



# The French unhappiness puzzle: The cultural dimension of happiness



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## ABSTRACT

This article sheds light on the important differences in self-declared happiness across countries of similar affluence. It hinges on the different happiness statements of natives and immigrants in a set of European countries to disentangle the influence of objective circumstances versus psychological and cultural factors. The latter turn out to be of non-negligible importance. In some countries, such as France, they are responsible for the best part of the country's unobserved idiosyncratic source of unhappiness. French natives are less happy than other Europeans, whether they live in France or outside. By contrast, immigrants are not less happy in France than they are elsewhere in Europe, but their happiness fall with the passage of time and generations. I show that these gaps in self-declared happiness have a real emotional counterpart and do not boil down to purely nominal differences.

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## 1. Introduction

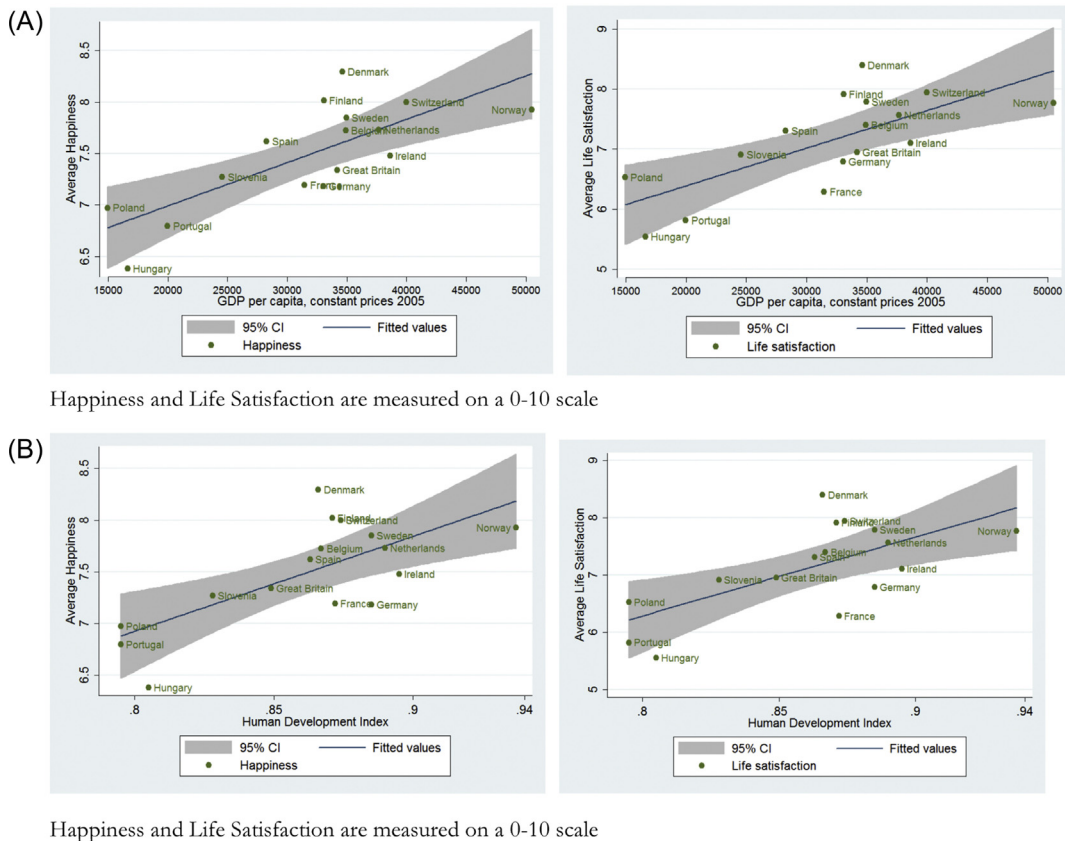
Happiness studies have gained so much credit over the last decade that several governments and organizations have endeavored to collect measures of subjective wellbeing to be included in national accounts and used to inform policy (Waldron, 2010; Commission, 2009; Eurostat, 2010; OECD, 2011). Measuring wellbeing “beyond GDP” has become a familiar idea, and subjective wellbeing is one of the main proposed alternative routes. However, targeting an aggregate wellbeing indicator is not straightforward. Although the literature is quite consensual about the correlates of individual happiness, it is much more controversial when it comes to aggregate measures of happiness.

For one thing, whether subjective wellbeing follows the evolution of national income per capita over the long run remains a hotly debated issue among specialists (see Clark and Senik, 2011). International comparisons are also quite puzzling; in particular, it is difficult to fully explain the ranking of countries in terms of subjective wellbeing.

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**Fig. 1.** (A) Happiness, life satisfaction and GDP per capita (2002–2010). (B) Happiness, life satisfaction and the HDI (2002–2010). Source: Penn World Tables. Heston et al. (2009).

For example, as illustrated by Fig. 1A and B, the poor level of happiness and life satisfaction in France and, to a lower extent, in Germany is not consistent with a ranking of countries based on income per capita or on the Human Development Index, that includes life expectancy at birth and years of schooling. Analyses of all available international surveys (the *European Social Survey*, the *Euro-Barometer Survey*, the *World Values Survey*, and the *World Gallup Poll*) lead to a similar conclusion: observable characteristics are not sufficient to explain international differences; in all estimates of life satisfaction or happiness, country fixed-effects always remain highly significant, even after controlling for a large number of macroeconomic and institutional controls (Deaton, 2008; Stevenson and Wolfers, 2008). The suggestive Fig. 2, taken from Inglehart et al. (2008), illustrates the existence of clusters of subjective wellbeing, with Latin-America and Scandinavia standing systematically above the regression line, and former communist countries, below. As a rule, France, Germany and Italy rank relatively low, close to Eastern countries. Fig. 3A and B shows that international differences in wellbeing are quite stable over time: national happiness fluctuates over the business cycle, but the relative positions of the different national happiness and life satisfaction curves remain essentially unchanged.

Several studies suggest that these differences cannot be explained by the structure of wellbeing, i.e. the ingredients of happiness, which are very similar across countries (Di Tella et al., 2003). Because France is amongst the countries that rank lower than their wealth would predict, I call this piece of evidence “the French Unhappiness Puzzle”, but the puzzle lies more generally in the existence of large, unexplained and persistent country fixed-effects, i.e. international heterogeneity in happiness and life satisfaction.

The reason for these international differences could be that different countries offer different living conditions that cannot be fully arbitrated because of the imperfect mobility of the population across borders. Inside Europe for instance, absent mobility frictions, Europeans would settle into the most attractive places (that offer the highest amenities) and migration flows would lead to the equalization of wellbeing via the adjustment of house prices and wages (Rosen, 1974; Roback, 1982). If this were the case, country fixed-effects would not attract statistically significant coefficients in estimates of subjective wellbeing (Ferreira and Moro, 2010; Luenchinger, 2009; Oswald and Wu, 2010). However, in actual estimates, they do. This could reflect the existence of obstacles to mobility and other violations of the perfect competition assumptions (rationality, perfect information about local amenities, instantaneous price adjustments, etc.). Hence, country fixed-effects would capture international differences in objective non-monetary local living conditions.

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