme consequentialism behind the maximisation of happiness, i.e., the focus is first and foremost on the result of a policy (as much happiness as possible) and less on the ways and means of arriving at that policy. Whether by means of a democratic or an authoritarian approach: The main factor seems to be happiness. The only exception to this notion is if democratic societies produce happier people than authoritarian ones, in which case the democratic form would be preferred based on consequentialist logic (Dorn et al. 2007). Consequently, numerous problems arise in the search for happiness measures, i.e., in the political process (see chapter 2.3).

Secondly, on the way to maximising happiness, problems arise regarding the relationship between privacy and the public sphere: Demarcations between the private and public spheres would have to be renegotiated; which measures leading to happiness concern the collective, which the private household? In line with the liberal model that follows many in happiness research (e.g., Seligman 2011), private autonomy is at the centre, while *only* economic and private interests are negotiated in the public sphere (Rosenzweig 2020: 135). Accordingly, the fulfilment of private interests would have to increase private happiness – a policy would thus have to be found that creates the sufficient conditions within which »the greatest happiness of the greatest number« (utilitarian view) could be achieved. From the point of view of liberal contractualism, a constitution should thus be created behind the »veil of ignorance« that maximises the probability of everyone's state of happiness. Thus, according to Frey and Stutzer (2010, 2012), within this contractualist framework rules could be imagined that function independently of people's »happiness interests«.

The third reason in favour for the existence of a happiness ideology, it is not at all clear whether happiness should be the primary goal or even moral obligation of politics. Goals such as equality, justice, virtue, or freedom are still conceivable as goals of politics. While there is empirical evidence that these goals are often positively related to people's happiness (e.g., for equality: Alesina et al. 2004), in my view ethical concerns can arise from absolutizing a single goal such as happiness and putting other equally important goals aside. For what if new

empirical evidence emerged showing that people in unequal, unjust and unfree societies are actually happier than in (relatively) equal, as just, and free as possible societies?

2.3 *Fifteen Classical Objections to Happiness Policy*

Criticism on happiness policies has been around as long as happiness research has existed. In addition to the contradiction to the claim of freedom of ideology, there are a lot of different theoretical objections and weaknesses of a potential happiness policy based on empirical evidence. In the following, fifteen from my point of view best known and most convincing problem areas of happiness policy (in relation to development policy) are outlined.⁹

1. *The Adaptation Problem*

A classic and often cited problem – also often referred to in happiness research itself – is the adaptation problem (DiTella et al. 2010; Austin 2016). It seems to be the case that people adapt their levels of well-being to changing situations after a certain period. If a person's circumstances deteriorate, well-being falls in the short term, but in most cases, it rises again to the original level (Fabian 2019). This creates the seemingly paradoxical situation that a poor farmer in a »developing country« can be more satisfied than a rich millionaire in an industrialised country (»happy peasant and frustrated achiever paradox« (Graham 2011: 14)). The farmer has probably experienced more setbacks and losses in his life than the millionaire but is able to make up for the losses in well-being step by step. The millionaire is the other way round: he probably experiences more positive things in life, but also adjusts his happiness level downwards again after a certain time. Ultimately, according to the adaptation theory, how happy a person is depends as well on factors other than the circumstances themselves.

What does this mean for politics? Graham (2011: 14) expresses the worry that this can lead to a collective tolerance for bad equilibria: If the farmers are happy, why should we as a community want to change their situation? If the happiness level of the economically poor farmer is even higher than that of the millionaire, should we not rather pursue a happiness policy for the millionaire? Johns and Ormerod (2007) therefore rightly emphasise that the average subjectively reported happiness in poorer countries hardly reacts to different development steps: People do not become happier per se with higher income ("Easterlin paradox")¹⁰, more

⁹ Other presentations of the advantages and disadvantages of a happiness policy are offered, for example, by Austin (2016), Jenkins (2016) or Fabian (2019).

¹⁰ The Easterlin paradox describes – in simple terms – the phenomenon that *at one point in time* (economically) richer people are happier on average than poorer people, but that, counterintuitively, *over time* additional wealth does not cause additional happiness (Easterlin 1974).

education, a better health system or a more advanced infrastructure. If happiness or life satisfaction were to be the sole yardstick of a policy, such measures would tend to be rejected. Or like Graham (2011: 15) puts it: »Do we care more about reducing the unhappiness of the miserable rather than increasing the happiness of the already happy? «

2. »Utility Monsters«

But if – as adaptation theory suggests – it is primarily genetic or hormonal factors that determine a person's individual level of happiness (Lykken 1999), how can we then improve the objective living conditions in a poorer country using subjective happiness as a yardstick? Robert Nozick's »utility monster« also pokes into this question: Let us imagine two people living in the same circumstances – same income, same wealth, same public infrastructure, and same private living conditions. Now it may be that person A already becomes a lot happier by receiving an additional 100 euros. Person B, however, may need 10,000 euros to experience the same increase in happiness as person A had with 100 euros. Person B therefore swallows the happiness (or the benefit) like a "monster" (Nozick 1974).

Transferred to development policy, the question arises whether we should give so much more consideration to person B than to person A so that person B needs significantly more to obtain the same happiness as person A. What legal or ethical basis do we have for taking such strong account of person B? But the question also arises the other way round: If we give person B only 100 euros (like person A), person B will be significantly unhappier than person A. Would this then be fairer (Fabian 2019: 2020)?

3. *Unethical Political Decisions*

The concern about using happiness as an unethical yardstick was especially expressed by Johns and Ormerod in their book *Happiness, Economics and Public Policy* (2007). If simple conclusions are drawn ex-post from the results of happiness research, this can lead to peculiar policy measures. For example, empirical studies regularly show that marriage and religious faith can make people happier. Furthermore, ethnic heterogeneity in a neighbourhood or country would make people unhappy. Does this then mean that policy should encourage people to marry, favour religiosity and ethnically homogenise districts (Johns and Ormerod 2007)?

4. *Cardinality versus Ordinality*

From a practical development perspective, the limited nature of monetary resources (e.g., development funds, aid, etc.) leads of necessity to the decision of who (or which country) should

receive the scarce monetary resources. In future, the average happiness level of a country could be a decisive criterion. If we were now to compare the average life satisfaction figures of countries: Who do we favour? In the World Happiness Report 2020, the average Bulgarians and Nepalese are shown to be about equally (un)happy. The Nepalese are slightly happier than the Bulgarians – by 0.035 points (scale from 0 to 10). Guatemala even has an average happiness level that is one point higher than that of the Bulgarians. Thus, Guatemala is much happier than Bulgaria. Can such figures help to better manage development performance? When distributing development aid, the question now arises to what extent the three happiness values should be considered. Basically, there are two possibilities – either *ordinal* or *cardinal*. If Bulgarians are unhappier than Nepalese, should they just get more (ordinal perspective), or should Bulgarians only get 0.035 percentage points more (cardinal perspective) than the Nepalese? And if Guatemala is so happy, should development aid flow there at all?

This ultimately leads to the measurement theory question of whether the happiness scale can be interpreted ordinally or cardinally. Are the distances between the individual statements on the scale between 0 and 10 to be assessed as identical – i.e., is the difference between 7 and 8 the same as between 2 and 3? And above all: Is the interpretation of the differences within a scale between countries the same everywhere?

5. *Political Definition of Happiness*

The respondents' subjective interpretation of happiness becomes objective in the form of a policy measure. The subjective assessment of one's own state of happiness would thus be the starting point for real politics. However, since happiness is relative (see adaptation processes or »Utility Monsters«) it can hardly be used as a political measuring instrument (like inequality, public health, or public expenditure). Life satisfaction is distributed in a highly contradictory manner in the population: If, for example, a survey in a city reveals that building another kindergarten would raise the level of happiness by one point on average, this additional happiness might only be an expression of a short-term high (or, in the long-term no happiness gain) or the desire of some »utility monsters« (Graham 2011: 14f.). In addition, there may be incentives to deliberately report low levels of happiness in order to be taken more into account by policy makers.¹¹

6. *Happiness Technocracy and Reductionism*

¹¹ If happiness becomes part of the political process within which levels of happiness can be strategically deployed, one could imagine of a *political economy of happiness*.

Happiness research is predominantly empirical. With the help of large data sets that arise from surveys, connections to certain objective factors are worked out. In some cases, specific questions are dealt with: If certain objective factors are then positively related to life satisfaction, policy implications are given suggesting that happiness can be increased by improving the objective factor covered. Hence, if watching TV makes you unhappy – less of it! If inequality makes people unhappy – then measures that serve equality (e.g., progressive income taxation) should be envisaged. All political implications stemming from the results are derived from this technical process. Furthermore, the results are viewed in a relatively isolated manner without really noticing the whole issue. Watching less television could then even have a counterproductive effect if, on the one hand, the time previously spent in front of the television is spent doing other things that make people even more unhappy. On the other hand, watching television could also have been accompanied by positive things – e.g., watching television often with friends or family. The sum of the individual components of happiness therefore results in the sum of happiness – this idea of reduction to single factors, which are then treated in isolation, has already earned happiness research the accusation of *reductionism* (Jenkins 2016).

7. *Not Innovative*

According to Jenkins (2016), politicians have always had an indirect eye on people's well-being and happiness – without explicitly placing this in the foreground. The approach as well as the results of the science of happiness are therefore often viewed as not really innovative. The low level of innovation and the lack of novelty may be one of the reasons why many of the new happiness and well-being indicators are only used to a limited extent in political practice: The work of the Sen-Fitoussi-Stiglitz-Commission¹² in France (Noll 2011) or the W3 indicators in Germany (Schmidt 2014), for example, received little resonance in politics and the public.

8. *A Chaotic Concept*

Happiness and wellbeing can be classified as "chaotic concepts". According to Sayer (1982: 18), chaotic concepts are »abstractions which groups together disparate and potentially contradictory aspects of the world into a single concept which appears to have unity and autonomous force.« According to Jenkins (2016), what happiness really is has not really been

¹² See the report of the Commission on the Measurement of Economic Performance and Social Progress: https://www.researchgate.net/publication/239807212_The_Measurement_of_Economic_Performance_and_Social_Progress_Revisited_The_Measurement_of_Economic_Performance_and_Social_Progress_Revisited_Commission_on_the_Measurement_of_Economic_Performance_and_So (accessed: 16.03.2021).

answered to this day: A consistent and inherently non-contradictory picture of well-being would be still missing.

9. Happiness is a fuzzword

Happiness has already been referred to as a so-called fuzzword or as euphemism: There is hardly anyone who positions themselves against happiness. Even, nobody is against poverty reduction, empowerment, or participation.

10. Scope Fallacy

It is unclear how broad the scope of the concept of wellbeing is – especially with such general questions as: »All in all, how satisfied are you with your life right now?« In response to this question, do the respondents give a subjective assessment of their *objective well-being* or a subjective assessment of their *subjective well-being*? The happiness researchers believe that the respondents would do the former. However, the ambiguity of the question also allows the second interpretation (Austin 2016: 130).

11. Inter-Temporal Trade-Offs

There are a few examples where short-term happiness and long-term well-being face each other. A classic example is the consumption of alcohol: In the short term, alcohol increases emotional well-being, in the long term, in turn, it is harmful to health. Life satisfaction studies show that respondents who drink moderately are happiest – those who did not drink alcohol at all or those who drank a lot were more likely to be unhappy (e.g., Petilliot 2018). But what should a sensible drug policy in the background of such evidence look like in terms of happiness?

12. Instrumentalism

Due to the empirical way of looking at the world, happiness researchers have a tendency towards epistemological instrumentalism (Austin 2016): The theories and hypotheses about happiness only serve as instruments to compare them with reality (the data collected). However, people welcome good health, lots of friends and a high income not only *because* it contributes to their happiness or well-being. Otherwise – as with Nozick (1974) – one could connect to a *pleasure machine* and »enjoy« the well-being produced in this machine. According to Nozick, however, real life offers more than just well-being, because most people who were given the choice of whether they want to connect to the machine of pleasure or whether they want to live

the real life chose in the majority the real life. Pleasure, happiness or satisfaction are not the ultimate goal of human life, contrary to the instrumental view of happiness research.

13. Paternalism

If politics is responsible for the happiness of the individual or of society, the question arises as to how the concrete implementation of the political recommendations to increase the well-being of the population should take place. As already described above, new relationship constellations arise here between the state and the individual. At what level is »everyone still forging their own fortune« and where will the state intervene? In what way should politics »nudge« the citizens in order to push them to greater happiness? On the part of liberals and, in some cases, left-wing political streams, a certain fear of paternalism or authoritarian politics is felt.

14. Individualism

Happiness research is aimed to a large extent at the individual: For example, it is about »personal growth« and »flourishing«. However, social relationships or volunteer work are also emphasized as important for personal well-being. Individualistic definitions of happiness are in contradiction to well-being in a social context. Individual-psychological life satisfaction can only account for part of well-being – unfortunately, some research on happiness ignores this issue (Austin 2016: 129).

15. Ideology Charge

Cabanas and Illouz (2019) accuse the science of happiness of ideology by criticizing the human image that exists in happiness research. The image of man is shaped by »neoliberalism«: Like a commodity, everyone should optimize their psychological self, strive for efficiency, and be happy in the process. Individualism in neoliberalism would therefore be the origin and foundation for today's happiness research – whether this form of »efficient« happiness really contributes to well-being remains open. Contributions from political psychology state that market-liberal democracies have tended to stagnate or decrease somewhat in their life satisfaction for several decades. At least capitalism alone does not seem to make you happy (Lane 2000; Höfer 2013). 15).

The 15 objections mentioned seem overwhelming and the high number of criticisms is reason enough to reject happiness as a benchmark for development policy. Nevertheless, it is worth taking a closer look at subjective well-being for at least three reasons: Firstly, it is not only the

»happiness« indicator that has come under harsh criticism. Almost every indicator or set of indicators has conceptual, epistemological, or measurement difficulties. The best example is still the gross domestic product, whose »blind spots« are obviously when measuring free services in the household, »undeclared work«, the positive inclusion of behaviour that is harmful to health and the environment or which is ignorant in the unequal distribution of income and assets. Due to the (relatively) simple calculation and the clear recording of the value of goods and services, the gross domestic product is still very popular today. Similarly, subjective well-being also seems to be easily ascertainable through surveys of large sections of the population – at least that is what validity tests show (Angner 2013). Secondly, the use of life satisfaction through the subjective assessment of the respondents can be an important support in determining the quality of life of a population. Even if the human image of an autonomous and independent individual is heavily criticized, this perspective on people's quality of life is *one more relevant and weightier among several*. A person's subjective assessment of his or her living conditions should not be overestimated or exaggerated, but neither should it be ignored. Thirdly, the subjective assessment of one's own level of happiness creates comparability and thus, in the event of perceived inequality, opportunities to gain a new understanding of the well-being of people all over the world. The concepts of happiness and well-being carry – further considered – potentialities of cultural understanding: If you find out with the help of a measuring instrument developed in Western Europe that happiness is significantly lower in some African countries, you can do two things: Either you accept the low level of happiness in an African country and apply the political categories of Western Europe. Or else the measuring instrument itself is called into question by trying to deduce differences in happiness with the help of empirical methods, thereby gaining a new understanding of the worlds of people and introducing the newly gained knowledge into development policy processes. Chapter 3 therefore gives a first brief look at global applications of happiness research and the first empirical findings of a "Happiness Development Economics". However, we should keep the mentioned objections in mind to be able to classify the results correctly.

3 Transfer to Development Policy – some Opportunities and Pitfalls

To get an impression of the research landscape of happiness exploration in non-Western or also »developing« countries, two examples – gross national happiness and the connection between standard of living inequality and satisfaction – will first be highlighted (chapter 3.1). In addition, some studies dealing with happiness in a development policy context will be outlined in summary (chapter 3.2).

3.1 *Happiness Research in Non-Western Countries – Two Examples*

Probably the best-known and most elaborated way of measuring subjective well-being in non-western countries is the first example of Bhutan in the form of *Gross National Happiness* (GNH) (e.g., Mancall 2004). When looking at the indicators, the GNH really tries to capture entire areas of life in measurable characteristics: It consists of a total of nine superficial indicators (psychological well-being, health, time use, education, cultural diversity, good governance, social vitality, ecological diversity, standard of living), each of which can be broken down into sub-indicators (van Norren et al. 2020: 435). Even though analyses from the *Centre for Bhutan Studies*¹³ emphasise the relevance of the GNH and point out that orientation towards the indicator set would have already made some differences in practical policy (e.g., Ura 2015), the diffuseness and inconsistency is immediately apparent. The indicators overlap (psychological well-being – mental health), conflict with each other (ecological diversity versus standard of living) or play only a subordinate role for GNH at the individual level (education contributes hardly anything to GNH), although they are of highest relevance in society. Previous attempts to use the GNH internationally have so far rather failed (e.g., Di Tella and MacCulloch 2008). Nevertheless, the GNH is another attempt to find ways to measure well-being comprehensively – many indicators can also be found in other indicator sets such as the OECD Better Life Index.

Besides the Bhutan Studies, the concepts for subjective well-being, life satisfaction and happiness that emerged in the USA and Europe also studied on other continents. There were already some field studies and measurements. The work of Bookwalter and Dalenberg in particular addresses a central theorem in happiness research, namely that of social comparison. Some studies carried out in Europe and the USA have shown that life satisfaction drops when friends, relatives or even neighbours can afford a higher standard of living than you do yourself: E.g., the neighbour builds a larger house and drives more expensive cars, relatives can afford more vacations or friends in their own clique treat themselves to more trips, then satisfaction with their own income and life satisfaction decrease. The data used by Bookwalter and Dalenberg comes from a survey of 8,000 South Africans, financed by the World Bank. Contrary to intuition, the evaluations showed that the comparably higher standard of living of friends and relatives led to a higher level of happiness in the particularly poor. If the relative/friend owned more than you did, life satisfaction counterintuitively increased. Why? One explanation that is given is what is called the »tunnel effect«. FitzRoy et al. (2014) explain this effect as follows:

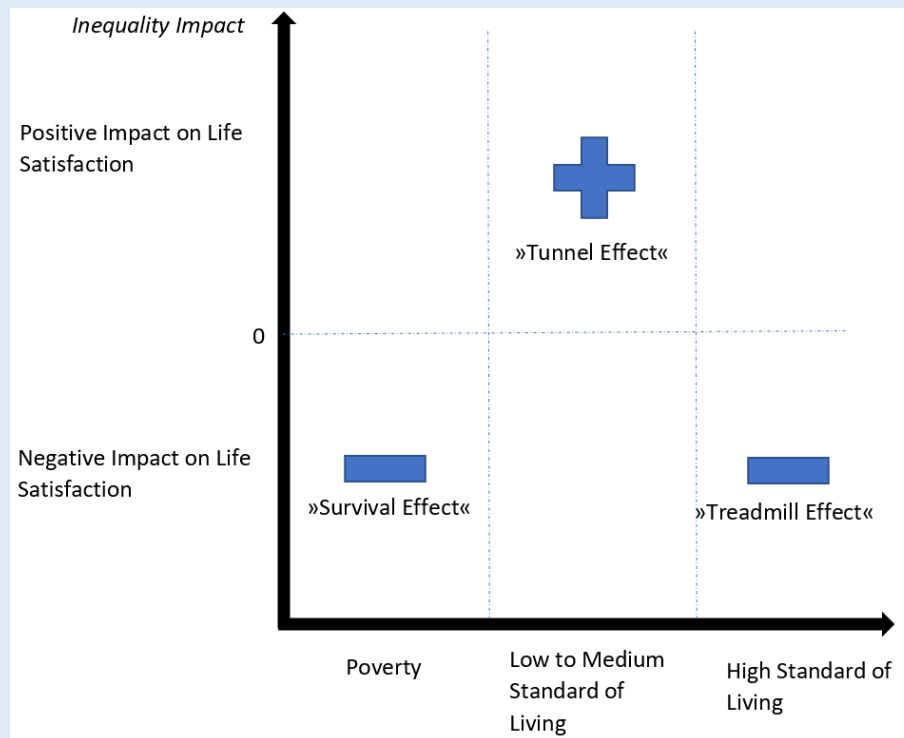
¹³ See Centre for Bhutan Studies: <https://www.bhutanstudies.org.bt/> accessed on 15.03.2021.

»a higher peer-group income in this context might be perceived as only a temporary setback (for oneself), but also as an indicator of better future prospects for more rapid advancement to catch up with peers«. In countries with a very low standard of living, there is thus a positive effect on happiness if one's position tends to be lower than that of others. In richer countries, it is the other way around: here, the so-called »treadmill effect« takes effect – to keep up with others, one's own standard of living must be constantly increased in order to at least keep the level of happiness constant (Binswanger 2019). Several hypotheses come to mind regarding this circumstance: On the one hand, there could be a global threshold in living standards above which the tunnel effect becomes a treadmill effect. On the other hand, there could also be cultural differences – in societies that attach greater importance to social relations, the standard of living of one's neighbour could carry greater positive externalities with it. For example, someone in South Africa might benefit more from the wealth of their friend than in Germany. Clark and D'Ambrosio (2017) can confirm the tunnel effect with Africa's largest panel data set – the Afrobarometer¹⁴ – but also see a decreasing effect with increasing wealth. Unsurprisingly, in particularly poor and precarious countries, food security would already make a major contribution to life satisfaction. Hence, the results on the tunnel effect from South Africa could not be confirmed in Ethiopia. On the contrary, it was precisely where poverty was highest that relative income played the greatest role in life happiness – especially when it came to pure survival (Akay and Martinsson 2011). Inequality among the very poor strongly reduced life satisfaction - according to the authors, poverty reduction should therefore also look at relative income.

¹⁴ For Latin America (Latinobarometer), however, Graham and Pettinato (2001) find some correlations between average happiness levels and various economic variables that are like the European and US results. For example, inflation and unemployment have similarly high negative effects on life satisfaction.

Figure 1

The impact of living standard inequality on happiness levels - three effects



Source: Own illustration.

Figure 1 sketchily summarises the findings. If the standard of living is particularly low – i.e., if the situation is existence-threatening – high perceived inequality has a negative effect on life satisfaction. In the area of low or medium living standards, on the opposite, the described tunnel effect comes into play. In rich societies, people feel trapped in a hamster wheel.

3.2 First Empirical Evidence from *»Happiness Development Economics«*

For some years, attempts have been made to correlate development policies and indicators with the average level of happiness in a country. On a macro level, positive correlations have already been drawn between a country's life satisfaction and the amount of development funds (from donor countries) (Arvin and Lew 2009, 2010). However, there is probably no positive correlation between the "unhappiness" of a recipient country and the receipt of development funds. Other empirical studies show that higher remittances come from happier countries (Arvin and Lew 2012a) or that the aid effectiveness of development cooperation can also be measured with the help of the happiness level – according to Arvin and Lew (2012b) most strongly via the reduction of corruption. However, the studies by Mak Arvin and Byron Lew have so far

received little attention in the literature.¹⁵ This is probably also due to the inconsistent results, as the authors themselves admit using the example of recipient happiness: »Given the mixed nature of results with respect to recipient happiness, however, we are not confident that happiness matters at the recipient level (Arvin and Lew 2010: 558).«

Nevertheless, there are other attempts to relate happiness at a macro level to the development of countries. Sulkowski and White (2016), for example, show with the help of an explorative cluster analysis that – starting from a low level – the level of happiness initially tends to fall as gross domestic product rises, before subjective well-being increases again from the level of an »emerging market«. Thus, on the one hand, there are countries with a low GDP and a high level of happiness (e.g., Nigeria, Iraq, Fiji); on the other hand, there are countries with a high GDP and a high level of happiness (e.g., Switzerland, Hong Kong, Canada). Additionally, countries with a comparatively medium GDP tend to be unhappy (e.g. Brazil, Macedonia, South Africa). The result is a U-shaped relationship between GDP and the average life satisfaction of a country – thus a »Happiness Kuznets Curve (HKC)«. ¹⁶

Polgreen and Simpson (2011) also found a U-shaped relationship – albeit an inverted one – between the average happiness level of a country and its net migration. According to this, net migration (= immigration minus emigration) is highest in destination countries when the level of happiness is rather average in an international comparison. Particularly »unhappy« or »happy countries« tend to have higher emigration rates (thus lying to the left and right of the inverted U-curve): the respective emigrants – whether unhappy or happy – both try to improve their life situation, only under a different star: unhappy people »simply try to improve their lives (Polgreen and Simpson 2011: 837)«, whereas happy people, according to the authors, are simply more optimistic in their lives and thus more willing to take risks.

Scattered empirical evidence also exists on other topics: Firstly, Dabir-Alai and Valadkhani (2016) summarize that there is no correlation between the amount of foreign aid payments and the average level of happiness in a developing country. Their main explanation turns towards disappointed expectations. The hopes within a country in foreign aid or investments often did not lead to the desired result and generated disappointment. Secondly, Ali et al. (2020) can show a strong correlation between average life satisfaction and the degree of dependence on oil exports. It has long been recognized in the development theory literature that countries with a high dependency on resources such as oil or gas have a rather poor level of public infrastructure

¹⁵ E.g., according to the Google Scholar citation function, the 2010 paper by Arvin and Lew has been cited only 15 times so far.

¹⁶ The original curve named after Simon Kuznets represents the hypothetical U-shaped relationship between economic growth and inequality (Kuznets 1955).

and supply. This so-called »resource curse« of the countries probably also has an impact on people's level of happiness: That is why Ali et al. (2020) her result also the happiness »resource curse« curse. Finally, Lin et al. (2017) found an inverse U-shaped relationship between happiness and inequality in happiness, which is confirmed for developed and underdeveloped countries. So, when inequality in life satisfaction increases in particularly poor countries, the average happiness level rises to a certain threshold. On the other hand, in richer countries where the level of happiness is already very high, increasing inequality in satisfaction would cause satisfaction itself to decline again.

Since the construction of the SDGs 2015, there have also been different papers on the extent to which happiness and well-being co-vary with the SDGs. As already explained in the introductory chapter, the SDG index, which measures the implementation of the SDGs in their entirety, appears to correlate with the average happiness level in a country. Interestingly, the strength of correlations between the SDGs and happiness levels are distributed very differently around the world: Especially in the classic »target regions« of European development policy – the countries of the MENA region and sub-Saharan Africa – the correlation is particularly weak (World Happiness Report 2020: 119). There are two possible explanations for the missing link between the SDGs and life satisfaction in the »poorer« regions: On the one hand, subjective well-being could be a much broader indicator of a country's welfare and include significantly more factors than the SDGs. On the other hand, the way of measuring life satisfaction could be culturally distorted, i.e., the question of self-reported well-being is understood differently in the regions and, consequently, the SDGs would better reflect the needs of the people living there (van Norren 2020).

Despite the partial confusion of the empirical results, it can be stated that some attempts have already been made to understand the concepts of happiness and life satisfaction in the context of development theory and policy. The number of empirical papers on happiness research has been unmanageable for some time – and the studies on development theory and policy related to happiness are also increasing. There is a distinct possibility that the number of studies on happiness and development policy could increase further in the future. Are we looking at an imminent paradigm shift in development policy – the rise of happiness in development policy?

4 »Happiness Development Policy« – a new Paradigm?

It is probably too early to speak of a paradigm shift in development policy caused by happiness research. None of the known prerequisites for a fundamental change in scientific theories have

profoundly changed (Kuhn 1962): First, there is no innovative concept formation, because the search for suitable indicators of prosperity and well-being is about as old as thinking about »the good life« itself. Aristotle himself already states in his *Nicomachean Ethics*: »Verbally there is very general agreement; for both the general run of men and people of superior refinement say that it is happiness and identify living well and faring well with being happy (Aristotele 2004).« Secondly, no revolutionary new methodologies regarding happiness are used in development policy: The science of happiness relies on the usual methods of surveys, observations, and social experiments – the science of happiness is both a driver and a beneficiary of new social science methods, but not the revolutionary itself. Thirdly – and that is probably the most important reason why happiness science does not cause a paradigm shift – the perspective of the new science of happiness do not lead to particularly new approaches in development policy either. The direct questioning about the subjective assessment of the own living situation of the people in the »developing countries« is less a new tool in the social science method box, but rather a result of the gradual inclusion of the needs of the local people. Instead of »development aid« one now does »development cooperation«. The relationship between »developers« and the »developing« has changed, there are no longer fully »doners« and »takers«, but two parties on an equal footing. As a result, there is no paradigm shift in development policy *because* happiness is now moving in. Rather, there may be a paradigm shift due to the donor countries' changing view of the »developing countries«. The science of happiness is ultimately only an appendage to this advancement, that is, a logical continuation or extension of this general evolution in the development landscape. Concepts such as »inner well-being« or »moral subjects«¹⁷ confirm this finding: Instead of further fuelling the search for opportunities for material growth for individuals who are independent of one another, the subjective needs of individuals are now more included (e.g., for social relationships, mental health, etc.). The SDGs also bear witness to this development: »Developing countries« have now also become the former donor countries – the »whole world« should therefore be (further) developed.

Happiness science, however, could be more than a mere appendage of general advances in development policy. The inclusion of other concepts of life that differ from Western European ideas, such as Ubuntu or Buen Vivir¹⁸, in the study of well-being would be able to provide new approaches for development policy in the future in a kind of feedback loop: If happiness

¹⁷ White (2013, 2015) emphasises in her field studies in rural India that people also always try to meet the expectations of others – both the expectations of the family, but also, more abstractly, those of the society around them. Moreover, people always try to »do the right thing«. If they meet the expectations and feel they are doing »the right thing«, they achieve a form of inner satisfaction.

¹⁸ Ubuntu: philosophy of life from southern Africa; Buen Vivir: philosophy of life from South America.

research increasingly includes in its empirical studies the life concepts of local people instead of asking simple standardised life satisfaction questions (that are reliable and replicable but do not come close to understanding what is internal or essential about a person's well-being) a better understanding may emerge and open new possibilities for donor countries' development policies. For happiness research to become more relevant and influential in development policy, it first needs a clearer understanding of people's lives in the recipient country. Cultural studies and ethnological findings can be taken up, empirically processed, and systematically tested – similar to what has already happened with gross national happiness in Bhutan. The aim is not to endorse or even glorify concepts of life in a particular region – such as Ubuntu or Buen Vivir. Rather, the influence of these concepts of life should be included in happiness research, their relevance to people's »good lives« understood and, where appropriate, included as an intrinsic feature of local life.

The sometimes-severe criticisms of current empirical happiness research are understandable against the background of the 15 objections mentioned above. Some of the objections – such as the adaptation problem, the »utility monsters« or the intertemporal trade-offs – have to do with the way life satisfaction is measured. If one were to dispense with measuring happiness at all – as Jenkins (2016: 119) demands (»taking well-being seriously means not counting it«) – there would be no reason for development policy to intervene because of insufficient well-being. This allows for two consequences: First, one could argue that »happiness« is simply not measurable and thus cannot be a category for development policy. In accordance with this line of thinking, happiness and well-being would be as unmeasurable as love, spirituality, or friendship. If we reject the possibility of measuring happiness, however, we must continue to fall back on proxies such as material wealth, physical health, social capital, or education. The difficulties with the Human Development Index (HDI) or the OECD's Better Life Index indicate how unsatisfactory these proxies can be in measuring actual well-being. This leads to the second consequence of the previous inadequate measurement of happiness: For another, with the help of the psychometric method (creation of survey items and subsequent validation tests), local or regional subjective assessment indicators can be created that better reflect the prosperity and well-being in a particular region. This does not mean that it should be assumed that each region has its »own singular well-being«. Thus, it is not a matter of just working out the specifics for each region and reviving ethnicist understanding of the world. Rather, there should be an open, systematic process of recording different understandings of wealth and well-being worldwide. Where differences are found with the help of systematic cultural and social science methods (qualitative as well as quantitative), these must be included in the recording and, above all,

worldwide comparison of well-being. However, where there are hardly any differences in the understanding of well-being or where similarities are found regarding the idea of the »good life«, there should also be an openness to reflecting these similarities in the measurement.

Besides measurement problems, it is also ideological objections that inhibit current happiness or well-being research from influencing development policy. Seligman claims that a happiness policy is neither »left nor right«, that is, completely non-ideological. That this is not so is proven by Seligman (2011) himself, who in his book *Flourish* repeatedly and unfoundedly supports individualistic and behaviouristic theses. The individualistic side manifests itself in concepts such as »personal growth«, »individual flourishing«, »emotional fitness« or the so-called »positive character«. The individual is thus constantly pathologized, the pursuit of happiness becomes a constant urge to optimise, without this ominous happiness ever really being achieved. Cabanas and Illouz (2019: 17) rightly describe that individual happiness thus becomes a perfect commodity: One can never have enough of it, since an optimal state of happiness cannot be achieved at all. Consequently, we need more and more paid coaching and counselling. Happiness is only reified and commodified in a simply understood science of happiness. Moreover, the state of happiness is absolutized, all areas of life such as education, health, etc. are conditioned to satisfaction. This brings us to the second ideological objection: behaviourism. Happy is someone who either looks happy (e.g., someone shows the Duchenne smile) or states that he or she is happy (for example, states a 10 on the well-known 11-point scale). If someone does not appear or reveal themselves to be happy, the objective factors (money, health, society) are established and, after a diagnosis has been made, a »therapy« is offered: »Work less!«, »Exercise!«, »Meet more with friends!« The consensus is that if the therapy is followed, life satisfaction will increase.

It remains to be said that there is no paradigm shift in development policy due to happiness research, let alone one can speak of a »hegemony of happiness« (Austin 2016). However, new impulses for development policy issues can come from happiness science. We can conclude with a quotation from Carol Graham (2011: 16), which can certainly be agreed with: »We may reach a point in the future where we are comparing happiness across and within countries in the same way that we now utilize income measures. To date, however, there are still many unanswered questions that both researchers and broader publics more generally must address.«

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