

Watching alone: Relational goods, television and happiness

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Abstract

This paper investigates the role of relational goods for subjective well-being. Using a large sample of individuals from the World Values Survey, we find that relational goods have a significant effect on life satisfaction, while television viewing plays a key role in crowding-out relationality. Both results are robust to the use of alternative indicators of relationality and to instrumental variable estimation to deal with possible simultaneity. The findings suggest that the relational treadmill can provide an additional explanation of the income–happiness paradox: the effect of higher income on happiness is offset by lower consumption of relational goods, with television playing a significant role in explaining underconsumption of relationality. © 2006 Elsevier B.V. All rights reserved.

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1. Introduction

Happiness is back in economics. After a long absence, the theoretical debate about the relationship between economics and happiness is currently growing steadily. In the early 1970s, Easterlin (1974), influenced by developments in psychology (Brickman and Campbell, 1971), opened up the debate on the income–happiness paradox with an important empirical finding: in 30 surveys over 25 years, per capita real income rose by more than 60 percent, but the proportion

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of people who rated themselves as “very happy”, “fairly happy” or “not too happy” remained almost unchanged.²

Among the many explanations that have been offered for the income–happiness paradox, one of the most popular among economists is based on the relative (or positional) consumption hypothesis. The basic idea is that people compare themselves to some reference group when making consumption decisions, so that individual utility depends not only on the *absolute* level but also on the *relative* level of consumption (Frank, 2005; Layard, 2005). As a consequence, if everyone becomes richer and enjoys higher consumption, nothing changes in relative terms and individual happiness is unaffected.

It is important to observe that the positional theories commonly used to explain the income–happiness paradox rely on a particular idea of sociality: these theories are *social*, in the sense that positional competition cannot exist in the Robinson’s island, but the kind of sociality taken into account has no reference to the *relational nature* of happiness. The main explanations of the income–happiness paradox do not consider interpersonal relationships as a source of happiness *per se*.³

In psychology, interpersonal relationships have long been recognized, both theoretically and empirically, as a key determinant of well-being.⁴ The relational dimension is so important that some theorists have defined *relatedness* as a basic human need that is essential for well-being (Baumeister and Leary, 1995; Deci and Ryan, 1991). In particular, within the *eudaimonic* approach, many authors see a universal association between the quality of relationships and well-being (see, e.g. Argyle, 1987; Myers, 1999; Deci and Ryan, 2001; Diener and Seligman, 2002). Research on intimacy also highlights the importance of relatedness for well-being and underlines that it is the quality of relatedness that determines well-being.⁵

Although the analysis of the social dimension of economic behaviour has an old tradition, economics started only recently to explore the effects of the quality of interpersonal relationships on economic performance, welfare and happiness (see, e.g. Gui and Sugden, 2005). Mainstream economics does not deal with the *direct* link between sociality intended as relationality and individual well-being.⁶ What economics may need, in our view, is a better understanding of the links between non-instrumental social interaction and subjective well-being.

² Easterlin also found that within a single country, at a given point in time, the correlation between income and happiness exists and is robust. Across countries, instead, poorer countries do not always appear to be less happy than richer countries (Easterlin, 1974, p. 100).

³ Neumark and Postlewaite (1998), for example, show that if a woman’s husband earns less than her sister’s husband, the first woman is more likely to go out to work in order to keep up with the living standards of her sister. This, however, is different from considering family relations as a direct source of happiness.

⁴ Bradburn (1969), one of the classic works on well-being, finds that social relationships are one of the strongest correlates of positive emotions. Baumeister and Leary (1995) review the evidence showing that people have a fundamental need for close social relationships. A recent study by Kahneman et al. (2004) finds that affect balance (positive minus negative emotions) is greater when people are alone rather than with others in only 1 out of 15 daily activities.

⁵ Nezlek (2000) reviews a number of studies showing that the quality of relationships, as opposed to the quantity, helps to predict well-being. Carstensen (1995) and Kasser and Ryan (1999) point to the same conclusion. Ryff and Singer (2000) illustrate theoretically and empirically the links between interpersonal relationships, physiological functioning and happiness.

⁶ The recent work by Meier and Stutzer (2004) represents a major exception. Using the German Socio-Economic Panel for the period between 1985 and 1999, this study finds robust evidence that volunteers are more satisfied with their lives than non-volunteers.

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