Gross National Happiness in Brazil: An analysis of its determinants

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Abstract

It analyzed the determinants of happiness in Brazil from two categories of variables, formed by micro variables and other macros by socioeconomic variables. Considering the basis of data from WVS and IPEA for the years 2006 and 2014, estimated a logit model ordered and their marginal effects. Among the results, it was concluded that income positively influences the probability of being happy and that the Easterlin paradox remains also in Brazil. Since income is not the only determinant of influence on the probability of happiness, suggests the creation of an index with additional factors to measure well-being.

RESUMO

Analisa-se os determinantes da felicidade no Brasil a partir de duas categorias de variáveis, uma formada por variáveis micros e outra por variáveis macros socioeconômico. Considerando a base nos dados da WVS e do IPEA para os anos de 2006 e 2014, estimou-se um modelo logit ordenado e seus efeitos marginais. Dentre os resultados, concluiu-se que a renda influencia positivamente a probabilidade de ser feliz e que o paradoxo de Easterlin se mantém também no Brasil. Desde que a renda não é o único determinante de influência sobre a probabilidade de felicidade, sugere-se a criação de um índice com fatores adicionais para mensurar o bem-estar.

1. Introduction

Since the times of neoclassic economists, microeconomics happiness is defined in terms of utility maximization of material consumption and rational decisions. Based on an axiomatic approach and applying a revealed preference technique we aim at assessing personal wellbeing levels according to tangible goods and services (Guo and Hu, 2011).

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However, according to Thaler's conception (1992), it is questionable that such a subjective issue as utility can be measured in objective terms.

In this sense, Frey and Stutzer (2008), Diener (2005) and other authors advocate that wellbeing indicators are subjective, as the Revealed Preference theory is valid as long as individuals act in a totally rational way. However, what it is perceived in practical terms is individuals with limited rationale and unaware of their choices. Besides, this theory does not consider preferences of people with no income to spend.

Therefore, Guo and Hu (2011) argue that there is vast literature that questions the validity of the cardinal utility approach. For these authors, the ordinal approach is subjective, even if it is criticized by traditional economists. Due to its little scientificity, it is capable of capturing multiple factors that result in individual wellbeing. In the end, according to Braun and Hussain (2009) sustainable happiness is something multidimensional that does not only depend on financial indicators. Veenhoven (2007) suggests that as somebody's life may have several environmental effects, the number of utilities is almost endless.

Seeking to answer or prove some commonplace affirmations such as "money does not bring happiness" or "a short happy life is better than a long unhappy one", a series of studies have been developed in recent years. Research developed by Guo and Hu (2011), Chuerattanakorn (2007), Veenhoven (2007), Di Tella and Macculloch (2005) and Di Tella et al. (2003) go in that direction.

In Brazil, besides the fact that this topic has been little explored, up to now, there are studies on happiness determinants that consider, besides personal data, a set of socioeconomic macro-variables. This is a highly motivating fact for the development of this research.

Other motivations lay in the recognition that this issue has been widely studied by researchers and public managers worldwide and the belief that happiness studies may become important tools to guide public policies seeking to improve wellbeing. In the end, if happiness must be considered as a 'public good", as Tobgay et al. (2011) suggests, then governments have the relevant attribution to offer the society those factors capable of granting more satisfactory living conditions.

Before these affirmations, the goal of this study is to verify happiness determinants in Brazil based on two different variable categories: one composed of a set of micro-variables represented by personal data and another one based on a set of macro-variables in social and financial aspects. Based on data provided by the World Values Survey (WVS) and IPEA/DATA, for 2006 and 2014, we estimated a multinomial logit model and its marginal effects.

Among the main results obtained, we verified that income positively affects happiness likelihood, although it is not the only impact factor. Additionally, the Easterlin paradox also seems to be confirmed in Brazil.

Besides the introduction, this article includes four other sections. The second section offers a brief literature review on happiness, emphasizing some wellbeing assessment measures, besides some empirical evidence. In the third section, we describe applied data and the organized multinomial logit model and marginal effects. The fourth section introduces estimated model results and their analysis. The last section draws the final considerations.

2. The determinants of happiness

The definition of happiness may have different concepts and denominations. Consistency tests have been developed by some psychologists, revealing that happy people are more optimistic, more sociable, more extroverted, and enjoy better sleep (Frey and Stutzer, 2008). For Veenhoven (2007), the term happiness, oftentimes used as a synonym for welfare or quality of life, may just mean a state of "spirit" or contentment that reveals how well a person is prepared to face the problems of life. For Sen (1992), happiness may materialize as being the skill or individual capacity of self-realization.

Veenhoven (2007) argues that words like happiness and satisfaction may not have the same connotation in different languages and that in countries where happiness is more important for the society, as in some western countries, people would be more inclined to exaggerate their "joie de vivre". According to Di Tella and Macculloch (2005), people may be frequently affected by what they believe is the socially desirable answer in the interview moment. If the social norm is being happy, people may misstate their answers.

Frey and Stutzer (2008) narrate that there are important individual welfare assessments. A curious method, completely different and unusual is called "Brain Imaging". This method is related to neuroscience and consists of digitalizing brain activity through magnetic resonance, which monitors blood influx in the brain.