PRESS RELEASE
For immediate release, 9:30am GMT Friday 11 May 2018

JOBS, GROWTH, WELFARE PROGRAMMES AND WELLBEING:
Views of top happiness researchers

Perhaps because the latest World Wellbeing Panel survey is dedicated to Richard Easterlin, the doyen of the Economics of Happiness, the responses from our 29 wellbeing experts from economics, psychology and sociology are the best we have ever received. They were first asked:

Eighty-three percent of our experts agree. We use this quote from Ruut Veenhoven (Erasmus University) to initiate the debate: ‘Economic growth drives many societal changes beyond the economic domain, such as rising education, medical technology and political stability, which together create the modern individualistic multiple-choice society, in which we live now longer and happier than ever before in human history’.

Richard Easterlin (University of Southern California) uses the economic rise of China to example why we need also to focus on public welfare programmes: ‘China has had unprecedented economic growth since 1990, as measured by GDP per capita, but life satisfaction… is no higher now than 25-30 years ago. Life satisfaction has failed to respond to economic growth because unemployment has grown and public welfare programs deteriorated.’

Paul Frijters (Centre for Economic Performance, London School of Economics) builds on Richard’s argument to explain why China is not happier: ‘The culprit was the dismantling of
the social safety nets around unemployment, pensions, and health that were in place before the 1990s’.

Picking up on Paul’s unemployment reference; Mark Wooden (Melbourne Institute) reminds us that employment underpins the provision of public welfare, pensions and health programmes: ‘The absence of meaningful employment has consistently been found to be linked with lower levels of wellbeing’; and Ada Ferrer-i-Carbonell (Institute for Economic Analysis, Barcelona) and Andrew Clark (Paris School of Economics) highlight that being ‘unemployed is very damaging for individuals’ wellbeing’ and ‘individuals seem not to easily adapt to it’.

Beyond the provision of public welfare programmes, Wenceslao Unanue (Universidad Adolfo Ibanez) explains why employment is so important: ‘employment… may help people to fulfil their material needs as well as their psychological needs (relationships, meaning, security, etc.). On the other hand, unemployment may lead to money problems as well as to psychological problems (self-esteem, insecurity, human loneliness…)’.

Maarten Vendrik (Maastricht University) reasserts that: ‘Economic growth diminishes unemployment and is likely to promote (fund) public welfare programs’. But Richard Easterlin raises a point worthy of further discussion:

‘The important determinants of wellbeing are not an automatic effect of economic growth, and the requisite policies can be implemented independently of economic growth.’

Is economic growth really necessary to provide us with the employment and public welfare programmes we need to make us happy? Go to the World Wellbeing website to see what our other happiness experts have to say.

Our second World WellBeing Panel question asks whether our focus should be on unemployment or something else:

With the population’s wellbeing in mind, should the main focus of macroeconomics be maintaining low unemployment?

Almost to a person, our experts agree with Heinz Welsch (University of Oldenburg) ‘unemployment is the macroeconomic phenomenon most detrimental to national wellbeing, maintaining low unemployment should indeed be a major focus of economic policy’.
Empirical studies have shown that reducing unemployment is more important than other macroeconomic objectives, e.g. low inflation rates (Andreas Knabe, Otto-von-Guericke-University Magdeburg).

Wellbeing data have long been used to estimate an empirically based “misery ratio” showing the damage to life satisfaction from 1% extra unemployment compared to 1% extra inflation; both are significant costs to life satisfaction, with the costs of greater unemployment being about twice as great as those of greater inflation (John Helliwell, University of British Columbia).

Ada Ferrer-i-Carbonell counters by arguing that we ‘should also focus on economic stability rather than (economic) growth only.’ Daniel Benjamin (University of Southern California) agrees: ‘the goal should be to maintain a low and stable level of unemployment over the long term’. ‘Strong negative spike(s) in national wellbeing in recessions corresponds to big unemployment jumps, apparently driven largely by increased anxiety amongst the whole population’, notes Paul Frijters: the employed are concerned they will lose their jobs too.

Wenceslao Unanue provides us with a focus for the future: ‘We need to move toward a happier and more sustainable society’; and while ‘employment is of key importance... other issues like social justice, fair trade, poverty reduction, investment (in health, education, infrastructure, etc.), environment protection and over consumption reduction should also be the focus of macroeconomics.’

‘Most of us, I think it is safe to say, would like to be happier, and to hold the “keys to happiness”.’ (Richard Easterlin)

To see more from our World Wellbeing Panel of Experts, go to the World Wellbeing website.

ENDS

Notes for editors:
The World Wellbeing Panel on jobs, growth, welfare programmes and wellbeing is available here: http://cep.lse.ac.uk/wwp/latest.asp

The experts, their affiliations and their responses to the survey are here: http://cep.lse.ac.uk/wwp/panel.asp

For further information contact:
- Tony Beatton, email: t.beatton@qut.edu.au
- Paul Frijters, email: p.frijters@uq.edu.au
- Nick Powdthavee, email: nattavudh.powdthavee@wbs.ac.uk
- Romesh Vaitilingam, email: romesh@vaitilingam.com