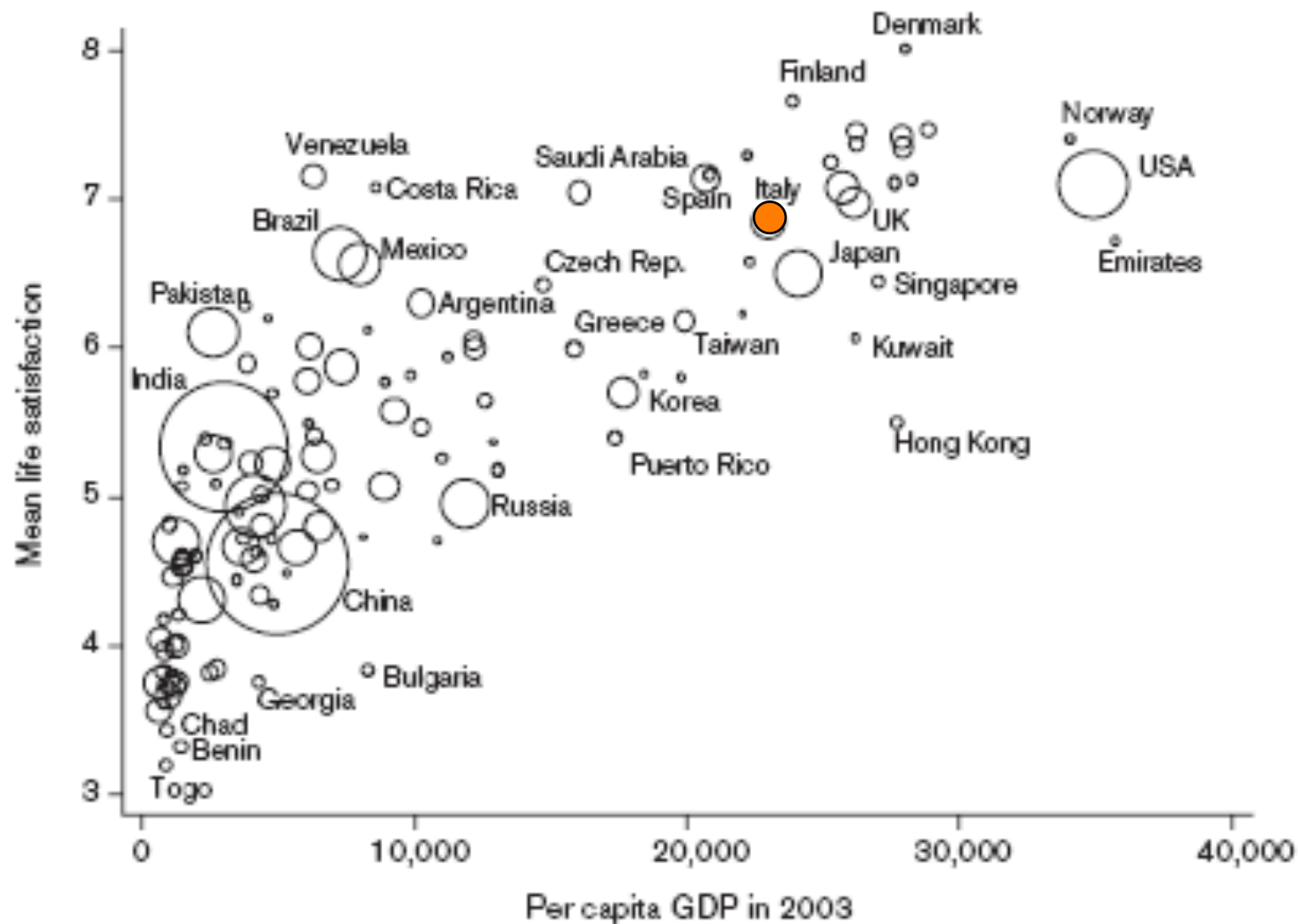


Per capita GDP and Subjective Well-being

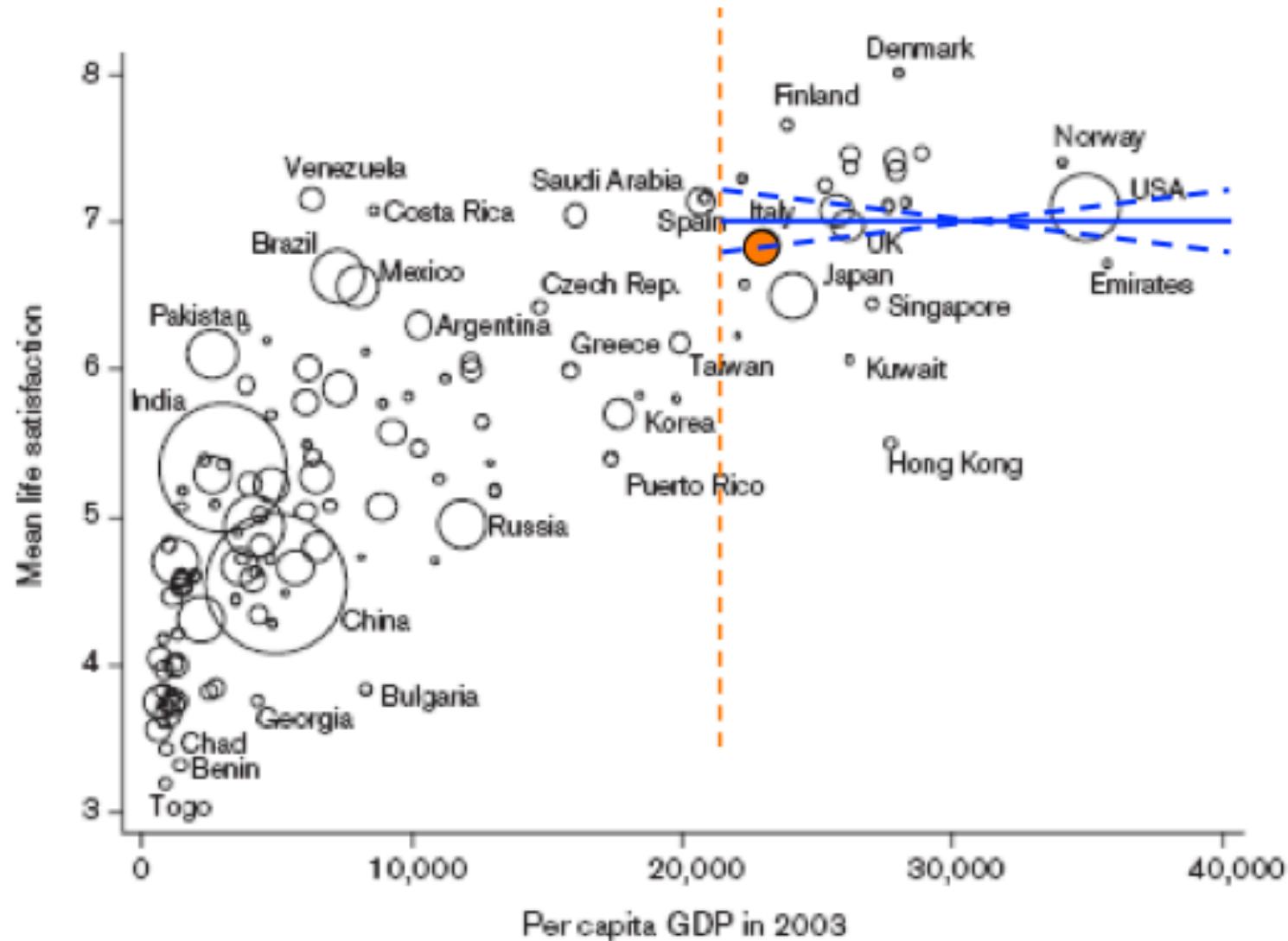


Source: Penn World Tables 6.2.

Deaton (2008)

- Each circle is a country, with diameter proportional to population. On the horizontal axis we have GDP per capita in 2003 is measured in purchasing power parity, whereas in the vertical axis we have mean life satisfaction in each country.
- life satisfaction is higher in countries with higher GDP per head. The slope of a hypothetical regression curve would be steepest among the poorest countries, where income gains are associated with the largest increases in life satisfaction
- As income increases the dots/circles become more dispersed around the interpolating curve
- the group of countries with average satisfaction greater than 5 displays a very high variability in terms of income. For instance, among the many countries with satisfaction around 7 we find many of the richest ones (among which Italy and USA), but also average or low income countries such as Costa Rica and Venezuela. They have more or less the same average satisfaction of the USA, although they are much poorer.
- For what concerns vertical comparisons, for instance, Bulgaria and Costa Rica or Hong Kong and Denmark have the same GDP per capita, but very different level of SW.
- Now, if we focus on the 20 - 25 richest countries, the interpolating curve would result horizontal, slightly ascending or descending depending on the income threshold we choose. Hence, summarizing, in cross section analysis subjective wellbeing appears to be positively correlated to per capita GDP, although such correlation is weak and tends to disappear beyond a certain level of development.

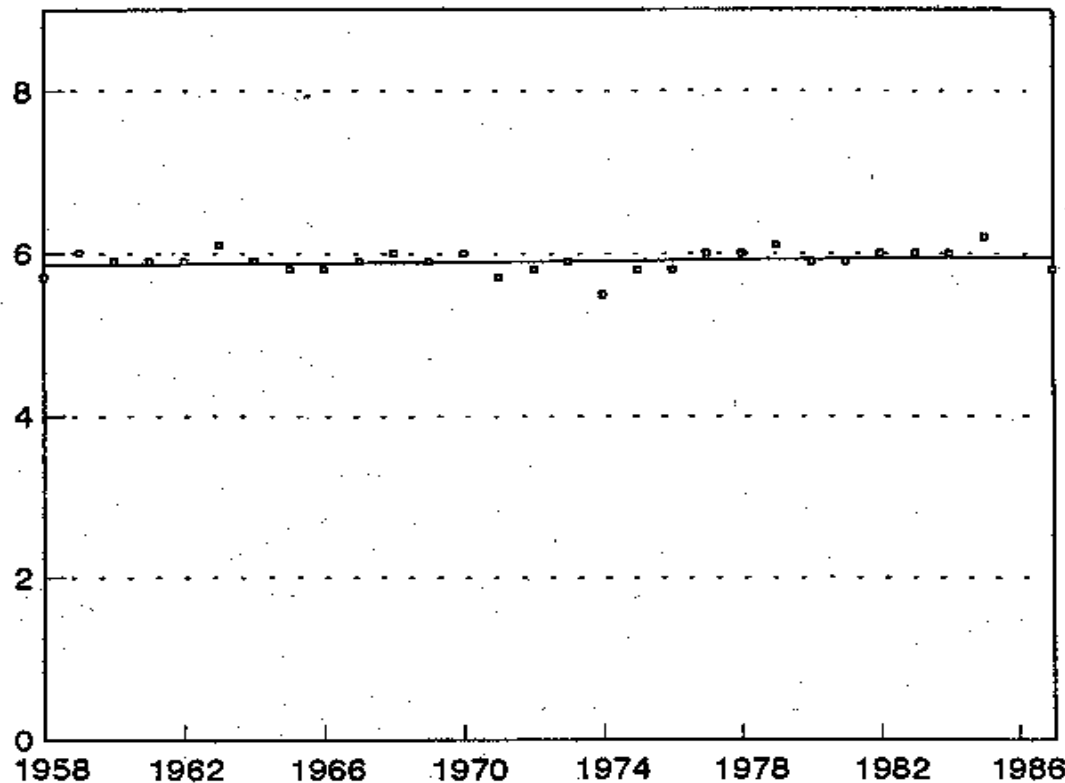
Per capita GDP and Subjective Well-being



The “Happiness Paradox” or Easterlin paradox

suggests that above a certain income threshold there is no link between a society's economic development and its average level of happiness

Time analysis

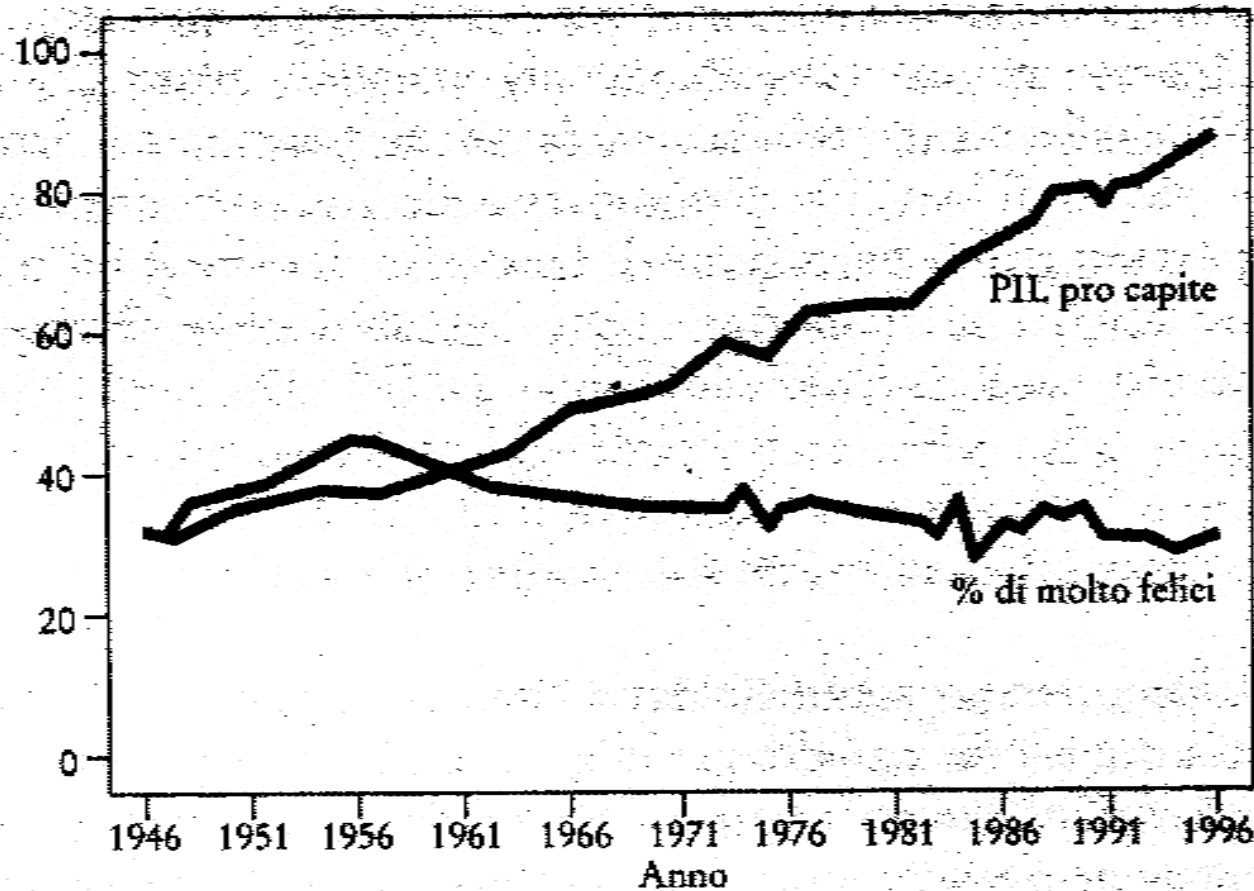


Average Subjective Well-being in Japan, 1958 – 87

In this period per capita GDP increased by 5 times, but the average subjective well-being remained steady.

Source: Easterlin (1996).

USA: per capita GDP and percentage of very satisfied people, 1946 - 1996



Happiness Paradox in USA

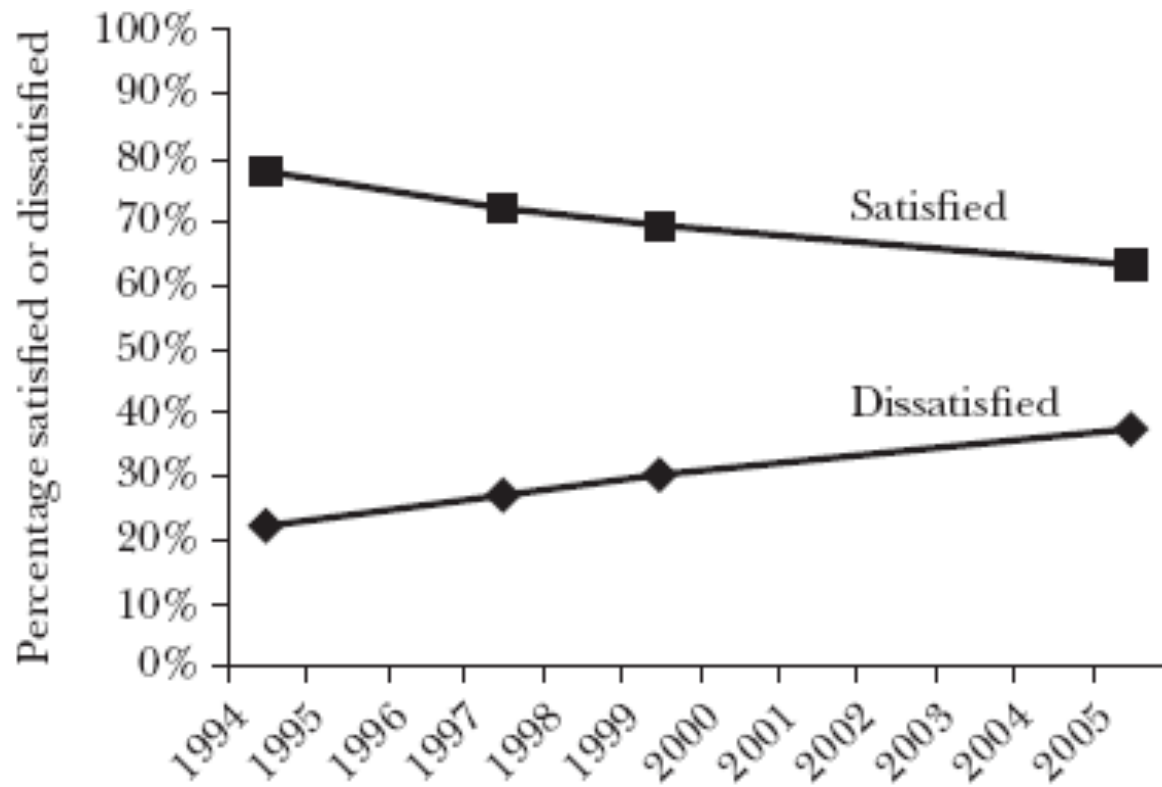
Source:

Bartolini, 2010

And what about the emerging and growth-leading economies?

China 1994 – 2005

- Per capita GDP grew by 250% in real terms



- The percentage of households having a colour TV increased from 40 to 82 %

- Households with telephone increased from 10 to 63 %.

However the Chinese subjective well-being appears to have decreased.

Italy: % persons who declare to be satisfied of various aspect of their life

Anni	Economic sit.	Health	Family	Friends	Spare time	Job (employed)
2001	64,0	80,3	91,1	83,8	64,9	79,5
2002	57,3	80,5	91,7	84,3	65,2	79,1
2003	53,6	80,0	90,6	81,9	63,1	77,5
2005	49,7	80,1	90,6	82,9	63,7	76,3
2006	50,2	78,8	89,9	81,9	63,1	76,8
2007	51,3	79,1	90,2	81,7	61,6	76,3
2008	43,7	80,1	90,1	82,5	62,9	75,2

Persone di 14 anni e più che si dichiarano molto e abbastanza soddisfatte dei diversi aspetti della vita quotidiana.

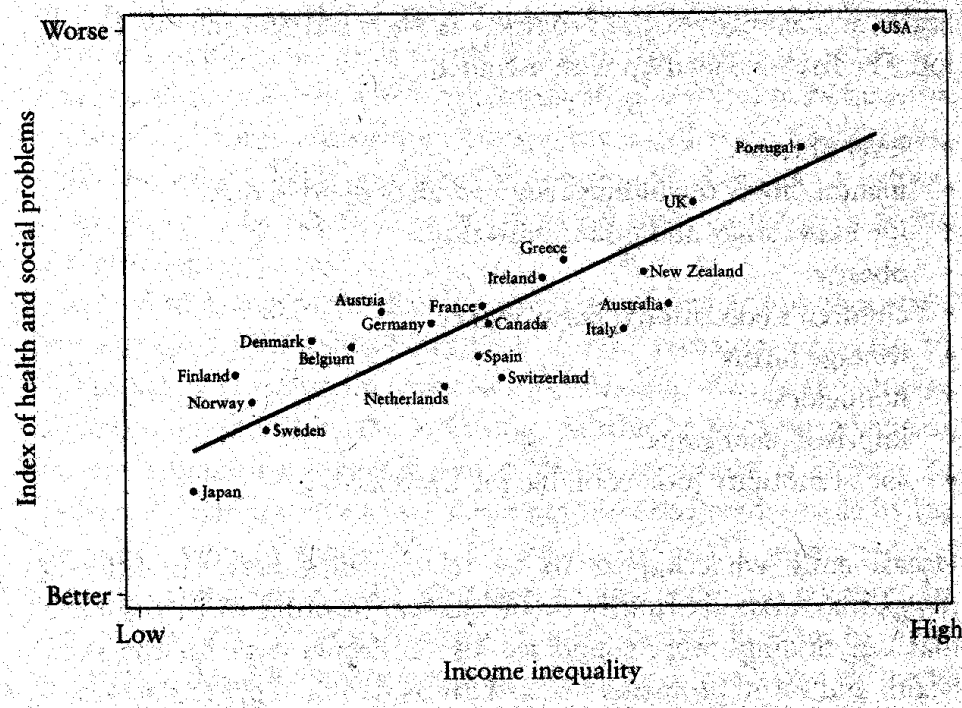
Source: Istat – Indagine sugli aspetti della vita quotidiana

It is important to notice that in these years the per capita GDP has been growing, even though moderately. In spite of that the percentage of satisfied decreased for almost every aspect, most of all for what concerns economic situation and job. 7

Explanations for the happiness paradox

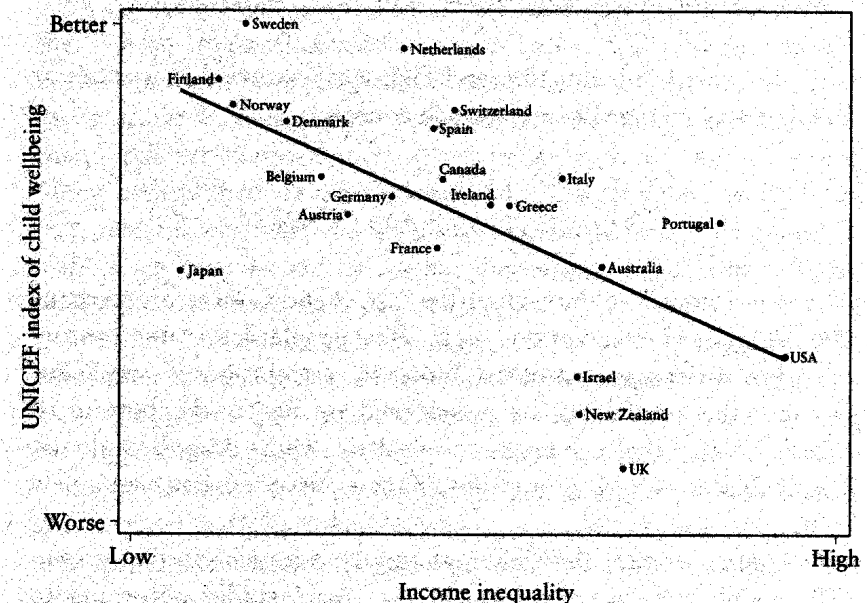
- **Interpersonal comparison**: individuals assess their SW by comparing their material condition to that of the others. So, if the income of everybody increases by the same amount, (after a certain income threshold) their relative satisfaction does not change.
- **Hedonic treadmill**: as people become richer, their expectations and desires rise in tandem, which results in no permanent gain in happiness.
- **Increase in economic inequality** → provoked by growth-centered policies, implies a growing proportion of relatively disadvantaged/dissatisfied people.

Negative correlation between economic inequality and wellbeing



Income inequality – Gini Index (X) and Index of **Health and Social Problems** (Y)

Income inequality – Gini Index (X) and UNICEF Index of **Child Wellbeing** (Y)



Source: R. Wilkinson & K. Pickett (2009)
“The Spirit Level. Why Greater Equality
Makes Societies Stronger”, Bloomsbury
Press.

Explanations for the happiness paradox

- Chasing a consumption-based wellbeing tends to make people poorer in terms of time, space (environment health and availability) and social relationships
- The 'side effects' of this development model in terms of disease, pollution, criminality and other social problems, are positively accounted for in GDP.
- In order to foster economic growth, society and politics keep accepting the above side effects, and in addition they privatize public infrastructures and services.
- Such process makes GDP increase at the expense of citizens whose cost of living grows consequently.

Manifesto per la felicità

Stefano Bartolini



Come passare
dalla società del
ben-avere a
quella del
ben-essere

Negative Endogenous Growth

Vicious circle where growth causes relational and environmental degradation which in turn contributes to growth

The trap of an apparent democracy

In general the adopted policies do not protect people's interest. They rather serve the interest of lobbies and concentrated economic powers from which political parties and single politicians receive funding and favours in return

Is it possible to escape from the trap of this unsustainable development?

Changing the production and consumption model that is leading humanity towards an ecological and social catastrophe is certainly possible (Just to have an idea, see for instance the documentaries *Zeitgeist moving forward* and *Thrive*; the *Happy Degrowth* movement and the mentioned book by Bartolini).

By now it is more and more evident that the obstacles to change do not concern technology, but rather politics.

More precisely, the economic powers that control both politics and the *mass-media* draw profit from this development model and they obstacle the change in any way.

In this framework the role of the *media* is to ignore all the valid proposals of change that go against the interest of this powerful élite. Otherwise they make them appear as utopian and therefore unrealizable.

the good news...

Even though politics might do much more and much better for the wellbeing of society, there is a good news:

Every one of us can do really much to improve his/her own wellbeing.

- Every person can learn to be happier, or in inner peace and harmony, even though the external conditions don't change.
- This is what has been affirmed by wise people of any time and place and also by contemporary experts, writers and researchers in this field.
- This is also my personal experience. That is why I am very convinced of what I'm saying.