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MAX HALLER and MARKUS HADLER

## HOW SOCIAL RELATIONS AND STRUCTURES CAN PRODUCE HAPPINESS AND UNHAPPINESS: AN INTERNATIONAL COMPARATIVE ANALYSIS

(Accepted 15 November 2004)

**ABSTRACT.** In this paper, subjective well being, as measured by survey questions on happiness and life satisfaction, is investigated from a sociological-comparative point of view. The central thesis is that happiness and satisfaction must be understood as the outcome of an interaction process between individual characteristics and aspirations on the one side, and social relations and macrosocial structures on the other side. A distinction is made between life satisfaction and happiness; the former is more seen as the outcome of an evaluation process including material and social aspirations and achievements, the latter as an outcome of positive experiences, particularly close personal relationships. The focus of this paper is on micro- and macrosocial conditions favouring or inhibiting the emergence of happiness and satisfaction. It is hypothesized that dense and good basic social relations, occupational involvement and success, sociocultural (religious and altruistic) orientations and participation are conducive to happiness and life satisfaction; the same should be true at the macrolevel for economic prosperity, relatively equal social structures, a well-established welfare state and political democracy. The latter conditions, however, should be more important for life satisfaction than for happiness. A comparative, multilevel regression analysis of happiness in 41 nations around the world is carried out (using the *World Value Survey* 1995–1997). Both our general assumption and most of the specific hypotheses could be confirmed. It turned very clearly that “happiness” and “life satisfaction” are two different concepts. It could be shown that microsocial embedding and sociocultural integration of a person are highly relevant for happiness. However, contrary to earlier studies, we find that macrosocial factors like the economic wealth of nation, the distribution of income, the extent of the welfare state and political freedom are also relevant, particularly for satisfaction. What counts most is the ability to cope with life, including subjective health and financial satisfaction, close social relations, and the economic perspectives for improvement in the future, both at the level of the individual and at that of the society. These abilities are certainly improved by favourable macrosocial conditions and institutions, such as a more equal income distribution, political democracy and a welfare state.

**KEY WORDS:** happiness, international comparison, life satisfaction, social institutions, social structure, social structure and happiness

## INTRODUCTION

How to attain happiness has been a central topic and preoccupation of philosophers and other writers from antiquity to the birth of the modern age (Bellebaum, 1992). Since then, however, a paradoxical bifurcation can be observed. On the one side, it is taken for granted that happiness is a fundamental goal, and even right of any individual. The paradigmatic expression of this view has been given in the Declaration of Independence, adopted by the Congress of the United States in 1776: "We hold these truths to be self-evident, that all men are ... endowed by their Creator with certain inalienable rights, that among these are life, liberty and the pursuit of happiness." In recent times, happiness has become a topic investigated intensively by scientists from many disciplines. On the other side, happiness was no central topic for some of the founders of sociological thinking around 1900 (Bellebaum and Barheier, 1997). Even in present-day general and sociological encyclopedias, the entry "happiness" seldom does appear.

One reason for the remarkable divergence between the decreased interest in happiness of sociological authors on the one side, and the rising interest of the other social sciences and the public may be the fact that a fundamental change was going on in the thinking about the ways how to attain happiness. For thinkers from Aristotle up to the early modern age, individual happiness was closely connected with the social order: It arises out of the free affirmation of an ordered social world (Plè, 1997). With the breakdown of a binding common value system, with secularisation, rationalisation and individualisation processes, happiness more and more comes to be seen as an idiosyncratic goal to be attained in specific ways by each individual. Modern societies have institutionalised two defenses against the loss of secure social bonds: the myth of individualism, and the denial of complexity in human affairs (Scheff, 1990: 12).

The American philosopher Haybron (2003: 314–317) recently has given four convincing reasons why the social sciences should care about happiness: (1) we often appeal to considerations of happiness when deliberating about important decisions in life (Will I become happy with this partner? With this occupation?); (2) we assess our own situation or that of close persons often in terms of happiness

(Are my children happy?); (3) happiness leads to clear predictions of behaviour<sup>1</sup> (Happier people are more funny as companions in work and leisure.); (4) happiness is useful for the explanation of behaviour (Somebody may avoid to take a decision because he/she is unhappy).

The basic assumption of this paper is that the classical theories of happiness were fully right in their assumption that individual happiness is contingent upon (while certainly not fully determined by) the social order. We start from the thesis that happiness must be seen as the outcome of an interaction process between individual aspirations and expectations on the one side, and more or less favourable micro and macrosocial conditions on the other side. In this paper, we try to explore more deeply the micro and macrosocial antecedents of happiness from a sociological perspective. (In a twin paper, we focus on the individual side of happiness; see Haller and Hadler, 2004.) In the first section, we look at some present-day explanations of happiness from this point of view, arguing that they consider only the individual or the context side of happiness. Then we sketch our own approach and develop some concrete hypotheses focussing upon the micro and macro social context. In the next section, the data sets, variables and methods used are described. In the third and main part of the paper, the empirical findings are presented, using a multilevel regression analysis. We conclude with some considerations about the limits of our analysis and possibilities for its supplementation by further research.

## THEORETICAL CONSIDERATIONS

Happiness has been investigated by researchers from many different social scientific disciplines and with diverging theoretical orientations. Let us have a short look on some of these approaches, before presenting our own theses.

### *A Short Review and Critique of Existing Theoretical Approaches*

Here, we sketch out five different approaches to the explanation of happiness and try to give a short evaluation and critique of them from the viewpoint of our own approach.

(1) *Happiness as a stable trait of individuals.* Some psychologists maintain that happiness is a stable trait of individuals and an enduring characteristic of their personality (see also Doyle and Youn, 2000; Frey and Stutzer, 2002: 10–12). Some of them argue that these traits exist since birth, based on neurophysiological structures which make some individuals prone to develop an optimistic and positive, and other individuals a more pessimistic and depressive outlook on life. Others argue that these basic tendencies are acquired in childhood, but then remain rather stable throughout life. Empirical research has proved that happiness varies significantly with personality factors such as extraversion and neuroticism (Heady et al., 1984; Vitterso and Nilsen, 2002), or with personality types derived from psychoanalytic theory (Doyle and Youn, 2000). Yet, personality alone cannot explain happiness. It has been shown that happiness varies considerably over a longer time (Veenhoven, 1994), may- be even within a year (Schulz et al., 1988: 172). It varies in connection with important transition phases of the life cycle (leaving school, entering marriage, etc.) and decreases strongly during dramatic life events (serious illnesses, death of a close relative). When asked directly, people themselves remember life phases with very different levels of happiness. Even if fixed personality and genetic factors may determine 50% in the variation of happiness (as claimed by Lykken and Tellegen; see Myers, 2000), there must exist important other variables determining of happiness.

(2) *Happiness as a consequence of the objective life situation.* An alternative approach assumes that happiness is conditioned by the objective life circumstances of people. Marx stated in his early philosophical writings – against idealistic philosophers – that the objective material conditions determine the fate of men but not their ideas or values. Today, income is the main indicator for material well being. Many economists take it “as a matter of course that higher income leads to higher happiness.” (Frey and Stutzer, 2002: 73). A higher income expands the opportunities of individuals since they can consume ever more goods and services. Also this position, however, is challenged by empirical research and on theoretical grounds (Fuentes and Rojas, 2001: 291ff.). Many studies have shown that the relationship between objective and subjective levels of welfare is often weak or inexistent. Theories which assume a more or less direct connection between objective welfare and subjective happiness do not

spell out the processes by which such a connection should come about. Scitovsky (1976: 59ff.) has made a distinction between feelings of comfort and experiences of pleasure. A high level of wealth produces comfort and feelings of satiation but often may prevent the pleasures that result from the experience of new challenges and experiences, or even inspiring dangers. The philosopher Nozick (1989) quotes his predecessor John Locke with the sentence: "It is better to be an unhappy man than a happy swine". It seems that a certain level of arousal, lying between the extremes of too much and too little, is felt as most pleasant. The attainment of higher valued feelings of positive lust depends most of all on changes in levels of excitement. Through eating we reduce hunger, but eating itself constitutes a pleasure. Thus, the satiation of needs, the attainment of "lust" (pleasure, enjoyment) may not be the only or ultimate personal goal; it may turn people into "contented cows", leading to idleness, reduced incentive for creativity, neglect or avoidance of problems and conflicts (Arendt, 1958; Nozick, 1989; Veenhoven, 1989: 2).

(3) *Happiness as a utility function of individuals*. Not all economists have subscribed to the simple equation of objective well being with subjective happiness, nor to the assumption that factual consumer behaviour does reflect the true tastes of people (Scitovsky, 1976: 4f). The Swiss economists Frey and Stutzer (2002: 19ff) formulate a more complex well-being function. Here, self-reported well being (measured on a cardinal scale) is seen as a function of a set of determinants, including the respondent's actual or "real" well being (utility) which is known only to him, personality characteristics, social background factors, social networks and economic factors. As far as income is concerned they find, for instance, that higher income has a substantial positive effect on happiness only in developing countries; that happiness does not increase over time with rising income; and that groups with relatively low income are not necessarily less happy.

Economic utility theories and theories of relative deprivation are an improvement compared to the former theories insofar, as they include social processes. Yet, they do so in an incomplete way. First, the reasons given for a positive association between higher levels of income and well being may be questioned. Factual market and consumer behaviour of individuals may not directly reflect their true tastes (Zahn, 1960; Scitovsky, 1976: 5). Therefore, even some economists (Galbraith, 1958; Easterlin, 1974; Frank, 1999) do not

subscribe to the view that “money buys happiness.” Second, theories of this kind assume that men must either be “driven” by innate motives or “dragged along” by considerations of utility in order to become active. This view does not correspond to reality since human beings are active since birth all the time and in a variety of ways and derive their greatest satisfactions out of their action (Huizinga, 1956; Arendt, 1958; Csikszentmihalyi, 1990; Ryan and Deci, 2000: 68; Sprenger, 2002). Therefore, economists must resort to additional concepts and explanations for their findings, such as the theory of relative comparison groups, the concept of aspiration levels, psychological adaptation processes and the like.

(4) *Happiness as the result of comparison processes with other groups (relative satisfaction)*. Research on the quality of life persistently finds only a weak correlation between the objective position of an individual or a social group and their level of subjective well being (Glatzer and Zapf, 1984). Even relatively deprived people and social groups are often rather satisfied with their economic situation (Haller and Hadler, 2002). Studies on revolutions showed that they often do not break out in economic depression phases or among the most deprived groups of a population, but in relatively prosperous periods or among relatively well-off social groups (Davies, 1962). Here, the famous theory of relative deprivation has been developed which states that most people are satisfied because they compare their situation with other persons in similar but not with those in much better or worse situations or positions (Merton, 1967). But also these theories are not satisfactory. Typical for them is a kind of post-hoc theorizing: If the researcher finds that the happiness of a person or group does not correspond to his objective situation, he/she looks along for possible comparison groups in other, better or worse situations which could explain the discrepancy. In principle, it would be possible to grasp the relevant comparison groups or to measure the aspiration levels independently; but also in this case, the question would remain how and why people select specific reference groups or develop specific aspiration levels. Individuals “often take an active role in the comparison process by selecting targets and domains that are likely to result in beneficial comparisons.” (Diener and Suh, 1997: 203)

(5) *Happiness as a persistent national or cultural characteristic*. Many studies have shown that happiness varies substantially between

nations and that these differences are relatively stable over time. This has led some to argue that happiness must be considered as a relatively fixed characteristic of nations or cultures (Inglehart and Rabier, 1986: 43; Inkeles, 1989). They seem echoing Durkheim's (1973) statement that the social rate of suicide emerges from the moral constitution of a society. However, there exists theoretical and empirical arguments against this assertion (Veenhoven, 1994): in some countries, the level of happiness remained stable over the last decades, in others, it underwent significant change;<sup>2</sup> variations within countries in levels of happiness are considerable; and the intercountry variations seem to be related significantly to some macrosocial characteristics (e.g., economic affluence). Thus, also the thesis of happiness as a more or less persistent characteristic of nations is not convincing. Its main methodological weakness is that it takes the variable "nation" as a kind of "black-box" which does not spell out in detail the mechanisms which make people in some nations more happy than in others (Przeworski and Teune, 1970; Haller, 2002). What is necessary here is to disentangle the complex variable "nation" into sub-dimensions which are theoretically meaningful and can be handled empirically. This includes also an abandonment of attempts at overall characterisations of whole nations or societies in general terms (for example as "collectivistic" or "individualistic" in Veenhoven (1999)).

*The Definition of Happiness and Life Satisfaction  
and the Instruments for their Measurement*

So far we have not distinguished between the two concepts of "happiness" and "life satisfaction" which certainly is necessary, even if they are related closely to each other. Let us first look at the concept of "happiness". Here we can distinguish between two meanings: One is related to the moment in which we live, the other to life as whole. Happiness as an outcome of a specific, actual experience is something which everybody of us knows, and which is described by poets, song-writers and film-makers again and again. Already in these examples, however, happiness is more than just an exciting psycho-physical sensation as it is implied in the concepts of "pleasure" or "lust". Happiness – just as "satisfaction" – contains three elements: a (cognitive) assumption, an evaluation, and a (positive) feeling based



on the first two (Nozick, 1989: 132). Feelings of love<sup>3</sup> will be more intense the better we know the loved; happiness at the mountain peak depends also on the duration and difficulty of the climb as well as on our knowledge of its height. The human feeling of happiness is a “conscious emotion”, a cognitive interpretation of experiences on the basis of a self (Damasio, 1999). German philosophical anthropology (M. Scheler, A. Gehlen) argued that human emotions are arranged in a hierarchical order, going from pure sensual emotions up to the highest level of spiritual and personality emotions; happiness is seen as being part of the latter (Rehberg, 1997).

Thus, we cannot distinguish between happiness and satisfaction by assuming that the latter includes a cognitive experience while the former is just an emotion as Campbell et al. (1976: 8) and Lane (2000: 275) have argued (see Gundelach and Kreiner, 2004: 363). Using data of the US-General Social Survey, Crooker and Near (1998) could show that life satisfaction and happiness were influenced directly by a measure of positive affect (composed of three items: positive view of other people as fair, helpful and to be trusted). It may be true, however, that satisfaction includes more a calculating component and may be defined as the perceived discrepancy between aspirations, expectations and achievements (Michalos, 1980; Campbell et al., 1986). However, a cognitive component is also present in the case of happiness. We would not consider a person as being truly happy if we knew that it is based on fully erroneous assumptions. This element seems to be captured well by the term “prudential happiness”, coined by Haybron (2003: 306) after the Greek term “eudaimonia”.

The conceptual distinction between satisfaction and happiness can be made more clear by referring to the well-established fact that the absence of negative experiences need not lead to positive feelings; rather, it is only through positive experiences, that pleasure and happiness arise. This important insight was clearly formulated in the pioneer study of Bradburn and Caplovitz when they state that a man can be depressed or worried about specific issues and very happy at the same time (Bradburn and Caplovitz, 1965: 19). These authors developed items and scales measuring negative and positive experiences separately. The independence of these two dimensions could also be shown in a study of working women in Austria; this study confirmed also a further implication of this theory, namely that

overall happiness depends on the balance of positive and negative experiences and feelings (Haller, 1981).

Finally, we have to ask which kinds of experiences and states typically may lead to high satisfaction or to high happiness, respectively. In connection to the afore mentioned element of an overall evaluation in the concept of satisfaction, we may hypothesize that satisfaction is related more to the material circumstances of living, including things such as physical well being and health. A handicapped or chronically ill person may be rather satisfied with his or her present state of health even if for other persons that situation looks rather depressing. Yet, the chronically ill knows that his situation could also be much worse. A quite different situation exists if we say that a person is very happy. The highest experience of happiness has always been that of falling in love, an incident which cannot be "planned" or achieved out of one's will. However, true happiness must have some "inertia" (Haybron, 2003): people who are happy tend to remain it over time (Nozick, 1989).

Thus, a first assumption of our paper is that both life satisfaction and happiness are related to our life as a whole. This comes out clearly in the spelling of the two questions contained in the World Value Survey that will be used in the following empirical analysis:

*"(V10) Taking all things together, would you say you are: very happy (1), quite happy (2), not very happy (3), not at all happy (4)";*

*"(V65) All things considered, how satisfied are you with your life as a whole these days? Please use this card for your answer.*

1	2	3	4	5	6	7	8	9	10
<i>Dissatisfied</i>					<i>Satisfied</i>				

Why are happiness or satisfaction with life as a whole so important to us? Robert Nozick gives two reasons (Nozick, 1989: 137): first, because the feeling of happiness as such is enjoyable; second, however, because a life which is considered as being happy is also considered as being a "good life". A life which does not contain other valuable elements cannot be a happy life. Happiness, in this sense, comes only in connection with other things which are evaluated as positive. Thus, both satisfaction with life and happiness (the first probably even more so) depend also on our expectations, standards and ambitions; and these are accessible to our control. Happiness and life satisfaction cannot be realized or arise outside of social relations and outside of society. This

applies even to the hermit who defines his happiness only in (negative) reference to the outside world. Humans have always evaluated the social structure and institutions in view of their possibility to enable “a long life and happiness” (Boudon, 2002: 108). Based on the preceding considerations we suppose, however, that there exists a significant difference between the main determinants of happiness and life satisfaction:

Hypothesis 1: Happiness and life satisfaction will be closely correlated with each other but happiness will be determined in the first instance by positive and close social relationships while life satisfaction will be influenced more strongly by the objective-material conditions of life, including macrosocial structures and institutions.

Let us now look at the concrete social relations, structures and institutions that are most relevant for happiness.

*HOW SOCIAL RELATIONS, STRUCTURES AND INSTITUTIONS  
PRODUCE, FACILITATE AND INHIBIT THE EMERGENCE OF HAPPINESS  
AND LIFE SATISFACTION*

We may distinguish four relevant areas here: (1) basic social relations and personal networks (microsocial context I); (2) sociocultural integration (microsocial context II); (3) occupational achievements and social status (“microsocial” context III); (4) societal and political structures and institutions (macrosocial context). Our argument in this regard is that certain social relations and conditions in some cases can directly produce happiness or unhappiness (these two processes have to be distinguished clearly from each other); in most cases, however they can be considered as factors facilitating their emergence. In the following considerations and hypotheses, we try to specify the concrete processes whereby these effects come about.

(1) *Basic social relations and networks (microsocial context I)*. In his classical study on Suicide, Durkheim (1973) has shown that social relationships protect individuals and are essential for them to fulfil their basic needs. For David Hume, the pursuit of happiness, a fundamental human goal, can be attained only in connection with other people (Bellebaum and Barheier, 1997). Numerous studies have corroborated the finding that good and close relationships with other people – partners and spouses, parents and children, kinsmen,

friends, neighbours and workmates – are a major source of satisfaction with life and happiness (Bradburn, 1969; Glatzer and Zapf, 1984; Argyle, 1987; Schulz et al., 1988; Veenhoven, 1989, 1999; Myers, 1993, 2000; Schulz, 1995; Eckersley, 2000; Land et al., 2001; Michalos et al., 2001). Out of these considerations, we formulate a second hypothesis:

Hypothesis 2: Life satisfaction, but especially happiness will be higher among those persons and groups, and in those nations, where people are better embedded in close social relations and networks than among persons, groups and societies where less dense networks of social relations exist. The most significant forms of social embedding in this regard are marriage and family.

(2) *Sociocultural (religious) integration and altruism (microsocial context II)*. According to Fromm (1956), “true love” exists only if we are ready to give love to others. The highest level of happiness may be obtained when we work or live for other people, for a community or for god. An Israeli study found that some young people reported the most profound experiences of happiness in connection with voluntary prosocial activities (Magen, 1996). The philosopher Merleau-Ponty (1960) argues that in a relationship wherein two persons care for each other, the borderline between egoism and altruism or love becomes blurred. For the psychoanalyst Suttie (1963), every child is born with an impulse to receive and to give love to others; only inhibitions to this basic need produce frustration and anxieties. In his “theory of moral sentiments”, Smith (1986) argues that the pursuit of ethical standards, the fulfilment of moral obligations is intrinsically connected with the ability to empathize with the situation of others in need; in this case, altruism is intrinsically rewarding.

In this regard, two other kinds of social relations and integration may be conducive to happiness: membership in voluntary associations, and membership in a church and religious participation. The latter can increase happiness for two reasons. First, because it provides a “social order” which protects from excessive individualism and anomie (Durkheim, 1964). Second, because religions have a spiritual-transcendental component which provides counterintuitive beliefs and practices “that are widely spread, literally believed, and actively used by a group of people within attempts to understand, explain and control those aspects of life, and reality as a whole, that escape common sense and... scientific explanation.” (Pyysiäinen,

2001: 227). Such aspects include fateful suffering and sorrow, which cannot be controlled or explained in rational terms.

The *World Value Survey* contains two questions on subjective attitudes which are relevant in this regard. One question (V48) concerns a more altruistic or more egocentric view of social relationships:

*"To build good human relationships, it is most important to try to understand other's preferences or to express one's own preferences clearly."*

The first alternative clearly comes closer to Fromm's understanding of love as an altruistic relation; thus, we expect that persons subscribing to it are happier.

One further question (V177) concerns thinking about the meaning of life:

*"How often, if at all, do you think about the meaning and purpose of life? (Often, sometimes, rarely, never)."*

At first sight, people who often think about the meaning of life, who are more reflexive, should also be more satisfied with it. However, this thinking might also come out of high ethical-moral standards, or out of personal problems; in both cases, it would not necessarily be associated with higher happiness. These considerations lead to the following hypothesis:

Hypothesis 3: Life satisfaction and particularly happiness will be higher among members and active participants of a religious denomination than among non-members and non-participants; they will be higher among the members of those denominations which emphasize worldly achievements; and they will be higher among more altruistically minded persons.

(3) *Occupational participation and achievement and social status (microsocial context III)*. Since its foundation, sociology has shown theoretically and empirically that work and occupation are among the most important elements for personal development and fulfilment. A stable employment and work, an occupation and career provide structure and continuity to daily life; they are one of the main areas for the development of knowledge and capacities; they provide a regular income and the basis for the material support of one's own life and of dependent persons; and they are main sources for self-respect and social status (Arendt, 1958; Jahoda, 1982; Hughes, 1997). A high status, on its side, is a main source not only for further material improvement, for power and influence, but can also be striven for in

order to attain the love of others (de Botton, 2004). Out of these considerations, we formulate a fourth hypothesis:

Hypothesis 4: A qualified occupation and a high occupational position, a high income, and a high social status promote life satisfaction and happiness (the first more than the second), while involuntary unemployment, low occupational and low social status reduce satisfaction and happiness.

(4) *Macrosocial and institutional context.* How can macrosocial conditions, like the general level of wealth in a country, the extent of welfare services, political democracy and the like, have an impact on individual happiness? Already Durkheim has argued that the progress of the division of labour cannot be explained by the striving toward happiness; he quotes Comte's thesis that we must "dismiss as vain and futile the vague metaphysical controversy concerning the increase of man's happiness in the various ages of civilization" (Durkheim, 1964: 251; Kuzmics, 1989). In spite of the fact that modernity is associated with the idea that happiness can be produced, it is evident that individual happiness depends in the first instance upon private social relations (Klages, 1992). Nevertheless, we think that macrosocial and political conditions can have significant effects, particularly on life satisfaction. The following aspects are relevant here.

The first is the level of economic development or wealth, as measured by GDP/head. In accordance with the foregoing considerations, we include also (a) the growth in GDP/head over the 1990s; (b) the distribution of national wealth, the degree of economic inequality in a country. Both these dimensions may influence in a significant way the perception of the well being and also the happiness of the members of a society. A country with high degrees of economic and social inequality is not very attractive. Moreover, high inequality may lead to additional social problems and conflicts (e.g. high levels of crime and violence, sharp industrial and political conflicts.<sup>4</sup> Corresponding with this fact, it has been shown recently that subjective well-being in Europe is significantly higher in small countries (European Foundation, 2004).

As two additional macrosocial-institutional dimensions, we will consider the welfare state and the degree of political freedom in a country. The importance of the welfare state is evident: This was the main societal institution developed in order to cope with the

dissolution of traditional, family and community-based forms of social provision and security. The welfare state secures a decent standard of living to all members of a society, irrespective of their gender, age, employment status and health. Thus, the extent of welfare state provisions (measured by social expenditures) should also be relevant for satisfaction and happiness. The other dimension considered is political freedom. In classical Greek philosophy, political freedom was a precondition for the attainment of happiness (eudaimonia) which on its side was closely connected with health and prosperity (Arendt, 1958). For the Greeks, freedom was closely related to equality between the citizens. This was a central point also in Alexis de Tocqueville's classical work on *Democracy in America* (Tocqueville, 1947).

Based on these general considerations, the following hypothesis is put forward:

Hypothesis 5: The degree of happiness and, in particular, of satisfaction with life as a whole will significantly vary between nations and it will reflect their economic wealth, and their economic and stratification structure and political order. Happiness and life satisfaction will be higher in economically well-developed, rich countries; in countries with a positive economic development in the past decade; in countries with less economic inequality; and in countries with extended welfare provisions and with political systems where citizens are free to express and put forth their interests. Moreover, social class and status differences in happiness and life satisfaction should be larger in societies which show higher degrees of economic inequality and which are less free in political terms.

#### DATA SETS, QUESTIONS AND INDICATORS, AND METHODS OF ANALYSIS

The data base of our empirical analysis is the *World Value Survey 1995–1997* (WVS 95) which contained two questions on happiness and life satisfaction, resp. (their formulation has been quoted above).<sup>5</sup> This is one of the few large, comparative surveys which have been carried out since the early 1980s already three times in many nations around the world (Inglehart et al., 2000). The *World Value Survey 1995–1997* included about 70 different states, regions and cities. In some large countries, only certain provinces were randomly sampled, – provinces which tend to be the more urban and rich ones.<sup>6</sup> After combining the sub-regions into one whole country where

necessary,<sup>7</sup> and excluding other countries because of many missing values, 41 countries could be used for the present empirical analysis.

The two questions on overall happiness and life satisfaction (see above) will both be used as separate dependent variables in the following analysis, based on our assumption that they – albeit closely related to each other – measure somewhat different aspects of subjective well being.

We use the method of multilevel regression analysis in order to distinguish in a methodologically sound way between the effects of characteristics of the individuals and of the countries as a whole.<sup>8</sup> A multilevel analysis has several advantages over a simple regression analysis (Goldstein, 1995:3): first, it results in statistically efficient estimates of the regression coefficients; second, by using the context data (country characteristics), it produces correct standard errors, confidence intervals and significance tests, and these are usually more “conservative” than those obtained with an ordinary regression; third, by allowing the use of covariates measured at both levels, it enables one to explore interaction effects. For the statistical analysis, we used the program Mlwin (Rabash et al., 2000). As the dependent variables are not strictly normal distributed, robust standard errors were estimated which are more reliable.

Four kinds of determinants of the dependent variables “happiness” and “life satisfaction” are distinguished, corresponding to our hypotheses.

– *Individual sociodemographic characteristics and feelings.* Here, we included age and gender, subjective health and the feeling of having free choice and control over one’s life. These basic characteristics may be related significantly to happiness. The relative position of women and men is different in all societies; while men occupy higher status positions in the world of work, women might have some advantage in regard to family relations. However, so far research did not find significant effects of gender (Inglehart and Rabier, 1986; Hayo and Seifert, 2003; Christoph and Noll, 2003). In every society, age is a socially standardized and evaluated category; in our society, youth is generally higher evaluated than old age, while persons in the middle age categories are most involved in work and family. Several studies have shown that the relation of happiness to age is u-shaped: The younger, but also the older



people tend to be more happy (Inglehart and Rabier, 1986; Michalos et al., 2001; Hayo and Seifert, 2003; Christoph and Noll, 2003). Subjective health has been shown by many studies to be one of the most important determinants of happiness. A certain degree of freedom is an essential element of human action (compared with animal behaviour). Thus, if a human act has been carried out of a free decision, it is gratifying per se because it deploys the essence of human beings, to act in a conscious and deliberate manner. Persons who feel that they are free in their lives should therefore be more happy than those who do not have this feeling.<sup>9</sup>

- *Family situation and social and religious embedding.* Here, we include marital status, presence of children, religious denomination and participation, and membership in voluntary associations. Also the items “altruistic orientation” and frequency of thinking about the meaning of life are relevant in this regard.
- *Work and status.* Here, we consider level of education, employment participation, occupational status, income, and subjective social class. In this regard, also some subjective variables were included: satisfaction with financial situation, the perception of the chances to escape poverty, and subjective social class placement.
- *Macrosocial indicators.* Five characteristics of the countries were considered: Level of economic development or wealth (GNP/head), economic growth during the Nineties (GDP/growth), income distribution (GINI coefficients), social expenditures and degree of political freedom. Social expenditures reflect welfare expenditures in percentage of total state expenditures; they comprise expenditures for social welfare, education, health and housing (data were taken from the World Development Report of the World Bank and the Government Financial Statistics of the International Monetary Fund).<sup>10</sup> The figures for all countries in these indicators are put together in Table A.I. The measure for political freedom was taken from a data set compiled by Freedom House, New York; it varies between 1 (fully free) and 8 (no freedom).<sup>11</sup> In this index, most West-European and Anglo-Saxon countries have scores indicating high freedom (below 2); then follow Latin-American and post-communist countries (values 2–4); at the end we find China, Nigeria, Azerbaijan, Turkey, Belarus and Peru (above 5.0).<sup>12</sup>

## EMPIRICAL FINDINGS ON DETERMINANTS OF LIFE SATISFACTION AND HAPPINESS

Let us now look at the results of the multivariate, multilevel analysis of happiness and life satisfaction. In the presentation of the findings, we begin with a discussion of the effects of the sociodemographic characteristics and individual attitudes, then we discuss the results concerning our hypotheses. In Table A.I, we present also the bivariate correlations between all independent and dependent variables; in this way, the reader can compare them with the corresponding coefficients in the multivariate analyses. Table A.II contains all macro-level characteristics for the countries included.

### *Basic Sociodemographic Characteristics, Attitudes and Feelings*

*Age or position in the life cycle: The "happy youth"*: In Table I, we can see that satisfaction and happiness vary significantly by age. Respondents below 39 years, and especially those under 29, are significantly more happy and satisfied with their lives than the older.<sup>13</sup> This finding may be related to the fact that adolescence is a time full of new experiences and challenges, of opportunities and hopes while adult life brings about many obligations and strains.

*Women are happier than men.* The surprising strength of the weak sex. Table I shows also that women are significantly more happy than men and this in spite of the fact (shown in Haller and Hadler (2004)) that they feel to have less freedom to decide about their ways of life (see also Di Tella et al., 2001; Frey and Stutzer, 2002; no effects of sex on happiness were found in Inglehart and Rabier, 1986: 9ff; Christoph and Noll, 2003; Hayo and Seifert, 2003). Women throughout the world are less involved in the areas of work and public life, and have less power of decision in work organizations and politics. Yet, all these discriminations do not seem to reduce their happiness and life satisfaction. Thus, the positive life experiences of women must be so strong that they outbalance their deprivations. We think that a confirmation of this explanation is given in the findings concerning our second hypothesis (see below).

*Subjective health and freedom as determinants of happiness.* In Table I we can see that both subjective health and the feeling of freedom in life exert significant and strong effects on happiness and

TABLE I  
Multilevel regression analysis of happiness and life satisfaction in 34 countries

	Happiness (low-high)			Life Satisfaction (low-high)		
	B	SE	BETA	B	SE	BETA
Constant	1.95**	0.15		29.29**	2.93	
Individual characteristics						
Women (Ref = men)	0.27**	0.08	0.02	0.73**	0.28	0.01
Age (-29)	0.49**	0.19	0.03	1.83**	0.46	0.03
Age (30-39)	0.13	0.11	0.01	0.80*	0.32	0.01
Age (40-49)	(Ref)			(Ref)		
Age (50-59)	-0.12	0.11	-0.00	-0.17	0.31	-0.00
Age (60-69)	0.04	0.15	0.00	0.20	0.37	0.00
Age (70-)	0.33	0.18	0.01	0.51	0.57	0.00
Education (low-high)	-0.05	0.05	-0.01	-0.17	0.31	-0.01
Decision freedom (low-high)	0.29**	0.04	0.12	1.80**	0.22	0.22
Subj. Health (good-bad)	-2.02**	0.10	-0.28	-3.76**	0.24	-0.15
Basic social relations						
Married	(Ref)			(Ref)		
Divorced, separated, widowed	-2.21**	0.19	-0.09	-3.02**	0.35	-0.04
Single	-1.49**	0.24	-0.08	-3.03**	0.39	-0.05
Children (No.s 1-4+)	0.03	0.07	0.01	0.55**	0.10	0.03
No children or missing value	-0.10	0.14	-0.01	-0.35	0.21	-0.01
Work participation and social status						
Employed	(Ref)			(Ref)		
Retired	0.50**	0.17	0.02	1.09**	0.38	0.01

Housewife	0.70**	0.14
Student	0.39	0.22
Unemployed	-0.38*	0.15
Not employed/ missing	0.09	0.21
Professional manual workers	(Ref)	
Manager	0.15	0.13
Skilled worker	0.20*	0.09
Semi skilled worker	-0.18	0.10
Farmer	0.01	0.28
Army	0.02	0.24
Never worked	-0.14	0.15
Income (low-high)	-0.01	0.03
Financial Satisfaction (low-high)	0.51**	0.04
Subjective class (high-low)	-0.44**	0.07
No chance esc. poverty	-0.46**	0.11
(Ref = chance)		
Poverty incr. last 10 yrs (not-much)	-0.23	0.13
Sociocultural integration		
Catholic	(Ref)	
None	0.06	0.17
Protestant	0.36*	0.16
Orthodox	-0.10	0.23
Jew	-0.21	0.57
Muslim	-0.01	0.41
Other	0.22	0.14
Sociocultural integration		
Church Attendance (often-never)	-0.17**	0.02

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0.03	0.75	0.47	0.01
0.01	1.09*	0.50	0.01
-0.01	-2.04**	0.48	-0.02
0.00	0.44	0.53	0.00
	(Ref)		
0.00	-0.37	0.38	-0.00
0.01	0.33	0.32	0.00
-0.01	-0.40	0.30	-0.01
0.00	0.21	0.46	0.00
0.00	-0.19	0.89	-0.00
-0.01	0.35	0.32	0.00
-0.00	-0.05	0.09	-0.01
0.20	4.28**	0.21	0.49
-0.07	-0.86**	0.21	-0.04
-0.03	-0.95**	0.36	-0.02
-0.00	0.09	0.25	0.00
	(Ref)		
0.00	0.40	0.30	0.01
0.02	1.51**	0.53	0.02
-0.00	-0.59	0.55	-0.01
0.00	-0.61	2.17	-0.00
-0.00	-1.23	0.83	-0.01
0.01	0.94	0.59	0.01
-0.05	-0.39**	0.07	-0.03

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TABLE I  
Continued

	Happiness (low–high)			Life Satisfaction (low–high)		
	B	SE	BETA	B	SE	BETA
Voluntary membership (no–many)	0.04	0.24	0.00	0.22	0.42	0.00
Think about meaning of life (often–never)	0.00	0.09	0.00	0.26	0.17	0.01
Others/ own preferences (Ref = other)	–0.03	0.12	–0.00	–0.60	0.36	–0.01
Macro social context						
Political freedom (high–low)	0.10	0.20	0.02	0.68**	0.22	0.05
GNP*1000 (low–high)	0.09**	0.02	0.13	0.17**	0.05	0.07
Gini–Index (low–high)	0.05*	0.02	0.08	0.09*	0.05	0.04
Growth of GDP (low–high)	0.12*	0.05	0.07	0.45**	0.07	0.08
Social Expenditure	–0.02	0.01	–0.05	0.09**	0.02	0.06
	$R^2_{\text{makro}} = 0.807$			$R^2_{\text{makro}} = 0.972$		
	$R^2_{\text{total}} = 0.265$			$R^2_{\text{total}} = 0.464$		
	$N = 54217$			$N = 57317$		

If an item was not asked in a country or not answered by a respondent, a dummy has been included for this case but is not shown in this table.

“Other Religion” comprises mainly Buddhist, Hindu, and other Asian religions.

B-Values and Standard Errors are multiplied by 10 for the sake of a better reading.

Significance: \*\* $p \leq 0.01$  \* $p \leq 0.05$

Social expenditures could not be obtained for Armenia, China (here, only a very low, unreliable value is reported in Table II), Macedonia, Moldavia, Nigeria, Taiwan, and Ukraine. These countries are therefore excluded.

Data: World Value Survey 1995–1997.

life satisfaction. The effect of subjective health (see also Headey et al., 1984; Fuentes and Rojas, 2001; Michalos et al., 2001) is itself evidence of the importance of the dimension “personal freedom of choice”. Sickness is – in addition to the suffering which it may cause – one of the most obvious factors which restricts that freedom (see also Headey et al., 1984: 128). These two dimensions are related directly to the “capabilities” (Sen, 1999) of a person, that is, his/her possibility to choose a style of life corresponding to his capacities and (realistic) wishes.

### *Basic Social Relations and Sociocultural Integration*

Family life is not only a protection against anomie and suicide, as Durkheim (1966) has shown, but also against unhappiness. Many studies have reported that married people and people with children are happier than singles; especially divorced, separated, and widowed persons are significantly less happy and satisfied with their life (Inglehart and Rabier, 1986: 23ff; Myers, 2000: 62ff; Hayo and Seifert, 2003). Veenhoven (1983) has shown, moreover, that the relation of marriage to happiness has not become weaker since the 1950s, but even stronger. Somewhat surprising is the finding that single persons are less happy than the married – given the image that the status of being single can be considered as a prototypical modern life-style (see, e.g. Beck and Beck-Gernsheim, 1994). Yet, special studies on singles show that their status is not always so freely chosen as it appears from the outside. This is confirmed by the fact that singles do not feel more free as married persons; aloneness often may imply some deficits in social and communal ties (Hradil, 1998).<sup>14</sup> Children, however, raise life satisfaction but not happiness. This may be due to two facts: first, to have children and to bring them up is connected also with many burdens and worries; second, when they have grown up, children leave the parental household and the contacts with them often loose in frequency and intensity. In all societies, it is the (marriage) partner to whom one turns first for instrumental and emotional assistance (Höllinger and Haller, 1990).

*Religion and religiosity as significant determinants of happiness.* Participation in religious activities has significant effects on happiness: regular church goers are significantly more happy than those who

attend ecclesiastic services more seldom or never. That religion increases personal happiness has been shown by several studies (Inglehart and Rabier, 1986: 17; Argyle, 1987; Myers, 2000: 63ff). Four aspects might be relevant here: first, religions provide a transcendental explanation of human life which makes it easier to see some sense also in adverse life circumstances; second, communal religious rituals give meaning to significant life events and transitions such as birth, marriage or death; third, priests and fellow church-members provide social support in critical and difficult life situations; fourth, most religions contain the idea that the existence and destiny of men depend on god; this might help religious people to stand better adverse events and experiences.

Our interpretation that an active religious community is more than just an association of people in order to carry out common rituals is proven by two further findings. First, a related indicator – membership in associations – does not show a significant effect on freedom or happiness. In this analysis, we have used an index “association membership” which has been constructed out of a listing of nine different organizations, including political, recreative, cultural and charitable organisations. Evidently, the transcendental elements contained in a religious community are more important for subjective well being than membership in other associations.

One significant albeit weak effect exists regarding membership in different religious denominations.<sup>15</sup> The effect of Protestantism on life satisfaction and happiness is positive. This finding corresponds to Weber’s (2003) thesis that individual responsibility for one’s way of life and ultimate destiny after death was a central tenet among the founders of Protestantism. An outcome of this belief is that protestants tend to develop an optimistic outlook on life, and are inclined to show themselves as successful and happy persons (Willi, 1966).

Second, the WVS-questionnaire contained a question (V48) concerning a more altruistic or more egocentric view of social relationships:

*“To build good human relationships, it is most important to try to understand other’s preferences or to express one’s own preferences clearly.”*

Research has shown that materialism is related negatively to happiness (Ryan and Dzjurawiec, 2001). Thus, we hypothesized that



people who have a more altruistic view of social relationships are more satisfied with their life than those who hold more to the rationalistic-utilitarian view of human relations as a kind of exchange. This hypothesis, however, is not confirmed by our data (see Table I).

### *Work Participation and Occupational Status*

We have argued that work and employment are a main basis for self-identity and a satisfying life in modern society. Our findings seem to confirm this general thesis in four regards. First, nearly all four groups of the non-employed are distinct from the employed concerning happiness and satisfaction. In comparison with employed people, the retired are more satisfied with their life and more happy, housewives are more happy, and students more satisfied with their life. Contrary to these groups, the unemployed are both less happy and less satisfied than employed persons.

The findings on housewives and the retired correspond to those on marital status and age reported before. Evidently, women who are not employed outside of the house have sources of satisfaction within their family which more than compensate for gainful work. A similar consideration may apply to retired people: they certainly have less money, less possibilities to participate in public life and decisions, but they have more time to spend with relatives and hobbies, and, when they have reduced their material aspirations, they can lead a more quiet life.

A myriad of studies showed that unemployment leads to a significant deterioration of the personal mood of those affected by it (Inglehart and Rabier, 1986: 20; Hayo and Seifert, 2003). That such a situation is not looked for freely is more than evident. The unemployed suffer in many regards: their financial situation is bad, and they have feelings of being socially "useless", of being hindered to apply and develop further their knowledge and capacities, of lacking a perspective for the future, thus, of having no control over their life circumstances (Jahoda et al., 1997; Frey and Stutzer, 2002: 95ff).

Only one effect has been found concerning occupational status. Skilled workers are more happy than non-manual workers (the reference category). Since this is only a weak effect, we should not speculate too much about it. (However, see Noll and Habich, 1999 for more significant effects in this regard.)

In our data, we have also found no significant effect of education (such an effect was reported, however, in Inglehart and Rabier (1986) and Hayo and Seifert (2003)). Given the fact that rising education is one of the most important correlates of modernization, this seems quite an interesting result. It reminds one of Durkheim's thesis, mentioned before, that there exists no inherent correlation between the increasing division of labour and happiness. In Weber's view, educational expansion is also motivated by the interests of the formation of a new privileged white-collar stratum.

Subjective economic situation is highly relevant for happiness, and, in particular, for life satisfaction. This is not true for income alone (see also Headey et al., 1984 and Fuentes and Rojas, 2001; significant effects of income alone were reported in Di Tella et al. (2001); Frey and Stutzer (2002); Hayo and Seifert (2003)).<sup>16</sup> Our interpretation of this finding is not, however, in terms of relative deprivation. Rather, we think the crucial element is the feeling that an income is adequate for mastering one's daily life. Men who grew up in poor families see that situation not only in terms of material deprivation, but as leading to "chaotic, arbitrary, and unpredictable behaviour ... in other words, as depriving men of the capacity to act rationally, to exercise self-control" (Sennett and Cobb, 1972: 22). Thus, the objective level of income can be rather low without affecting happiness negatively if it only enables a person or a family the mastering of life. Biswas-Diener and Diener (2001) carried out an interesting study on three extremely poor groups in Calcutta (slum dwellers, prostitutes and homeless individuals living on the streets); they found that these people were not as unhappy as one could expect; their life also included several positive aspects, such as rewarding families or religious commitments and the feeling of being "good (moral) people". The fact that "financial satisfaction" has a much stronger influence on life satisfaction than on happiness is a clear confirmation of the different meanings of these two dimensions, as outlined in the first section.

### *Macrosocial and Institutional Context*

A lot of earlier research has shown that nations differ significantly in the mean level of happiness of their populations. It is a central tenet of our approach, however, to posit not only an overall "nationality"

or “culture effect” on happiness which would be difficult to interpret. Rather, we decompose this variable into several specific, theoretically meaningful and measurable components (see Przeworski and Teune, 1970; Haller, 2002). We introduced five dimensions in this regard: wealth of a nation, the growth of wealth, economic inequality, social expenditures and political freedom. Before analysing the effect of these dimensions, let us look shortly at the distribution of happiness over the 42 countries investigated.<sup>17</sup>

Figure 1 shows an extremely wide variation. A Latin American country, Venezuela, lies on top with a mean happiness value of 1.52 which is clearly above the overall, aggregate mean (2.02). Venezuela is followed by the United States, Turkey, Australia and Sweden. The first quartile of the distribution – countries with rather high levels of happiness – include four groups. Two of them are highly developed and rich: the United States, Australia, Sweden and Norway; and two groups are less developed: Some Latin American countries (Chile, Columbia, Venezuela), and some other countries in Africa, Asia and Europe (Nigeria, Philippines and Turkey). On the bottom of the happiness scale, we find only the poorer post-communist countries: Moldova and Belarus show the lowest values. The fourth quartile with the lowest values in happiness is composed exclusively of post-communist societies.

If we compare the WVS-data of the mid-Nineties on happiness of nations with other surveys, the position of some countries may somewhat change. However, the main rank ordering does not differ: We always find the rich West-European and Anglo-Saxon countries on the top, and the post-communist as well as very poor countries of the Third World on the bottom; the same is true for the conspicuous high position of the Latin-American countries (Inglehart and Rabier, 1986; Veenhoven, 1993; Schyns, 1998; Diener, 2000; Myers, 2000; Frey and Stutzer, 2002; Vittersø et al., 2002; Christoph and Noll, 2003). Thus, we can see that the rank order of the countries corresponds by and large to the objective life situation, albeit some exceptions do exist. The first are Latin American countries whose level of development is rather modest and which are also characterized by high degrees of internal inequality, and many economic, social and political problems. The second exception are a few other less developed countries around the world, like Nigeria, the Philippines and Turkey.

A similar distribution results in the variable of happiness. Here, Columbia and Switzerland are on top, and Ukraine and Moldova on bottom. However, the overall ranking order of countries is quite similar. Happiness and life satisfaction are closely related to each other; the correlation coefficient at the individual level is 0.35; at the aggregate level it is 0.87.

However, while the general rank order of the countries in the two-dimensions is quite similar, the deviations from the common pattern are very instructive. Figure 2 shows two groups of countries with a relatively higher level of happiness than life satisfaction. The first group includes several countries around the world (in particular Venezuela and Turkey, but also the Philippines, South Africa, Nigeria and Japan), most of which are rather poor; the second group includes half a dozen post-communist countries (Azerbaijan, Latvia, Georgia, Armenia, Ukraine, Moldova), also most of them rather poor.

On the other side, we see that people in the Scandinavian countries (particularly in Finland), in Germany and in the more developed central East European, post-communist countries (Germany East, Slovenia, Croatia) are relatively less happy compared to their mean level of life satisfaction. The same is true in some Latin American countries (Columbia, Chile, Mexico, Brazil, Uruguay). These differences fit in very well into our hypotheses about the meaning and determinants of "life satisfaction" and happiness, the former relating more to the objective material and social living conditions, the latter to dense and gratifying close relationships. We know, for instance, that Islamic societies are characterized by very close family relationships.<sup>18</sup> (Turkey has 99% Muslims, Nigeria 45%); the same may be true for the Philippines and South Africa, and even for Japan, a highly developed country (see Shimada, 1976). Venezuela, the only Latin American country which also falls into this group, is one of the poorer Latin American countries, and it has also a high proportion (around 70%) mestizo and mulatto population. As far as the importance of close social relations is concerned, the same may be true for the less developed among the European and Asian post-communist countries. In those societies, surviving often may be possible only due to the fact that family and kinship networks provide extensive support for the individual in psychic, social and economic regards. One

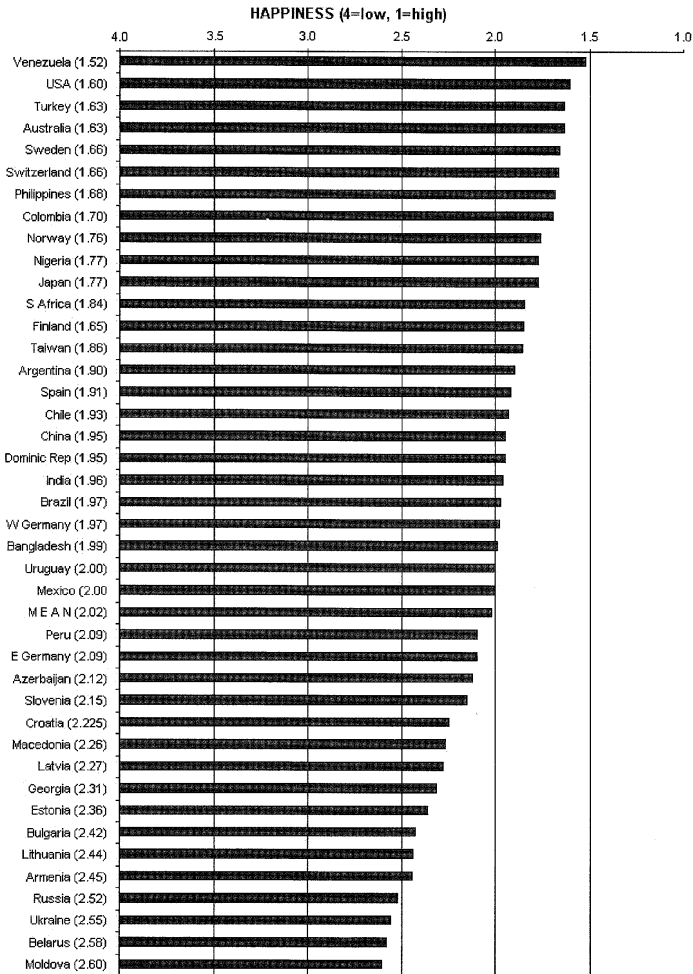


Figure 1. Happiness in 41 countries (mean values).

Source: World Value Survey 1995–1997.

author of this paper published a study comparing attitudes among Muslims in Israel and Bulgaria with non-Muslims in these countries and with European countries and the USA (Haller, 2003). It was

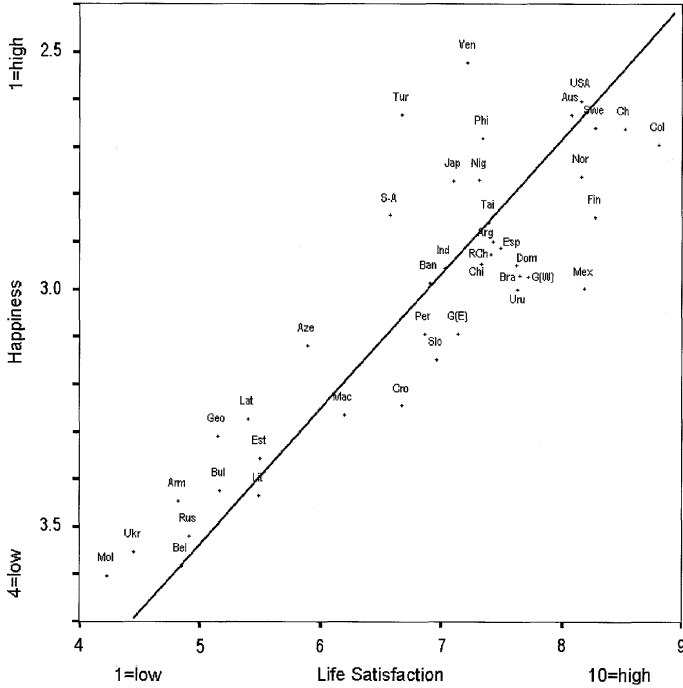


Figure 2. The distribution of 41 countries by life satisfaction and happiness (scattergram of national mean values).

Source: World Values Survey 1995–1997.

found that among 17 domains of attitudes those toward sexuality and marriage distinguished most sharply between the Muslims and all other groups; for the Muslims premarital chastity and marital sexual fidelity are much more important. On the other side, it may well be that the Scandinavian welfare states, while providing comprehensive material and instrumental-social support for their members, have not been able to increase their “happiness” to the same degree. Yet, the public provision of many services may also have contributed to a loosening or even break-up of close marital and familial relationships.

In addition to these structural-institutional aspects, there may also be a cultural effect at work here. Several studies, some of them based

on the *Eurobarometer*, have shown that significant differences in levels of happiness exist within Europe which cannot be explained otherwise (Inglehart and Rabier, 1986; Christoph and Noll, 2003; Gundelach and Kreimer, 2004). The Dutch and the Danes are on top, but Germans and Finns score relatively low in happiness.

In order to test our hypotheses directly, let us now look at the effects of the macrosocial variables on happiness and life satisfaction, controlling for all other influences as it is done in multiple regression analysis. As we can see in Table 1, in fact all of those variables exert significant effects on life satisfaction (and most of them also on happiness).

*The economic prospects of a country are very decisive, but also the objective level of wealth has an impact on happiness.* Here we find, first, that GNP/head has significant positive effects on happiness and life satisfaction. Even more important is the effect of economic growth during the 1990s: if it was high, people are more happy and satisfied with life (see also Hayo and Seifert, 2003). Thus, it is not only the objective situation of an individual or a society at a certain point in time which influences his subjective evaluation but the way how a person feels to be able to cope with that situation, in view of past experiences and future expectations.

Let us look at this relationship also in graphic form. Figure 3 shows the scattergram of nations according GNP/head and the mean level of life satisfaction of their populations. By and large, there is no evidence of a strong correlation. The distribution approximates an exponential curve (Frey and Stutzer, (2002) found a similar curvilinear association; linear relations are reported in Diener et al. (1995) and Schyns (1998)). There exist three different groups of countries: first, the post-communist societies with a rather low GNP/head and low happiness; second, the more developed and rich countries with relatively high levels of happiness; here no correlation between GNP and satisfaction levels exists; third, a large group of very poor countries within which wide variations in happiness exists, here, we find the countries with the lowest (Moldovia) and the highest value in life satisfaction (Colombia) in the whole sample. We can conclude that affluence seems to guarantee a certain level of satisfaction,<sup>19</sup> but obviously there exist also non-material social and cultural factors which can lead to high levels of happiness.

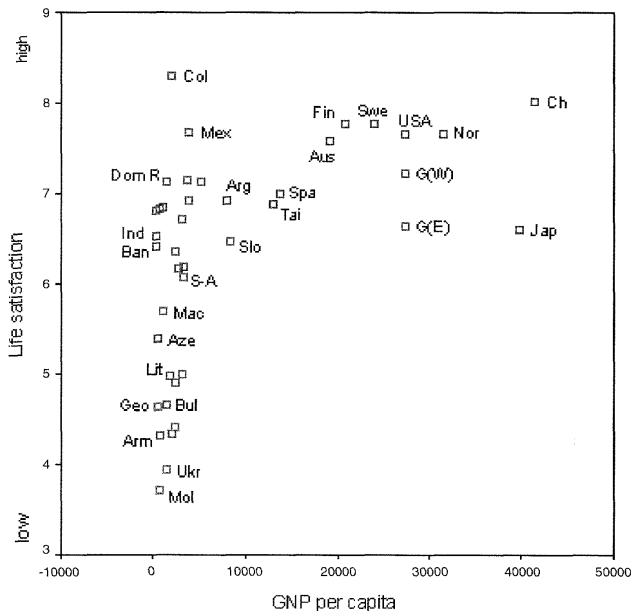


Figure 3. Economic wealth (GNP per capita) and life satisfaction in 41 countries.  
Source: World Values Survey 1995–1997.

The findings concerning the effects of the income distribution clearly contradict to our hypothesis. Table I shows that countries with higher inequality have a happier population. This surprising finding becomes more plausible when we look at the distribution of the countries in regard to overall income inequality. Far on top in this regard are the South American countries which, at the same time, are characterized by very high levels of happiness; a rather low level of income inequality, however, is typical for the post communist countries which, at the same time, are characterized by the lowest levels of happiness of their citizens. Our findings in this regard seem to confirm liberal critics of an excessive and enforced egalitarianism (Hayek, 1960; Schoeck, 1960; Letwin, 1983). They also make sense seen from the perspective of John Rawls' "liberal" theory of justice. In his view, inequality is tolerable if it is combined with positive



perspectives for an improvement of all and, thus, acceptable also to the less privileged groups (Rawls, 1972; Methfessel and Winterberg, 1998).

However, we found one significant and interesting interaction effect in this regard. Figure 4 shows the relation between subjective class placement and life satisfaction within the different countries. First, in actual terms, happiness in general is decreasing with decreasing social class. There exists one group of countries, however, where the upper classes show a significant lower life satisfaction than the middle classes. All of them – Latvia, Ukraine, Estonia, Russia and Lithuania – are post-communist societies and former members of the Soviet Union. In all these countries many members of the former ruling class, the “Nomenclatura” (Voslensky, 1982), have been shorn of power (Lane and Ross, 1997) – a fact which can well explain their lower level of life satisfaction today.

The predicted relations between subjective social class and life satisfaction (controlling for all other effects), show two other interaction effects (not shown in a separate graphic). On the one side, in Brazil, Argentina and Sweden, members of the lower classes are slightly happier than those of the upper classes.<sup>20</sup> On the other side, in Armenia, South-Africa, India and Bangladesh, and in most other less developed post-communist societies, persons who place themselves into the lower class, are significantly less satisfied with their life. In West Europe, North and South America, life satisfaction does not vary by class placement. Corresponding to these differences, we can also see that the overall variation in life satisfaction and happiness is relatively low in the more developed Western countries (particularly so in the Scandinavian countries), but rather high in the poorer countries in Africa, Asia and Latin America.

Several conclusions can be drawn from these findings. First, in the more developed nations, the general increase in wealth and the development of welfare states have obviously improved also the situation of the lower classes significantly. Second, in Latin American and some other rather poor countries in Africa and South-East Asia, we must again suppose that important factors other than the material standard of living must exist leading to high happiness. Third, the transition process from state-socialist to market societies has evidently had a much more negative impact on the lower than on the

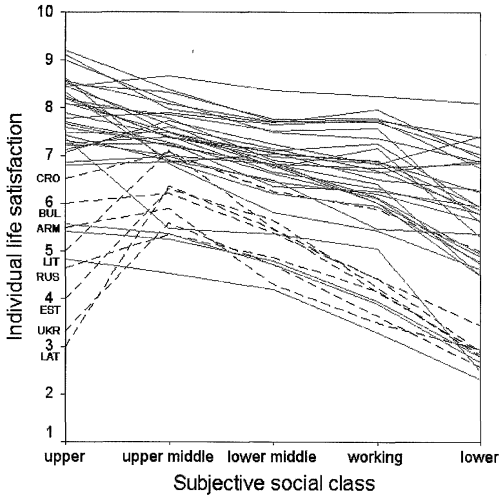


Figure 4. Mean life satisfaction among different social classes in 41 countries\*.

Source: World Values Survey 1995–1997.

middle classes (except the upper classes). State socialism might itself have contributed to this perverse effect (see also Lewada, 1972). A political-economic system which had declared equality as one of its main goals, in terms of subjective well-being has produced more inequality than the market-oriented, capitalist western societies. (In terms of income distribution, however, it has in fact produced more equality.)

It is quite obvious, therefore, that the possibility of an improvement of the overall economic situation is a very important fact besides the issues of poverty and inequality. Table I shows that the growth of the GDP over the Nineties has a significant and rather strong effect. There exist strong positive and nearly linear associations<sup>21</sup> between economic growth and happiness/life satisfaction at the macrolevel. This correlation probably explains the striking result that happiness and satisfaction are rather high in most Latin American countries, but very low in the post-communist East European countries, in spite of the fact that the level of GNP/head is rather low in both. The Latin American countries had rather

high growth rates during the Nineties (between 3% and 8%). In contrast, the East European countries and the successor states of the former Soviet Union experienced sharp declines in standards of living connected with their transition from centrally planned, state socialist systems to market societies (decreases of GNP between 3% and 10%). In a survey on ten post-communist East European countries in the early 1990s, Hayo and Seifert, (2003) found that only between 17% (Poland) and 58% (Czech Republic) of the respondents considered their economic household situation as satisfactory, compared with 86% in Austria; only 35–50% expected an improvement. Evidently, the future economic perspectives of a country make people optimistic also about their own situation; they give them the feeling that opportunities are there and it depends on their own behaviour how their situation will develop. People in Latin America score highest in the WVS-item “work makes life worth living” as well. Also changes in levels of inflation are correlated significantly with happiness over time (Frey and Stutzer, 2002: 111ff).

A set of three additional individual attitudes in Table I is related to social perceptions and attitudes concerning our hypothesis 2, the stratification system of a society. Two questions were related to the perception of inequality and poverty in the immediate past and to the chances of poor people to improve their lot in the future (Items V171 and V173):

*“Would you say that today a larger share, about the same share, or a smaller share of the people of this country are living in poverty than were ten years ago?”*

*“In your opinion, do most poor people in this country have a chance of escaping from poverty, or is there very little chance of escaping?”*

Table I shows that the estimation of changes in the amount of poverty during the last ten years does not have any effect on happiness or life satisfaction. The estimation of the present chances of poor people to escape their lot, however, does have significant effects. Persons who think that poor people in general have good chances to escape from poverty, are more happy and satisfied with their life. The percentages in the different societies who agree with this statement, vary extremely: in Taiwan and China, nearly 90% of the respondents think that poor people have a chance to escape poverty; at the other

pole, only 8% of East Germans think in the same way. Generally, we find people in the highly developed Western societies and Japan on the top (60–80% agree see good chances), and some Latin American societies (Brazil, Argentina, Uruguay) and the poorer post-communist East European societies on the bottom (in Russia, Ukraine and Lithuania, only about 15% see good chances for poor people here).

*Welfare state expenditures and political freedom are decisive determinants for life satisfaction (and partly also for happiness) of the population.* Table I shows, finally, that the macro dimensions of the extent of the welfare state (social expenditures as percent of all state expenditures) and political freedom indeed have the effects on life satisfaction which were postulated in our hypothesis 5.<sup>22</sup> The reason why some studies did not find an effect of welfare state expenditures (e.g., Veenhoven, 2000) is probably that they did not distinguish carefully between micro and macrolevel effects. Thus, our consideration that the welfare state secures a stable income and decent life conditions for all groups of a population and thereby increases life satisfaction, does clearly turn out. The same is true for the consideration that in stable democratic systems and free market societies, households and enterprises can rely more on trustful and reliable relations to other people, to organisations and to the state; this enhances their possibilities of long-term planning. Frey and Stutzer (2002: 133ff; see also Schyns, 1998) have argued that instruments of direct democracy, like referenda, can enlarge considerably the real political freedom and influence of the citizens. For Switzerland they show that the degree of participation in the different provinces (cantons) has a significant effect on happiness of the people living there.

Very important is also the fact that life satisfaction, but not happiness is correlated significantly with these two macro variables. A stable and secure democracy, and an extended welfare state evidently increase the quality of material, social and political life, but they contribute less to personal happiness. Thus, our hypothesis about the different meaning of these two dimensions – the first relating more to the absence of poverty, and the presence of good socioeconomic conditions of life, the second to positive factors producing happiness – has been confirmed again.

## CONCLUSIONS AND OUTLOOK

Let us first summarize shortly our main findings and then draw some conclusions about further research.

First, it seems that our general hypothesis was clearly confirmed, stating that life satisfaction and happiness will be the outcome of an interaction process between individual characteristics, aspirations and expectations on the one, and micro- and macrosocial relations and structures on the other side. Most of the individual characteristics and attitudes that we captured in this analysis, exerted significant and partly very strong effects on life satisfaction and happiness (gender and age, subjective health, financial satisfaction and feeling of being free). In regard to the objective life situation it appeared that it is their subjective perception and evaluation which is most significant for happiness and satisfaction, but less the objective situation (e.g., income) as such.

We could also confirm quite clearly hypothesis 1 stating that life satisfaction is more the result of an evaluation of the objective situation in terms of expectations and comparison processes related to objective socioeconomic conditions while high levels of happiness may arise only if "positive" factors (mainly close and gratifying social relations) are present. From this point of view, the finding that life satisfaction is more clearly affected by macrosocial institutional conditions (e.g., political freedom, welfare state) than happiness makes perfect sense.

We could also confirm hypotheses 2-4: Persons embedded into close relationships (the married and persons with children), and persons participating actively in social and religious terms are significantly more happy than those who find themselves outside of such relations or in a state which constitutes a loss in this regard, such as divorce or unemployment.

We got quite clear support also for our fifth hypothesis, relating happiness to macrosocial structural and institutional characteristics. Thus both life satisfaction and happiness are higher in richer countries and in countries with a more equal distribution of income. Life satisfaction is also higher in well-developed welfare states and in politically free countries. Thus, we could clearly confirm Raymond Boudon's thesis that the history of social and political institutions is

guided by the idea to develop institutions and rules which more and more respect the dignity of all individuals (Boudon, 2002; Sen, 1999).

One paradox finding seems to be at odds with these conclusions. The Latin American countries are characterized by the highest degrees of income inequality among all countries in our sample,<sup>23</sup> but their population is among the happiest around the world. We can give three explanations for this finding. First, we have to differentiate between the perception of the situation in the personal life context and in a society as a whole; satisfaction with the first is much higher than satisfaction with the latter (Klages, 1992; Eckersley, 2000; Glatzer and Zapf, 1984).<sup>24</sup> Second, it is evident that the quality of social relations in the Latin American countries must be so high as to offset the adverse macrosocial conditions in their countries. We might mention here also the finding from the sociology of medicine that people differ in their capacities to endure suffering, and to put up with privations (Mechanic, 1974: 126); these capacities may decrease with increasing wealth and welfare. A third factor explaining the fact that high economic inequality did not lower life satisfaction and happiness in Latin America may have been the fact that economic development of those countries was quite dynamic in the 1990s.

What can be said about further promising lines of research on happiness? In this paper, we have followed a quantitative "Durkheimian" approach which has the advantage of showing differences between social categories and groups of people, as well as effects of the macrosocial level. However, it can grasp the quality of social relations only superficially (Scheff, 1990: 22ff). Thus, a further promising line of research would be to look more closely into this dimension. This could be done in two ways: first, by carrying out in-depth studies on the meaning of "life satisfaction" and "happiness". Our thesis that those two concepts cover substantially different dimensions has been proved quite clearly. There exist different sets of factors which make people quite unhappy in some, but very happy in other societies, especially in rather poor countries (such as in Latin America). A second promising line of research would be to develop standardized scales for an improved measurement of life satisfaction, happiness and the quality of social relationships. One would also include direct measures of aspirations and expectations which are important to explain satisfaction and happiness. The idea of the degree to which one's everyday projects are meaningful, socially

supported and progressing according to plan (Makinen and Pychy, 2001) seems particularly promising in this regard.

Such research would be in line with the theoretical argument of a dual structure of happiness and mental health. According to this theory, happiness is more than just the absence of unhappiness or problems; it results only from positive self-concept dimensions and life experiences (Haller, 1981; Headey et al., 1984; Argyle, 1987; Csikszentmihalyi, 1990; Greenspoon and Saklofske, 2001; Vittersø and Nielsen, 2002). Such research would also balance the focus of present-day social sciences on negative issues and social problems in favour of positive factors contributing to growth, development and happiness of men and women (Seligman and Csikszentmihalyi, 2000; Haybron, 2003). Such a kind of research would be highly relevant from the viewpoint of the most advanced societies themselves. Here, established habits and life styles have to be changed and new ones invented which will be more in line with sustainable societal and ecological development for the world as a whole (Schulz, 1995).

As far as differences between nations are concerned, our approach in this paper was to decompose the effect of "nation" into separate, clearly identifiable dimensions. We feel that this approach has turned out to be quite successful. Yet, we have found some instances where significant national differences seemed to persist even after controlling for these specific dimensions. This suggests that it may well be worth to try to explore also cultural differences between nations directly, such as it has been done in Hofstede (1984) or Peabody (1985).

Some further important issues concern methodological problems. One is the problem of the validity of simple measures of happiness and life satisfaction as they have been used in this paper. As we have already mentioned, the meaning of happiness may be related to culture. In individualistic, competitive societies, it may be an expression of success to declare oneself as "happy" (Diener and Suh, 1997; Diener, 2000: 39). People may not like to appear as unhappy or pessimistic about their life because this would be to admit to be a loser (Eckersley, 2000: 19). Here, we should develop measures which can distinguish between this cultural-normative component of happiness and its substantive meaning.

Another problem concerns the adequate units of analysis at the macro level. It is evident that the nation state, which was our unit

of comparison, is only one among several units that may be relevant here. Among larger and heterogeneous nation states, internal regional differences in life conditions and happiness might be substantial (see Rampichini and d'Andrea, 1997 for the case of Italy). At a lower level, communities, cities or even large organizations might be significant contexts, because at these levels important decisions about the quality of the immediate environment are taken. On the other side, countries with similar social structures and cultural and institutional backgrounds form relatively homogeneous "macroregions" (Haller, 1990) which in some regards may be treated as "units". The identification of such macroregions could make research easier, since one can select fewer cases for in-depth studies and nevertheless be sure to cover the whole range of variation in the main variables.

## APPENDIX A

TABLE A.1

Bivariate correlation between dependent variables and happiness and life satisfaction at individual level

	Happiness (low-high)	Life Satisfaction (low-high)
Individual characteristics		
Women (Ref = men)	-0.02**	-0.03**
Age	-0.07**	-0.07**
Education (low-high)	0.03**	-0.03**
Decision freedom (low-high)	0.26**	0.41**
Subj. Health (bad-good)	-0.40**	-0.35**
Basic social relations		
Married	0.09**	-0.01*
Divorced, separated, widowed	-0.16**	-0.11**
Single	0.03**	0.03**
No of Children	0.05**	0.06**
Work participation and social status		
Employed	0.06**	0.06**
Retired	-0.12**	-0.09**
Housewife	0.08**	0.08**
Student	0.05**	0.06**
Unemployed	-0.05**	-0.07**
Not employed/ missing	-0.05**	-0.09**



TABLE A.I

Continued

	Happiness (low-high)	Life Satisfaction (low-high)
Professional manual workers	-0.05**	0.03**
Manager	-0.05**	0.04**
Skilled worker	-0.01**	0.01**
Semi skilled worker	0.14**	-0.14**
Farmer	-0.02**	0.03**
Army	-0.01**	0.02**
Never worked	-0.05**	0.03**
Income (low-high)	0.08**	0.06**
Financial Satisfaction (low-high)	0.38**	0.65**
Subj. class (high-low)	-0.18**	-0.19**
No chance esc. poverty (Ref = chance)	-0.17**	-0.18**
Poverty increase last 10 yrs (not-much)	0.12**	0.15**
Sociocultural integration		
Catholic	0.01**	0.20**
None	-0.01**	-0.09**
Protestant	0.12**	0.11**
Orthodox	-0.20**	-0.25**
Jew	0.04**	0.01
Muslim	0.03**	-0.05**
Other	0.05**	0.06**
Sociocultural integration		
Church Attendance (often-never)	-0.12**	-0.12**
Voluntary membership (no-many)	-0.11**	-0.12**
Think about meaning of life (oft-never)	-0.01**	0.01*
Others/ own preferences (Ref = other)	0.02**	0.00

Source: World Value Survey 1995-1997,  $N(\min) = 46339$ , Significance: \*\* $p \leq 0.01$ , \* $p \leq 0.05$ .

TABLE A.II

Global characteristics of the nations included

Country	Eco Free	Pol Free	Gini	GNP	GDP Growth	Social Explosure	Happy	Satis
Argentina	2.85	2.3	51	8030	4.9	65.1	1.90	6.93
Armenia	3.50	4.4	44	720	-3.1	-	2.45	4.32
Australia	2.09	1.1	35	19190	3.8	55.9	1.63	7.58

TABLE A.II

Continued

Country	Eco Free	Pol Free	Gini	GNP	GDP Growth	Social Exposure	Happy	Satis
Azerbaijan	4.78	6.6	36	460	-9.0	37.6	2.12	5.39
Bangladesh	3.79	3.4	34	330	4.8	17.3	1.99	6.41
Belarus	3.70	5.5	22	1870	-4.3	45.6	2.58	4.35
Brazil	3.46	2.4	60	3690	2.9	40.5	1.97	7.15
Bulgaria	3.56	1.2	28	1370	-2.7	25.3	2.42	4.66
Chile	2.60	2.2	57	3880	7.2	66.7	1.93	6.92
China	3.78	7.7	40	620	10.7	1.9	1.95	6.83
Colombia	3.10	4.4	57	1880	3.3	45.2	1.70	8.31
Croatia	3.53	4.4	27	3210	-0.4	61.4	2.25	6.18
Dominican R.	3.50	4.3	49	1430	5.7	41.6	1.95	7.13
Estonia	2.40	2.2	35	3060	-1.3	56.0	2.36	5.00
Finland	2.34	1.1	26	20840	2.5	56.6	1.85	7.78
Georgia	3.94	4.5	37	530	-10.2	26.1	2.31	4.65
Germany (W)	2.15	1.2	30	27420	1.5	69.8	1.97	7.22
Germany (E)	2.15	1.2	30	27420	1.5	69.8	2.10	6.64
India	3.93	4.4	38	320	6.1	9.2	1.96	6.53
Japan	2.06	1.2	25	39720	1.4	58.1	1.77	6.61
Latvia	3.24	2.2	32	2340	-4.8	63.4	2.27	4.90
Lithuania	3.50	1.2	32	1730	-3.9	50.6	2.44	4.99
Macedonia	3.35	4.3	30	1020	1.9	-	2.26	5.70
Mexico	3.10	4.4	54	3800	2.7	50.2	2.00	7.69
Moldavia	4.10	4.4	34	690	-11.7	-	2.60	3.73
Nigeria	3.43	7.7	51	210	2.4	-	1.77	6.82
Norway	2.39	1.1	26	31490	3.7	49.8	1.76	7.66
Peru	3.59	5.4	46	2320	5.4	27.4	2.09	6.36
Philippines	3.35	2.4	46	1010	3.2	26.0	1.68	6.84
Russia	3.55	3.4	49	2270	-6.1	31.6	2.52	4.41
S-Africa	3.23	1.2	59	3330	1.9	14.7	1.84	6.08
Slovenia	3.74	1.2	27	8300	2.4	70.4	2.15	6.46
Spain	2.54	1.2	33	13670	2.2	49.5	1.91	6.99
Sweden	2.63	1.1	25	24000	1.5	60.5	1.66	7.77
Switzerland	2.60	1.1	33	41370	0.5	71.7	1.66	8.02
Taiwan	2.26	3.3	32	13000	6.5	-	1.86	6.89
Turkey	2.95	5.5	42	2770	4.1	19.0	1.63	6.18
Ukraine	4.05	3.4	33	1350	-10.8	-	2.55	3.95
Uruguay	3.03	2.2	42	5120	3.7	76.1	2.00	7.13

TABLE A.II

Continued

Country	Eco Free	Pol Free	Gini	GNP	GDP Growth	Social Exposure	Happy	Satis
USA	1.99	1.1	41	27410	3.4	53.1	1.60	7.67
Venezuela	3.28	3.3	49	3040	1.9	41.2	1.52	6.72

Sources: Economic Freedom: Miles et al. (2004); Political Freedom: [www. freedomhouse.org](http://www.freedomhouse.org)

Gini Index: Worldbank, World development report.

GNP: Fischer, *Weltalmanach*.

GDP Growth: Worldbank, World development report.

Social Expenditures: Worldbank, World development report; own calculation.

Happiness and Life-satisfaction: World Value Survey 1995–1997.

## NOTES

<sup>1</sup> In a recent Danish study, Gundelach and Kreimer (2004) found that single, but happy people were more likely to be married after 10 years than unhappy singles.

<sup>2</sup> The South European countries, for instance, have caught up in the last decades in happiness compared to the North European countries.

<sup>3</sup> Love should not be confused with infatuation; the latter may be more dependent on our loneliness (Fromm, 1956; Scheff, 1997: 152f).

<sup>4</sup> Zwicky (1982) has shown that increasing inequality does not lead to higher perceptions of illegitimacy in a country like Switzerland mainly because of its extensive system of direct political participation. However, in other countries this is well the case. During the 1950s and 1960s, political unrest in Western Europe was clearly related to low levels of development and high levels of inequality (Haller, 1990: 190).

<sup>5</sup> Thanks are expressed to the researchers who have carried out the World Value Survey in their respective countries as well as all those – especially Ronald Inglehart – who have contributed to the design of this highly valuable data set. Data sets have been delivered to us by the Central Archive, Cologne (Germany).

<sup>6</sup> We tested empirically if the lack of nation-wide sampling in some countries made a difference by correlating the scores in the dependent variables “happiness” and “life satisfaction” between the overall samples and the subsamples of city dwellers. The correlation coefficients were as high as 0.99, thus indicating that the differences are negligible.

<sup>7</sup> For Spain, for instance, the survey included separately four provinces (Andalusia, Basque country, Galicia, Valencia), for Russia, three subsamples were covered (Russia, Moscow, Tambov).

<sup>8</sup> In many comparative studies, no clear distinction is made between individual level and aggregate relations between variables, interpreting relations at the aggregate level (which usually are very high) as if they were individual-level effects (this is true for many studies of Inglehart, but also for the study of Veenhoven (1999)).

<sup>9</sup> The determinants of this feeling and its relations to happiness have been explored more deeply in a twin paper (Haller and Hadler, 2004).

<sup>10</sup> Source: [www.worldbank.org/research/growth/pdfiles/GDN/Government\\_Finance\\_6\\_2001.xls](http://www.worldbank.org/research/growth/pdfiles/GDN/Government_Finance_6_2001.xls)

<sup>11</sup> The data are available under [www.fredomhouse.org/](http://www.fredomhouse.org/)

<sup>12</sup> We also considered some additional indicators for freedom at the societal level. We introduced an index of “economic freedom”, developed by the Heritage Foundation (Miles et al., 2004). This index varies from 1.94 (Switzerland) to 4.78 (Azerbaijan). Highly rated in economic freedom are West-European and Anglo-Saxon countries; at the bottom (values over 3.50) we find most less-developed post-communist countries, China, India, Bangladesh and Peru. Between this index and GNP/head, however, exists a rather strong connection and if we introduce it into the regression, the effects of either GNP/head or growth of GNP disappear. Thus, we decided not to include this additional index for “economic freedom” into the models in Table I.

<sup>13</sup> We did not find, however, as some other studies (Frey and Stutzer, 2002; Hayo and Seifert, 2003; Christoph and Noll, 2003) that older people are happier.

<sup>14</sup> We tested also the hypothesis of an interaction effect between age and single status on happiness. Single persons between about 30 and 50 should be particularly unhappy since many of them might still hope to get married. Yet, this effect did not exist. It seems, therefore, that we must rather speak here of an effect of being married as such which leads to higher happiness compared to all non-married persons.

<sup>15</sup> This effect turns out, however, only when looking at non-robust standard errors; thus, it is less reliable.

<sup>16</sup> In a new study on happiness in the European Union, it was found that income was the most important determinant (European Foundation, 2004). However, the variable used was self-rating on a rich–poor scale, but not factual income.

<sup>17</sup> The corresponding distribution of the countries by their mean in life satisfaction has been presented in Haller and Hadler (2004).

<sup>18</sup> The arabic word *al-bait* denotes at the same time a family and the family house and it indicates also the geneological descent, thus pointing to the central place of family relationships for human existence in those societies (Nippa, 1991: 9ff).

<sup>19</sup> However, it may not be economic affluence alone, since we know that a high GNP/head is associated with many other factors, such as education, social capital, trust etc.

<sup>20</sup> This finding – and a comment by a colleague from Brazil – has led us to the hypothesis that there might exist a significant interaction effect between life satisfaction and ethnic membership in Brazil. The result, however, was negative. Neither whites, nor native Americans or blacks were distinguished by consistent and significant different levels of happiness.

<sup>21</sup> Pearson correlation coefficients are:  $\text{growth} \times \text{freedom}$ : 0.62;  $\text{growth} \times \text{happiness}$ :  $-0.69$ ;  $\text{growth} \times \text{life satisfaction}$ : 0.77.

<sup>22</sup> The same is true for the alternative variable of “economic freedom” which however, correlates strongly with GNP/head (see footnote 15).

<sup>23</sup> Income inequality, as measured by the GINI coefficient, lies between extremely high values of 0.45 and 0.60 in the South American countries, but only between 0.20 and 0.40 in most other countries and regions.

<sup>24</sup> In the worldwide *Pew Global Attitudes Project*, which asked about satisfaction with one’s own life, one’s nation and the world as a whole, the percentages satisfied

declined clearly from the lowest to the highest level. See: What the World Thinks in 2002, *The Pew Global Attitudes Project*, Washington, D.C. (see: [www.people-press.org](http://www.people-press.org)).

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