ORIGINS OF HAPPINESS

Policy brief

Over the course of our lives, what factors are having the biggest impact on our wellbeing?

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EXTENSIVE SURVEYS FROM

4 MAJOR ADVANCED COUNTRIES

We look at longitudinal survey data on **Australia**, **Britain**, **Germany and the US** to discover what are the things that matter most to our wellbeing. Longitudinal surveys follow the same people over a long period of time, and are considered strong evidence.

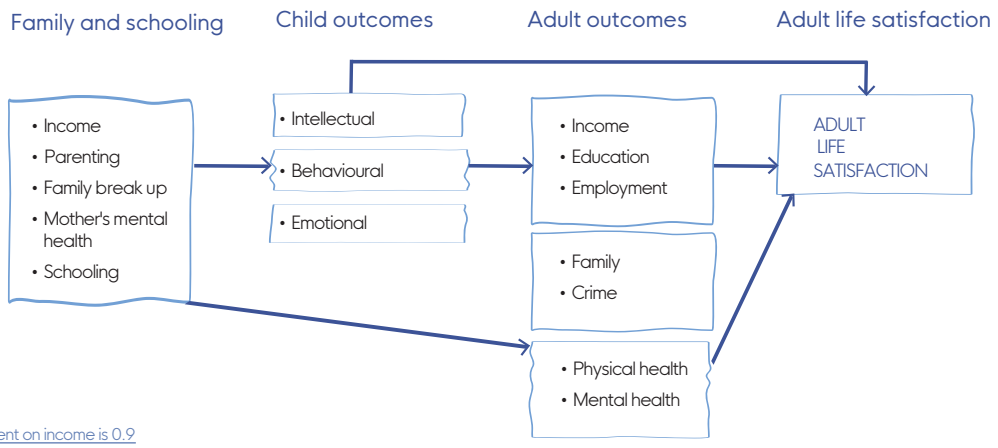
Key findings

- **Happiness varies less with income than with other key aspects of our external and internal life.**
- **The key external aspect is the quality of our human relationships** – above all with family and loved ones, but also with our colleagues and our boss, and in our local community.
- **The most important internal factor about us is our health, and especially our mental health.** Mental health is the biggest single predictor of happiness.

What about income?

Above a level to meet basic needs, income differences explain only 1% of the variation in life satisfaction across people, all other things being equal [1]. People care largely about their income relative to other people. This means general increases in income have very small impacts on overall happiness in a society.

Figure 1: Determinants of adult life satisfaction



1 The partial correlation coefficient on income is 0.9

How have we defined wellbeing here?

We have adopted a single definition of wellbeing, that is life satisfaction: **"Overall how satisfied are you with your life, these days?"**, measured on a scale of 0 to 10 (from "**extremely dissatisfied**" to "**extremely satisfied**").

And we have looked at all possible influences simultaneously, so that we can properly compare their influence on life satisfaction.

More and more policy makers now believe that the aim of policy should be to improve the wellbeing of people. The Organisation of Economic Co-operation and Development advocates in its June 2016 meeting report, that we should "put people's wellbeing at the centre of governments' efforts".[2] Since then, New Zealand has already become the first industrial country to make wellbeing its objective and to launch a wellbeing budget. In Britain, the new version of the Treasury's manual for policy evaluation has been rewritten to make "social wellbeing" the objective of public policy and to encourage the use of direct measures of wellbeing.

All of this is part of a worldwide movement towards a new focus for public policy: not "wealth creation" but "wellbeing creation". However, promoting wellbeing as the aim of public policy will not succeed without a solid knowledge of how any change of policy can affect people's wellbeing and at what cost.

We like to think that our book, **Origins of Happiness**, aims to provides this initial body of knowledge, using large surveys from four major advanced countries.

What explains misery?

Do economic factors play a bigger role in explaining whether people are really miserable? The second column of Table 1 below addresses this question. Those in 'misery' are those in the lowest 10% or so of life satisfaction.

Table 1: Explaining the variation of life satisfaction and of misery among adults (partial correlation coefficients)

	Life satsifaction	Misery
Income	0.09	0.07
Education (years)	0.02	0.02
Not unemployed	0.06	0.07
Non-criminality	0.06	0.04
Partnered	0.11	0.08
Physical health (no. of conditions)	0.11	0.09
Mental health (diagnosed depression/anxiety)	0.19	0.16
R2	0.19	0.14

NB: Data mostly from the British Household Panel Survey (BHPS), using pooled cross-sections. The non-criminality result comes from the British Cohort Study using arrest data up to age 34. The mental health result comes from cross-sectional analysis of the Household, Income and Labour Dynamics in Australia (HILDA) and the US Behavioural Risk Factor Surveillance Sstem (BRFSS), which both give very similar results.

2 Strategic Orientations of the Secretary General: For 2016 and Beyond (https://www.oecd.org/mcm/documents/strategic-orientations-of-the-secretary-general-2016.pdf)

Poor mental health and misery

Income is no better at explaining who is in misery than at explaining overall life satisfaction. Mental health remains the most important factor, and it explains more of the misery than physical illness or unemployment does. Similar findings hold in the United States, Australia and Germany.

In fact, it is interesting to ask, **"if we wanted to reduce the number of people in misery in our society, what changes would have the biggest effect?"**. Many people would say **"end poverty and unemployment"**. This would be very desirable, but, as we can see in Table 2, it would be even more desirable to abolish depression and anxiety.

In the UK, about 14% of people have diagnosed mental illnesses. If we 'cured' them all, all else constant, the percentage of the population in misery would be reduced by two percentage points – a fifth of the total in misery (which is 10%).

Eliminating physical illness would have a smaller effect. Eliminating unemployment or raising all incomes to above the 20th percentile would also have much smaller effects than eliminating mental illness.

Table 2. What would most reduce the percentage of people in misery (all else equal)?

	% points
Raise all incomes to 20th percentile	0.5
End unemployment	0.4
Raise all physical health to 20th percentile	1.1
Abolish depression and anxiety	2.0

NB: Data mostly from the BHPS except for depression. Total in misery is 10 percentage points.

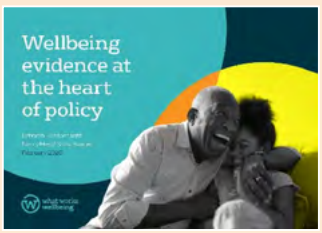
Improving Access to Psychological Therapies (IAPT)

And reducing mental illness would be cheaper. Cost-effective treatments exist for depression and for anxiety disorders. Since 2008, Britain's National Health Service has developed a nationwide service with different local names but known generically as Improving Access to Psychological Therapies (IAPT). This programme yields good recovery rates and is not expensive.

Putting wellbeing evidence at the heart of policy

Read our wayfinder report that offers civil service staff, MPs, and policy analysts insight on how to use existing wellbeing data sources; evidence on what works; and practical guidance on applying a wellbeing lens to policy.

Read the report: https://whatworkswellbeing.org/resources/wellbeing-evidence-at-the-heart-of-policy/



HOW THE CHILD PREDICTS THE ADULT

We have examined the three main dimensions of child development:

- their academic qualifications
- their behaviour at 16
- their emotional health at 16

and ask how well they predict the resulting adult.

The importance of emotional health

The best predictor of how far adults are satisfied with their life is not their academic performance but their emotional health in childhood. Neither their academic performance nor their behaviour – the central focuses for educators – is as important as them as their emotional health.

Table 3. How adult life satisfaction is predicted by child outcomes (partial correlation coefficients)?

	Adult life satisfaction (0–10)
Highest qualification	0.12
Good behaviour at 16	0.06
Emotional health at 16	0.18

NB: Data from the British Cohort Study. Behaviour at 16 as reported by the mother and emotional health at 16 as reported by mother and child.

PARENTS AND SCHOOLS

The final step in our book is the explanation of these child outcomes – what determines how children turn out to be by the age of 16? By far the best evidence on this comes from the Avon Longitudinal Study of Parents and Children, which has surveyed children born in and around the city of Bristol in 1991/1992. The results are reported in **Table 4**.

Table 4. How children's outcomes at age 16 are affected by family (partial correlation coefficients)?

	Emotional health at 16	Behaviour at 16	GCSE score at 16
Family income (log averaged)	0.07	0.08	0.14
Parents' education (years)	–	0.04	0.17
Father unemployed (% of years)	–	–	-0.03
Mother worked (% of 1st year)	–	–	-0.02
Mother worked (% of other years)	–	-0.05	0.04
Parents' involvement with child	0.04	0.05	0.02
Parents' aggression to child	-0.03	-0.12	–
Mother's mental health	0.16	0.17	0.03
Father's mental health	0.04	–	–
Conflict between parents	-0.04	-0.14	-0.01
Parental separation	–	–	-0.03

NB: Data mostly from the British Household Panel Survey (BHPS), using pooled cross-sections. The non-criminality result comes from the British Cohort Study using arrest data up to age 34. The mental health result comes from cross-sectional analysis of the Household, Income and Labour Dynamics in Australia (HILDA) and the US Behavioural Risk Factor Surveillance System (BRFSS), which both give very similar results.

Broadening focus out from academic performance

Until recently the main focus in the policy debate was on academic performance. But what **Table 4** shows is that academic performance is affected by very different factors from those that affect child wellbeing.

Family influence on child wellbeing

- The biggest single family determinant of a child's wellbeing is the mental health of the mother. This is also the biggest determinant of a child's behaviour.
- The biggest family factors affecting academic performance are family income and parents' education.
- Children gain academically if their mother goes out to work (except in the child's first year of life). The children's wellbeing is unaffected. But there is some evidence of a negative effect on behaviour at 16.

School influence on child wellbeing

After parents, the next major influence on children are their schools, both primary and secondary. In the 1960s, the Coleman Report in the US told us that parents mattered more than schools. Since then the tide of opinion has turned.

Our data strongly confirms that:

- schools matter as much as parents
- the importance of the individual school and the individual teacher a child was assigned. They affect their happiness nearly as much as they affect their academic performance.

In **Table 5**, we can see how much parents and schools explain the emotional wellbeing of children at 16. The top row shows the combined effect of all observed family factors (treated as a single weighted variable).

The next row shows the effect of the primary school a child went (again a single aggregate of dummy variables), and the last is the effect of secondary schools. We can also trace the impact that individual primary school teachers have on their children: they have a huge effect on their happiness.

Table 5. How child emotional wellbeing at 16 is affected by family and schooling? (partial correlation coefficients)

	Emotional health at 16
Observed family background	0.27
Primary school	0.27
Secondary school	0.28

WHAT DOES THIS MEAN FOR POLICY IN THE UK?

At last the map of happiness is becoming clearer and usable for policy analysis. The purpose of all these numbers is to guide decisions – by individuals or by policy makers. Our hope is that policy makers worldwide will in due course adopt the happiness of the people as their overarching policy objective and select areas for policy development that would advance that objective.

What matters to people must be the guideline for our policy makers – and for all of us as human beings.

Further Reading

Clark, A.E., S. Fleche, R. Layard, N. Powdthavee and G. Ward, 2018, The Origins of Happiness: The Science of Wellbeing over the Life Course, Princeton University Press.

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