

The left side of the slide features a decorative design consisting of several vertical stripes in various shades of pink and magenta. To the right of these stripes are five solid magenta circles of different sizes, arranged in a cluster that tapers towards the bottom.

MONEY, PARENTING AND HAPPINESS

Hiroshi Ono

Hitotsubashi University
Business School

AIM

Pursuit of happiness

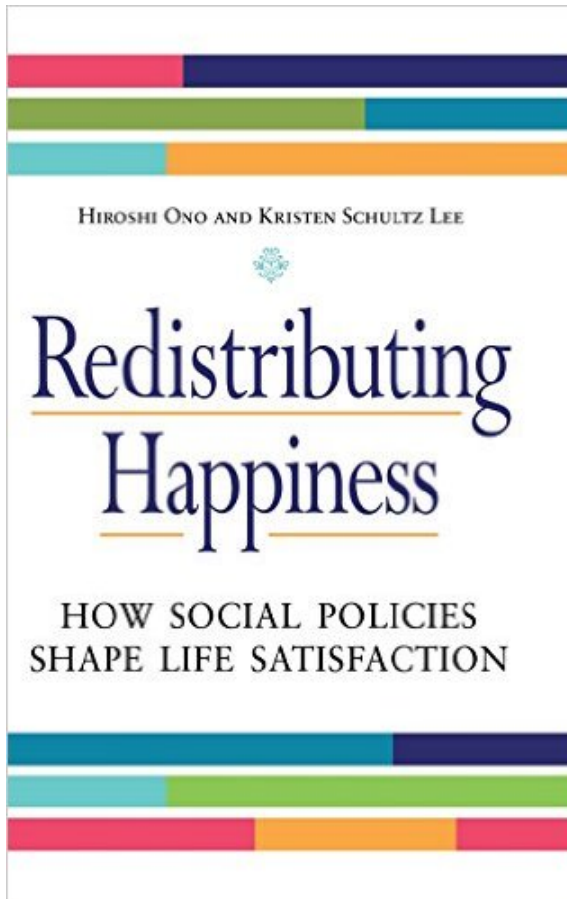
- One of the basic assumptions underlying the study of human behavior.
- Our understanding of what makes people happy is far from complete.



- Study of happiness is becoming “scientific.”
 - Sociology, economics, psychology, political science,...

Main Question

What makes people happy??



WHAT MAKES PEOPLE HAPPY (OR UNHAPPY)?

Macro- or Country-level factors

- GDP
- HDI
- **Inequality**
- Unemployment
- Tax revenue and welfare spending
- Religious context
- ...

Micro- or Individual-level factors

- **Money**
- Education
- **Marriage** (and cohabitation)
- **Children**
- Employment
- Sex ...
- ...

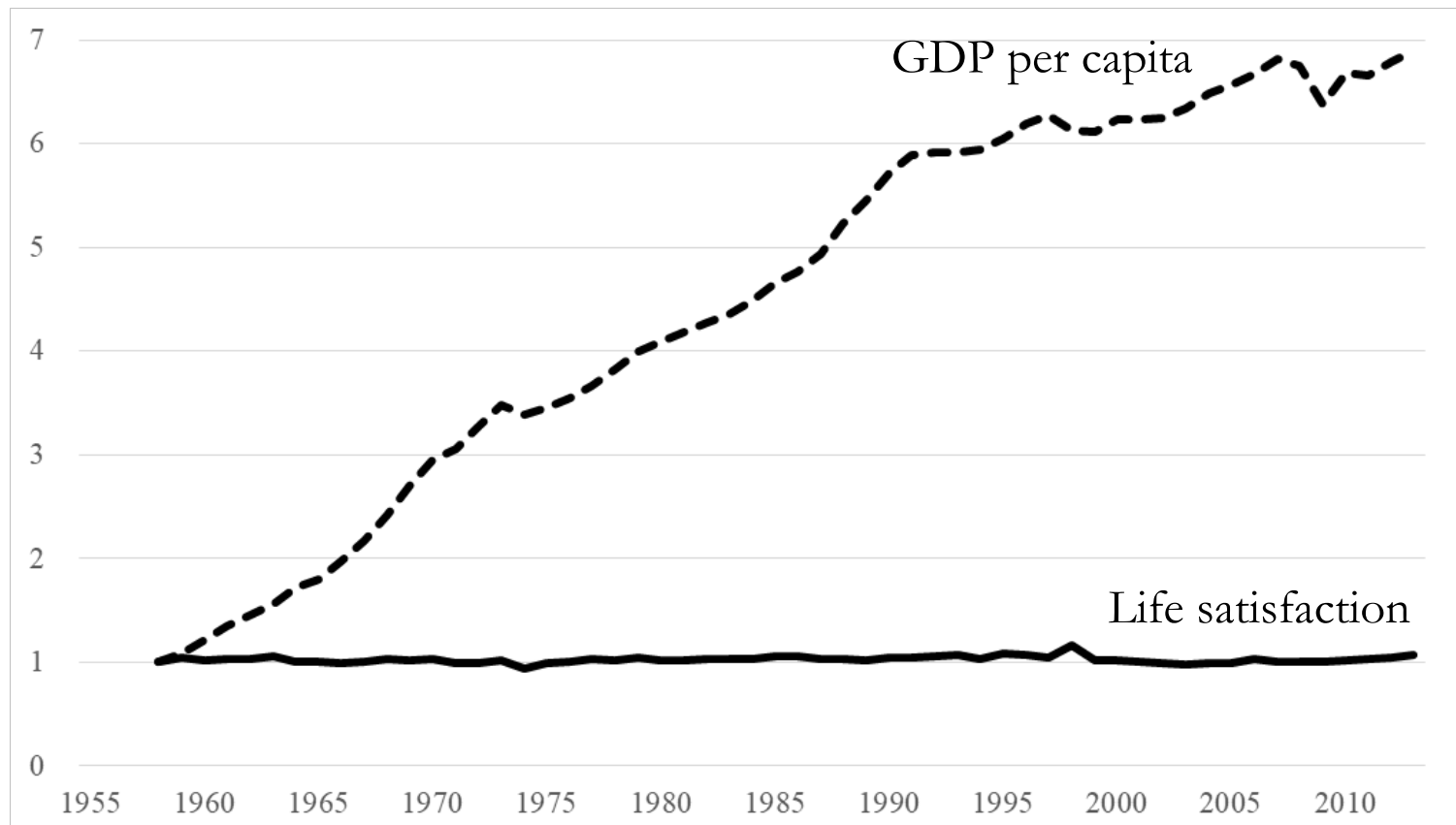


MONEY AND HAPPINESS



EASTERLIN PARADOX

DISCONNECT BETWEEN OBJECTIVE & SUBJECTIVE WELL-BEING



GDP per capita and life satisfaction in Japan in the postwar period

[Source: Ono & Lee 2016]

WHAT MAKES PEOPLE HAPPY?

Assumption

- We are happy as long as we are rich
- Money = Happiness. Right???

True... but only up to a certain point!

- Disconnect between money and happiness (**Easterlin Paradox**)
- Disconnect between objective well-being and subjective well-being
- This is true at the **macro**-country level and **micro**-individual-level.

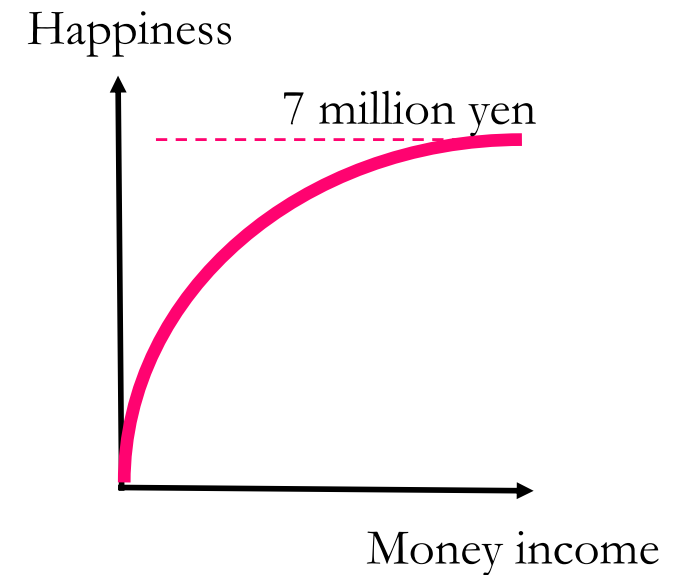
Genes

- More than half of our happiness is determined by our DNA.
- But we can still control about **40 percent** of own happiness.
(Lyubomirsky 2007).
- **That's very promising!**



DOES MONEY MAKE US HAPPY?

- There is a positive association between income and happiness.
 - ✓ But only up to a point = **Saturation point**
 - ✓ About **7 million yen** for Japanese people...
- Absolute versus relative income
 - ✓ Happiness depends on your income AND the income of those around you.
- Comparison groups
 - ✓ Siblings
 - ✓ Friends
 - ✓ Neighbors...





©The New Yorker Collection 2001 Barbara Shallen from cartoonbank.com. All Rights Reserved.

“O.K., if you can’t see your way to giving me a pay raise, how about giving Parkerson a pay cut?”

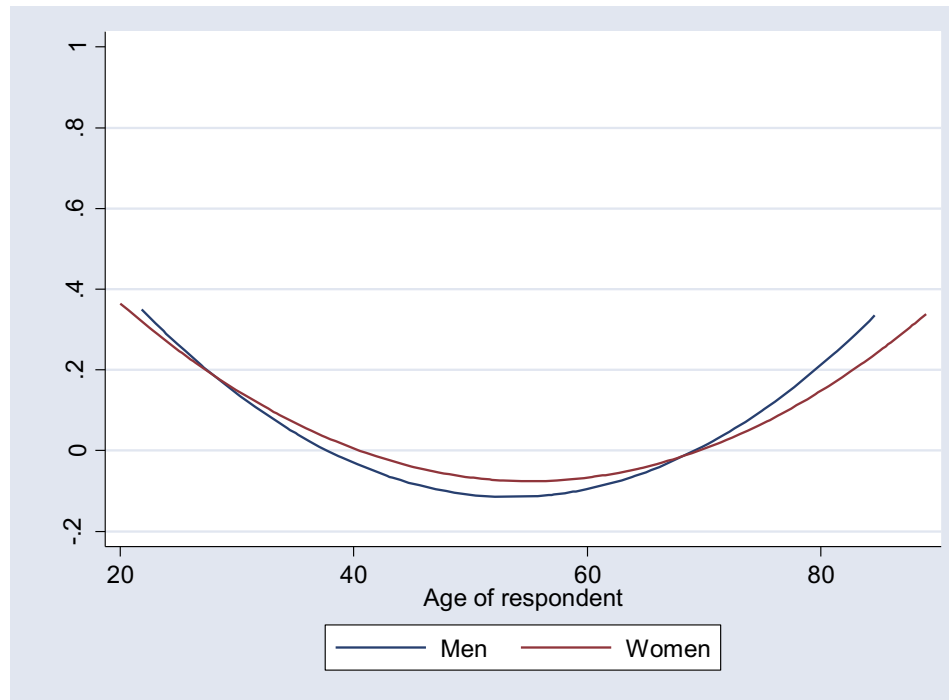
CHILDREN, FAMILY LIFE AND HAPPINESS



John Lennon

A Happy Life

AGING AND HAPPINESS (JAPAN)

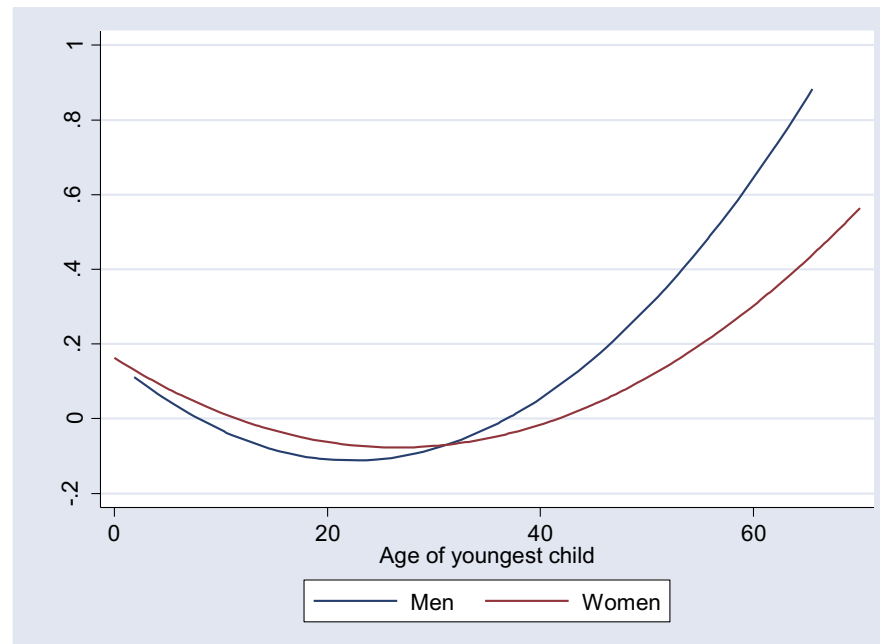


* Graph shows results for happiness in marriage.



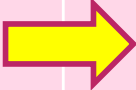
CHILDREN AND HAPPINESS

- The relationship between children and happiness is **negative** in nearly every in the world.
- It also depends on how old the children are
- Here is an example of how the age of children affect marital happiness in Japan.



3 TYPES OF WELFARE STATES

(ESPING-ANDERSEN 1990; 1999)

	Liberal 自由主義	Conservative 保守主義	Social Democratic 社会民主主義
Dominant mode of solidarity	Individual	Kinship / Corporatism	Universal
Dominant locus of solidarity	Market	Family	State
Modal examples	U.S.	Germany Italy Spain	Denmark Norway Sweden
	Japan		 Japan

Source: Sarracino, O'Connor and Ono (2018)



Ordered logit regression models predicting general happiness

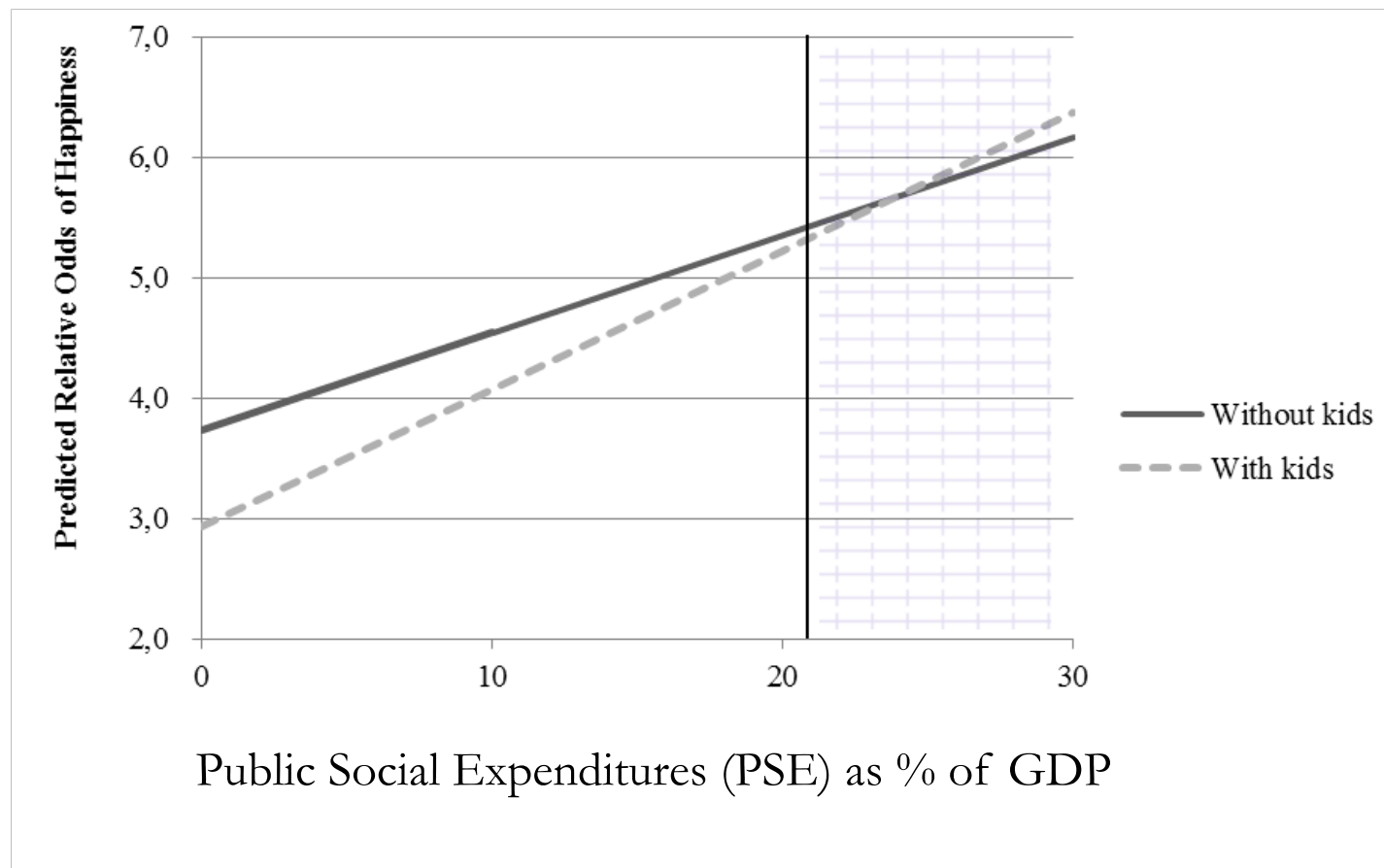
- *Determinants of happiness are not symmetrical between the sexes.*
- *Results confirm pro-family, woman-friendly policies of welfare states.*

	Women		Men	
<i>Country-level</i>				
Intercept	-2.405 ***	(0.103)	-2.477 ***	(0.123)
East Europe	-0.789 ***	(0.120)	-0.905 ***	(0.104)
PSE	-0.008	(0.008)	-0.020	(0.010)
<i>Individual-level</i>				
Cohabiting	0.495 ***	(0.074)	0.798 ***	(0.072)
Cohabit X Country-level PSE	0.050 ***	(0.011)	0.033 ***	(0.009)
Married	0.863 ***	(0.056)	1.156 ***	(0.065)
Married X Country-level PSE	0.022 ***	(0.004)	0.018 **	(0.005)
Child under 18 in the home	-0.085 *	(0.035)	0.006	(0.034)
Child X Country-level PSE	0.011 *	(0.005)	0.000	(0.004)
Income Z score	0.083 ***	(0.017)	0.116 ***	(0.017)

Control variables: Age, education, employment.
Random effects are all statistically significant.

CHILDREN AND HAPPINESS FOR WOMEN

- For women, the “disutility” of having small children disappears in the high PSE countries.



Ordered logit regression models predicting general happiness

	(1)	(2)
Country-level		
Intercept	-2.428 *** (0.109)	-2.423 *** (0.057)
East Europe	-0.805 *** (0.108)	-0.786 *** (0.124)
PSE	-0.013 (0.009)	-0.013 (0.008)
Individual-level		
Female	0.009 (0.039)	0.026 (0.041)
Female X Country-level PSE	0.010 (0.005)	0.009 (0.006)
Cohabiting	0.627 *** (0.057)	-0.340 *** (0.048)
Cohabit X Country-level PSE	0.042 *** (0.008)	0.027 ** (0.008)
Married	0.991 *** (0.051)	
Married X Country-level PSE	0.020 *** (0.004)	
Divorced/ Separated		-1.139 *** (0.081)
Widowed		-0.989 *** (0.094)
Single		-0.874 *** (0.063)
Single X Country-level PSE		-0.010 * (0.005)
Child under 18 in the home	-0.022 (0.024)	0.000 (0.024)
Child X Country-level PSE	0.007 (0.003)	0.010 * (0.004)
Income Z score	0.109 *** (0.013)	0.112 *** (0.012)

Single people
are less
happy in high
PSE countries

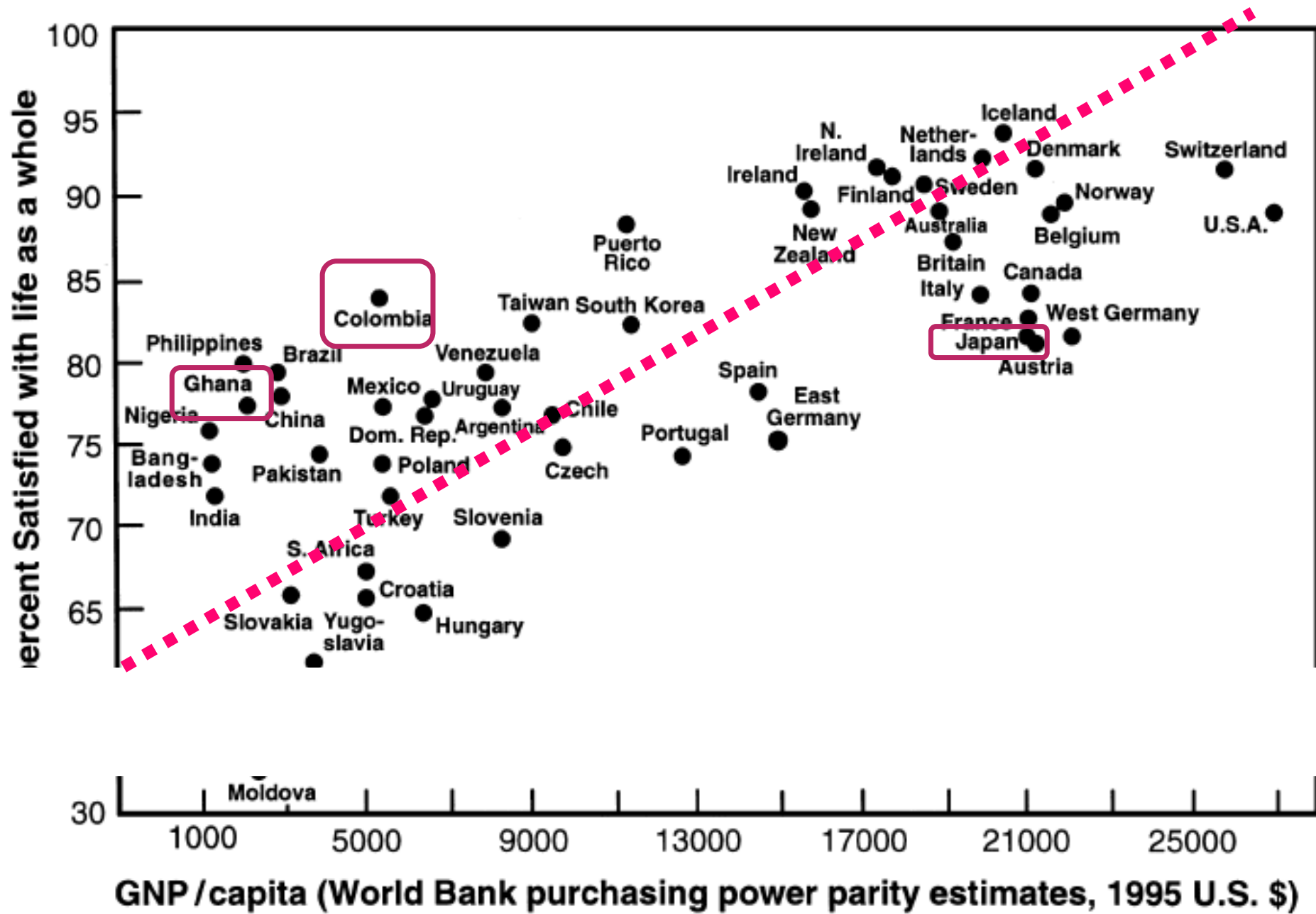
Control variables: Age, education, employment
Random effects are all statistically significant.



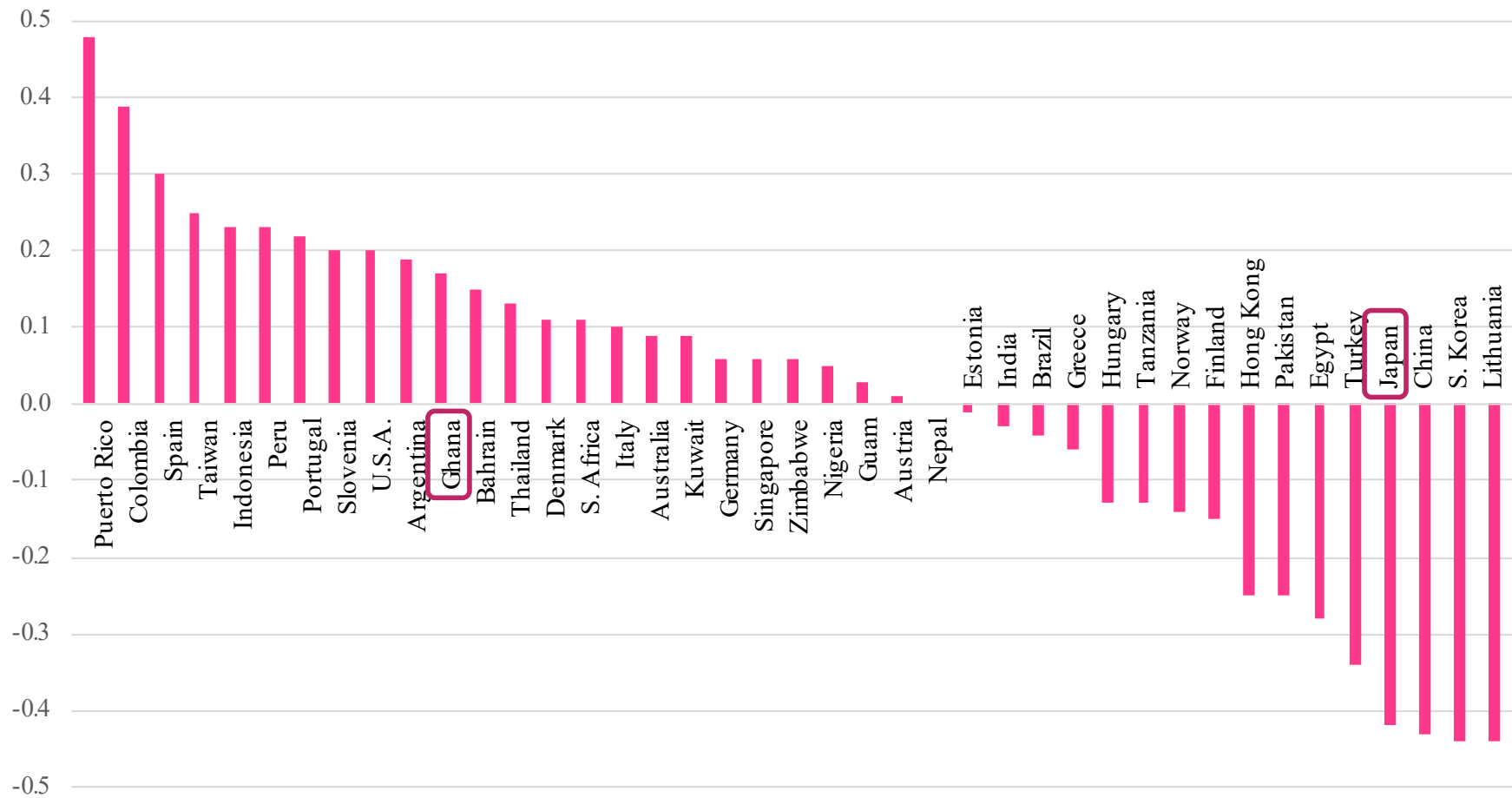
HAPPINESS IN JAPAN

HIGHLIGHTS





POSITIVITY VS NEGATIVITY – CULTURAL BIAS??



MARITAL HAPPINESS IN JAPAN

HIGHLIGHTS FROM LEE AND ONO (2008)

- Men
 - Own income improves happiness
- Women
 - Less happy if they are working themselves
 - **Husbands' income improves happiness**
 - Evidence of wives' dependence on husbands
- Evidence of emotional and economic dependence.



3 TYPES OF WELFARE STATES

(ESPING-ANDERSEN 1990; 1999)

	Liberal 自由主義	Conservative 保守主義	Social Democratic 社会民主主義
Dominant mode of solidarity	Individual	Kinship / Corporatism	Universal
Dominant locus of solidarity	Market	Family	State
Modal examples	U.S.	Germany Italy Spain	Denmark Norway Sweden
	Japan		→ Japan

Source: Sarracino, O'Connor and Ono (2018)



Social expenditure in Japan (MHLW)

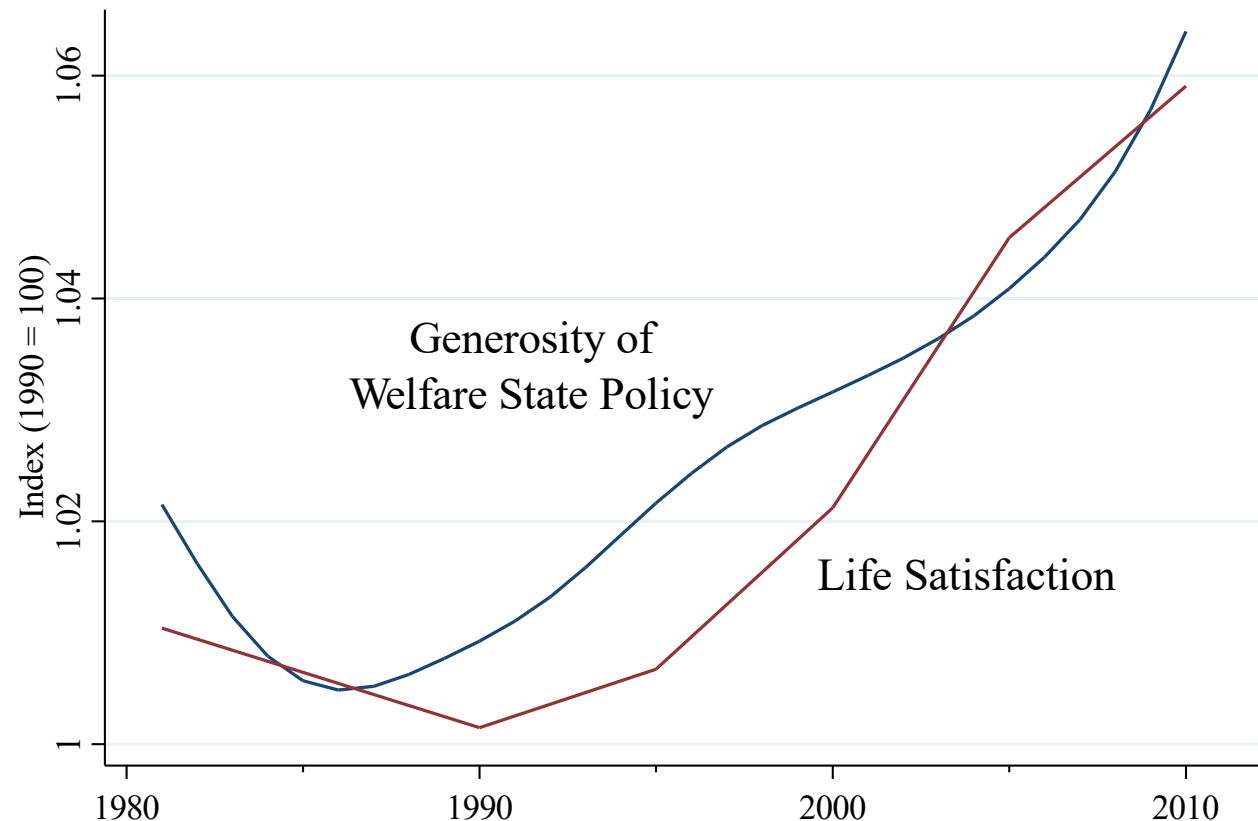
(Historic -2009 and Projected 2015-)



GENEROSITY OF WELFARE STATE POLICY AND LIFE SATISFACTION

LOWESS SMOOTHED CURVES

[SOURCE: SARRACINO, O'CONNOR AND ONO 2018]



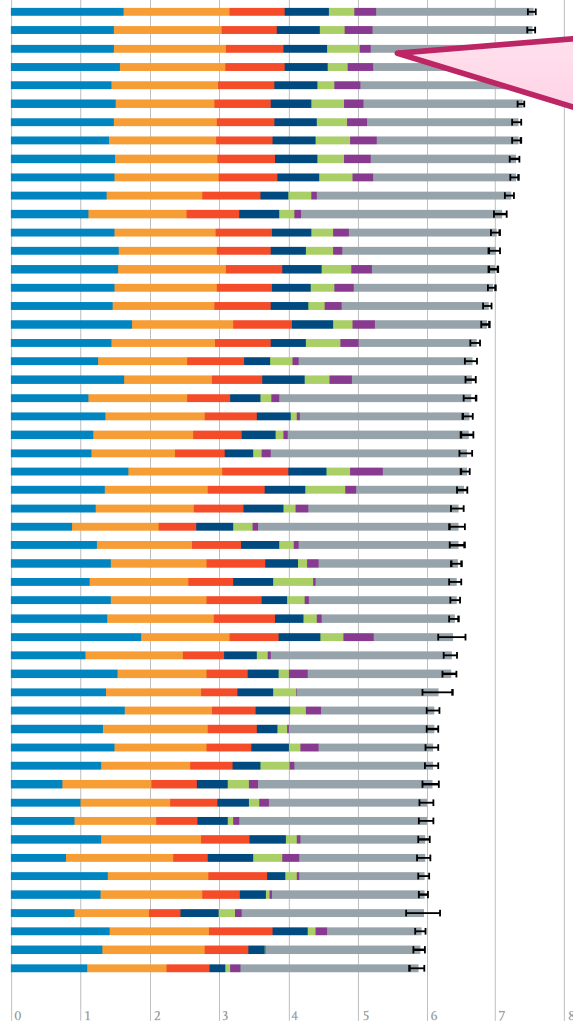
* The Generosity Index is calculated based on replacement rates, eligibility criteria, and duration of benefit payments associated with unemployment insurance, sickness pay and public pensions. It is intended to further develop on Esping-Andersen's decommodification index (Scruggs et al. 2017).

EXTRA SLIDES



World Ranking of Happiness 2017

1. Norway (7.537)
2. Denmark (7.522)
3. Iceland (7.504)
4. Switzerland (7.494)
5. Finland (7.469)
6. Netherlands (7.377)
7. Canada (7.316)
8. New Zealand (7.314)
9. Australia (7.284)
10. Sweden (7.284)
11. Israel (7.213)
12. Costa Rica (7.079)
13. Austria (7.006)
14. United States (6.993)
15. Ireland (6.977)
16. Germany (6.951)
17. Belgium (6.891)
18. Luxembourg (6.863)
19. United Kingdom (6.714)
20. Chile (6.652)
21. United Arab Emirates (6.648)
22. Brazil (6.635)
23. Czech Republic (6.609)
24. Argentina (6.599)
25. Mexico (6.578)
26. Singapore (6.572)
27. Malta (6.527)
28. Uruguay (6.454)
29. Guatemala (6.454)
30. Panama (6.452)
31. France (6.442)
32. Thailand (6.424)
33. Taiwan (6.422)
34. Spain (6.403)
35. Qatar (6.375)
36. Colombia (6.357)
37. Saudi Arabia (6.344)
38. Trinidad and Tobago (6.168)
39. Kuwait (6.105)
40. Slovakia (6.098)
41. Bahrain (6.087)
42. Malaysia (6.084)
43. Nicaragua (6.071)
44. Ecuador (6.008)
45. El Salvador (6.003)
46. Poland (5.973)
47. Uzbekistan (5.971)
48. Italy (5.964)
49. Russia (5.963)
50. Belize (5.956)
51. Japan (5.920)
52. Lithuania (5.902)
53. Algeria (5.872)



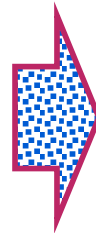
1. Norway (7.537)
2. Denmark (7.522)
3. Iceland (7.504)
4. Switzerland (7.494)
5. Finland (7.469)
6. Netherlands (7.377)
7. Canada (7.316)
8. New Zealand (7.314)
9. Australia (7.284)
10. Sweden (7.284)

Is happiness higher in the welfare states?

Does government have a role in promoting happiness?

OBJECTIVE VS SUBJECTIVE WELL-BEING

Objective well-being
Economic
Money
Human capital
Physical health



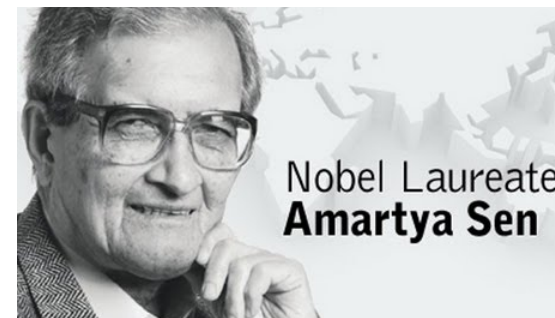
Subjective well-being
Social/ psychological
Happiness and life satisfaction
Social capital
Mental health



GDP
GNP

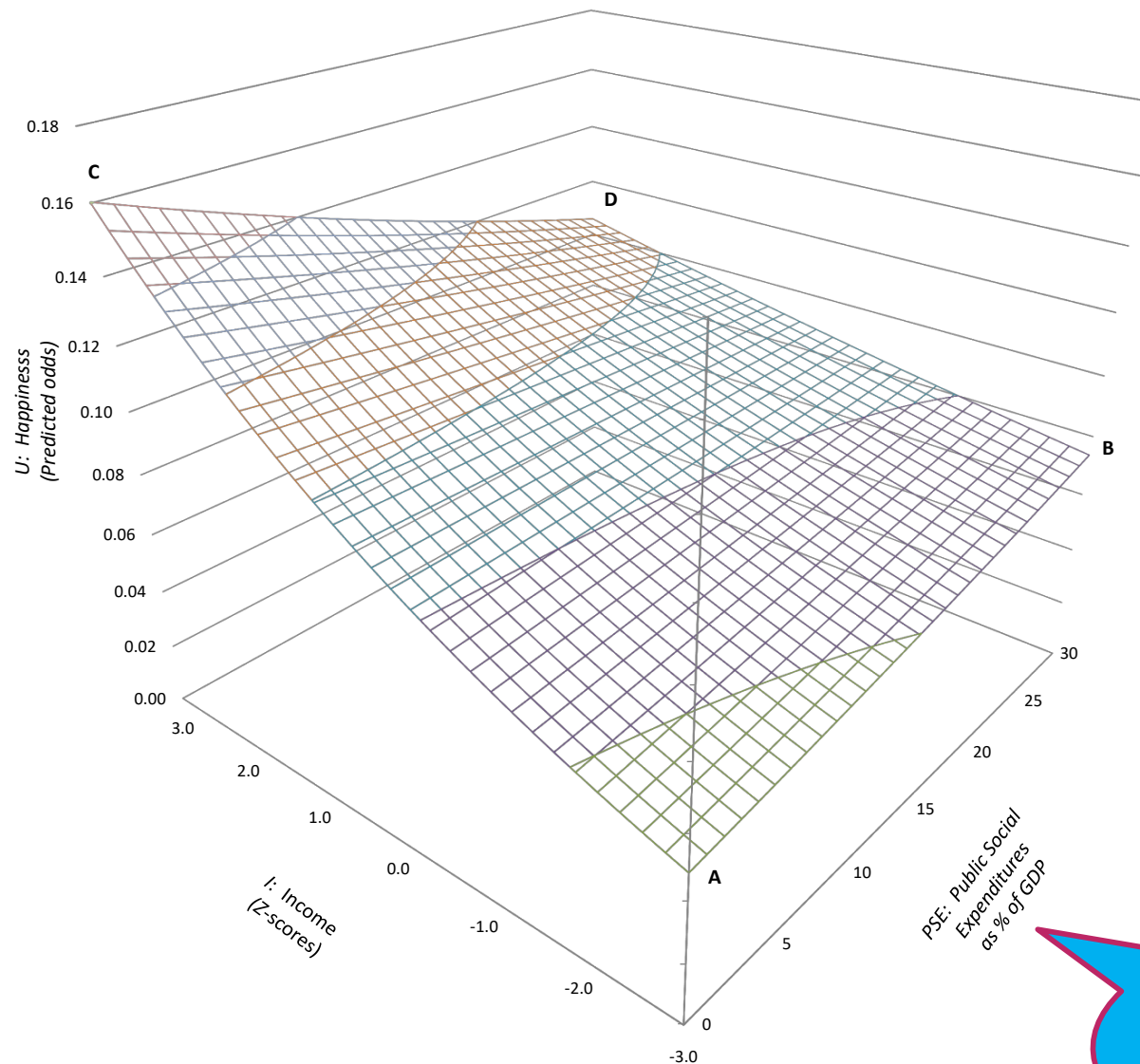


GNH (Gross National Happiness)
HDI (Human Development Index)



Ordered logit regression models predicting general happiness

The effect of income * PSE interaction



$$\left. \frac{dU}{dI} \right|_{HighPSE} < \left. \frac{dU}{dI} \right|_{LowPSE}$$

- Happiness gap between rich and poor (as $f(I)$) is smaller in high-PSE countries.

- Poor are better off in high-PSE countries.

- Rich are better off in low-PSE countries.

Results are identical if we use TAX instead of PSE

WORLD HAPPINESS RANKINGS

For example, OECD study of happiness in 2007

- People in **Scandinavia** are happiest, the U.S. ranked 11th.
- Promotes the debate about “**political economy of happiness.**”
(Pacek and Radcliff 2008; Radcliff 2001),

Media's reaction

- “More people are satisfied in heavily tariffed nations”
- “Most Heavily Taxed Nations Are the Happiest”
- “Oprah Finds the World's Happiest People Pay 51% in Income Taxes!”

Not to mention, the reaction from the “right”...

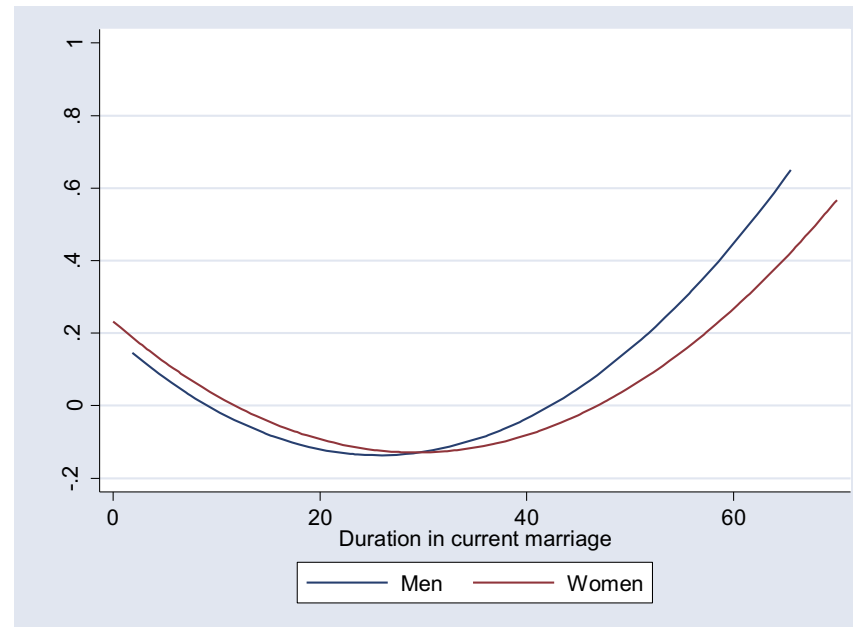
Q: Is there a correlation (or even causation) between taxes and happiness??

Q: Who is right? The left or the right?

Critical approach ... Starting point must be neutral/ unbiased



MARRIAGE AND HAPPINESS (JAPAN)



$f(\text{duration in marriage})$

