

# GDP per capita is a poor predictor of national well-being

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# Introduction

# **What makes a country happy?**

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What do we mean by “happy”? Subjective well-being.

# Literature

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We challenge this finding.

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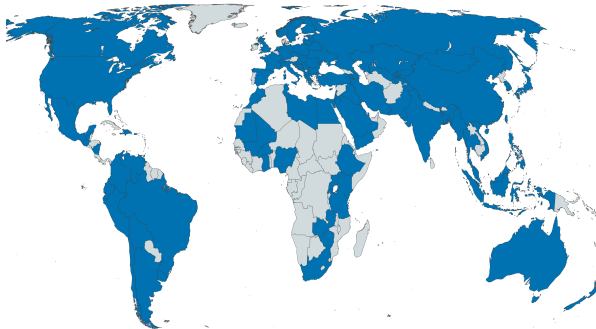
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Another simple variable, the country's (macro) region, is a better predictor of national well-being.

# Design

## Data

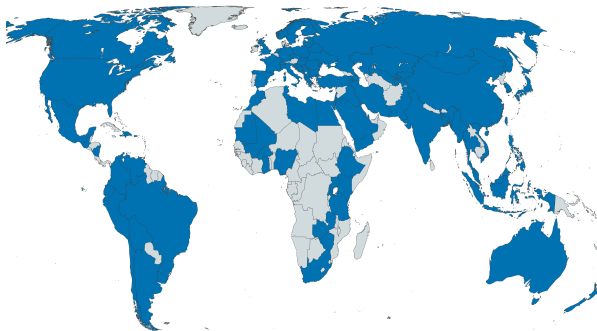
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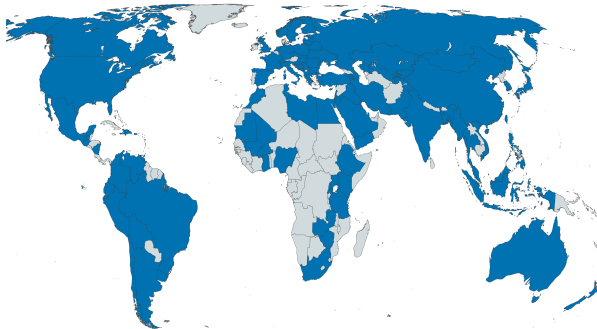


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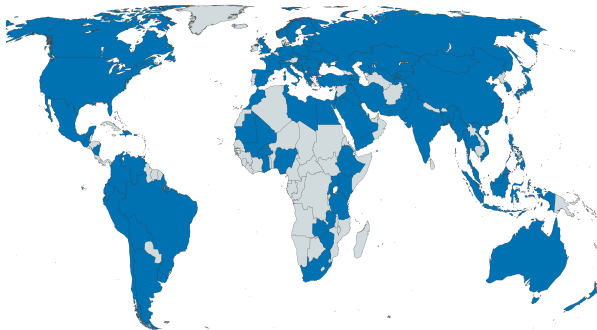
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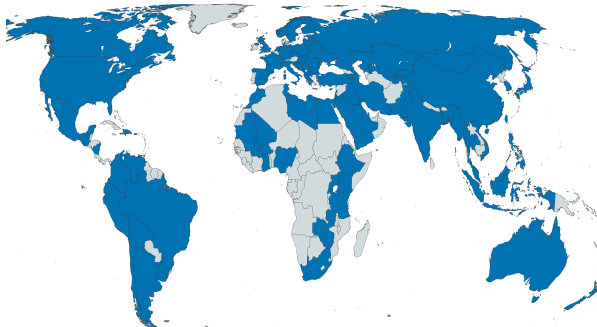
Two subjective well-being questions:

Happiness: “Taking all things together, would you say you are:”

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Satisfaction: “All things considered, how satisfied are you with your life as a whole these days?”

*1-Completely dissatisfied – 10-Completeley satisfied; PNR*



## What is national well-being?

With the two well-being questions, we can define various national indicators (all weighted using survey weights, all excluding PNR).

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**Satisfied:** share answering 6 to 10 at satisfaction

**Happy–Satisfied:** average of **Happy** and **Satisfied**

This is the variable used by Inglehart & Klingemann (2000)

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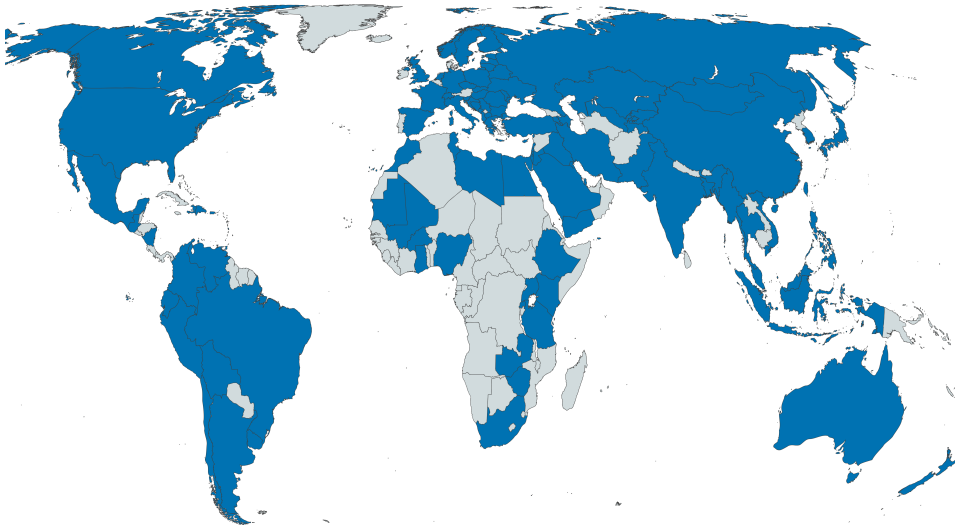
We manually impute missing income data using IMF data.

For robustness, we also run our analyses without this imputation (excluding countries with missing GDP data).

# National well-being and income

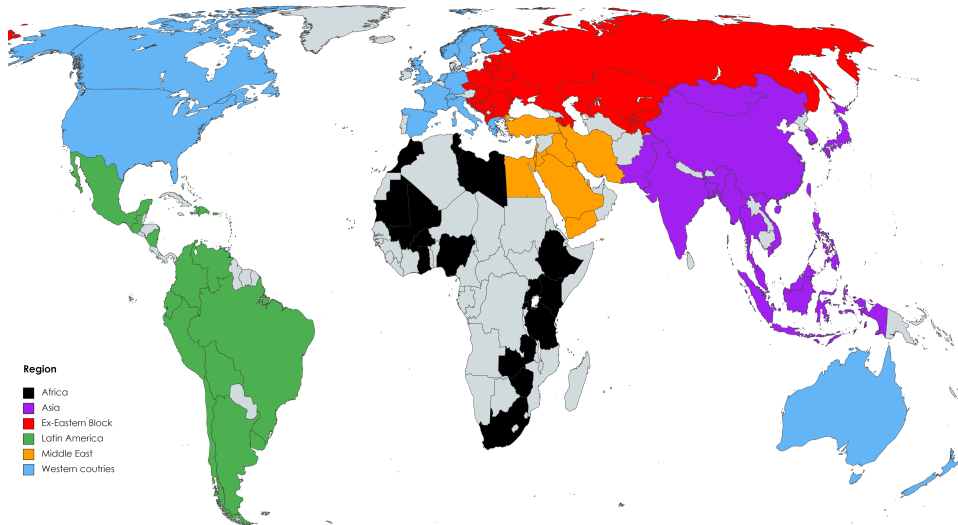
# Graphical evidence

Caption



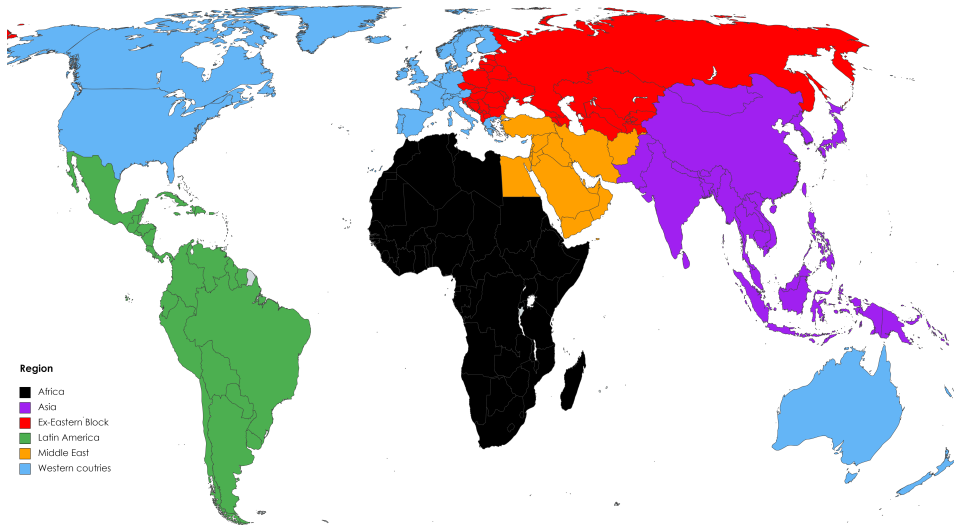
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## Share of the variance explained by GDP pc

Happiness variable	log GDP p.c.		Income cluster sextile PPP	Income cluster				Mean	Max
	PPP	nominal		k = 5 PPP	k = 6 PPP	k = 7 PPP	k = 7 nominal		
Very Happy	0	0	0.04	0.01	0.01	0.02	0.04	0.02	0.04
Happy	0.1	0.12	0.14	0.13	0.12	0.13	0.15	0.13	0.15
Very Unhappy	0.05	0.06	0.07	0.07	0.07	0.07	0.1	0.07	0.1
Satisfied	0.19	0.23	0.19	0.2	0.22	0.21	0.24	0.21	0.24
Satisfaction (mean)	0.14	0.16	0.13	0.14	0.16	0.15	0.18	0.15	0.18
Happiness (mean)	0.03	0.04	0.07	0.06	0.05	0.06	0.08	0.06	0.08
Happy + Satisfied	0.17	0.21	0.19	0.19	0.2	0.2	0.23	0.2	0.23
V. Happy – V. Unhappy	0	0.01	0.05	0.02	0.02	0.03	0.05	0.03	0.05
Mean	0.09	0.1	0.11	0.1	0.1	0.11	0.13	0.11	0.13
Max	0.19	0.23	0.19	0.2	0.22	0.21	0.24	0.21	0.24
Number of obs.	304	304	304	304	304	304	304		

## Share of the variance explained by GDP pc

	All waves	Only selected waves							
	Pop. weight	1 & 2	3	4	5	6	7	Mean	Max
Very Happy	0.05	0.24	0.07	0.15	0.07	0.2	0.25	0.14	0.25
Happy	0.23	0.22	0.22	0.23	0.23	0.21	0.13	0.21	0.23
Very Unhappy	0.06	0.22	0.15	0.16	0.18	0.12	0.18	0.15	0.22
Satisfied	0.23	0.18	0.23	0.36	0.29	0.22	0.16	0.24	0.36
Satisfaction (mean)	0.16	0.17	0.18	0.33	0.21	0.19	0.13	0.2	0.33
Happiness (mean)	0.11	0.18	0.13	0.2	0.16	0.2	0.15	0.16	0.2
Happy + Satisfied	0.28	0.21	0.25	0.32	0.28	0.24	0.17	0.25	0.32
V. Happy – V. Unhappy	0.06	0.15	0.08	0.16	0.09	0.2	0.21	0.14	0.21
Mean	0.15	0.2	0.16	0.24	0.19	0.2	0.17	0.19	0.24
Max	0.28	0.24	0.25	0.36	0.29	0.24	0.25	0.25	0.36
Number of obs.	304	26	56	40	58	60	64		

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Happy	0.27	0.33	0.36	0.34	0.33	0.34	0.39	0.34	0.39
Very Unhappy	0.19	0.25	0.27	0.27	0.27	0.26	0.38	0.27	0.38
Satisfied	0.36	0.42	0.35	0.37	0.39	0.38	0.44	0.39	0.44
Satisfaction (mean)	0.27	0.32	0.26	0.27	0.29	0.28	0.34	0.29	0.34
Happiness (mean)	0.1	0.14	0.21	0.16	0.15	0.17	0.22	0.16	0.22
Happy + Satisfied	0.33	0.4	0.36	0.36	0.37	0.37	0.43	0.38	0.43
V. Happy – V. Unhappy	0.02	0.03	0.14	0.06	0.06	0.09	0.14	0.08	0.14
Mean	0.19	0.24	0.26	0.23	0.24	0.24	0.31	0.24	0.31
Max	0.36	0.42	0.36	0.37	0.39	0.38	0.44	0.39	0.44
Number of obs.	304	304	304	304	304	304	304		

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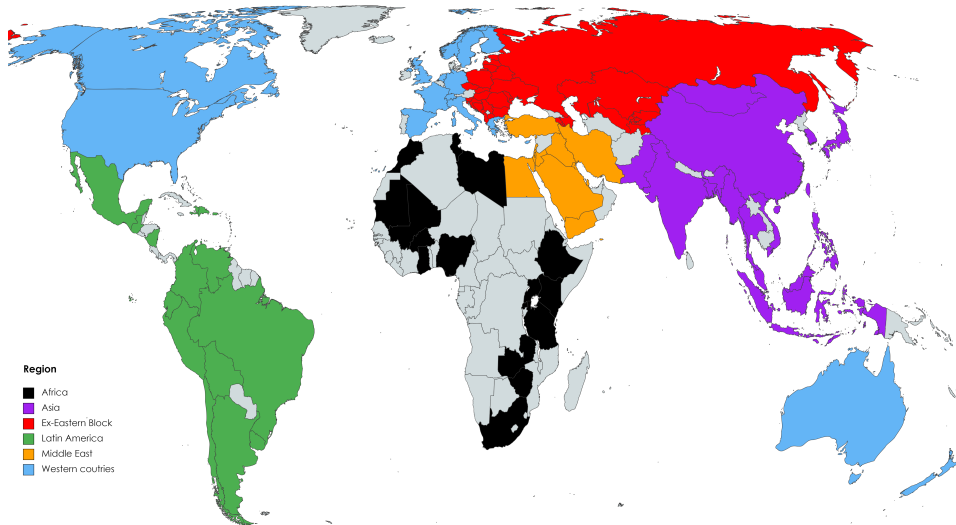
	All waves	Only selected waves							
	Pop. weight	1 & 2	3	4	5	6	7	Mean	Max
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Happy	0.53	0.33	0.33	0.53	0.36	0.51	0.47	0.44	0.53
Very Unhappy	0.2	0.26	0.27	0.36	0.33	0.46	0.43	0.33	0.46
Satisfied	0.54	0.25	0.28	0.58	0.4	0.46	0.32	0.4	0.58
Satisfaction (mean)	0.34	0.23	0.23	0.5	0.31	0.4	0.24	0.32	0.5
Happiness (mean)	0.31	0.24	0.18	0.44	0.25	0.47	0.4	0.32	0.47
Happy + Satisfied	0.54	0.27	0.32	0.57	0.39	0.48	0.36	0.42	0.57
V. Happy – V. Unhappy	0.2	0.2	0.11	0.34	0.16	0.47	0.45	0.28	0.47
Mean	0.35	0.26	0.23	0.45	0.29	0.47	0.4	0.35	0.47
Max	0.54	0.33	0.33	0.58	0.4	0.51	0.51	0.44	0.58
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**What are the happiest countries?**

# Region vs. GDP per capita as predictor of well-being

# Region grouping

WVS countries grouped into six world regions.



# **Region is a better predictor of national well-being than income**



# Conclusion