

Income and Other Predictors of Subjective Well-Being Across Nations

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Abstract

The relation between mean levels of subjective well-being in nations and predictor variables was explored in 55 nations. Individualism and **climate** correlated substantially across countries with subjective well-being, whereas population density, cultural homogeneity, income growth, and homicide rate did not. In the **case** of climate, nations with cooler climates reported higher SWB, although **this** relation **became** nonsignificant when income was controlled. The **fulfillment** of basic needs (as indexed by longevity, infant mortality, caloric intake, sanitary facilities, and clean water) also correlated across countries with subjective well-being. Income per person continued to influence subjective well-being even when basic need **fulfillment** was statistically controlled. The correlations between life satisfaction and **financial** satisfaction was stronger in poorer than in wealthier nations. At the individual level, data were presented which showed that the impact of income on Life satisfaction depends on a person's goals. Subjective well-being was shown to be stable over many years in the U.S.A., Japan, and France. A related **finding** is that people in the U.S. whose incomes have increased or decreased over a **10** year period do not **differ** in subjective well-being. In the U.S.A., **slight** increments in subjective well-being are seen even as one ascends the upper income categories. A goal **fulfillment** theory of subjective well-being was presented to explain these disparate findings. Important avenues for future research were described.

Correlations of SWB Measures with the Predictors

	<u>Mean SWB</u>
Population Density	.03
Income Comparison (Neighbors' wealth)	.12
Cultural Heterogeneity	-.14
Income Growth	-.11
Mean temperature	-.47 ($p < .001$)

Climate and SWB

Correlation with SWB:

	<u>Zero order correlation</u>	<u>Income controlled (partial r)</u>
Latitude	.38**	-.08 NS
Mean temperature	-.47***	-.04 NS
Hours of sunshine	-.29*	-.08 NS

* $p < .10$

** $p < .01$

*** $p < .001$

Sample

55 nations:

For **10**, only student samples

For 43, representative sampling

Total number surveyed--Approximately **275,000**

Population of nations sampled: **4.1** billion

Number of nations in each area:

Asia -- **7**

Latin America -- **5**

Middle East -- **3**

Africa -- **6**

South Pacific -- **5**

Other -- **4**

North America -- **3**

Europe -- **22**

Nations (in descending order of mean **SWB**): Iceland, Australia, Sweden, U.S.A., Denmark, Canada, Norway, Switzerland, Finland, Luxembourg, Colombia, New **Zealand**, Britain, Netherlands, N. Ireland, Brazil, Ireland, Belgium, Tanzania, Cuba, Bahrain, Singapore, W. Germany, **Phillippines**, Chile, Malaysia, Austria, Mexico, Israel, **Puerto Rico**, Bangladesh, France, Spain, Italy, Portugal, Hungary, Yugoslavia, S. Africa, Jordan, Greece, Egypt, Thailand, Poland, Kenya, India, Japan, Turkey, S. Korea, Nigeria, Panama, E. Germany, U.S.S.R., China, Cameroon, and the Dominican Republic

Intercorrelation of Predictors and Subjective Well-Being

	Basic Needs	Income	Individualism
<i>SWB</i>	<i>.52</i>	<i>.56</i>	<i>.56</i>
Basic Needs		<i>.76</i>	<i>.75</i>
Per person Income			<i>.75</i>

N = 55 nations; all p's < .001

Past Hypotheses on the Income and SWB Relation

Easterlin--the relativity hypothesis

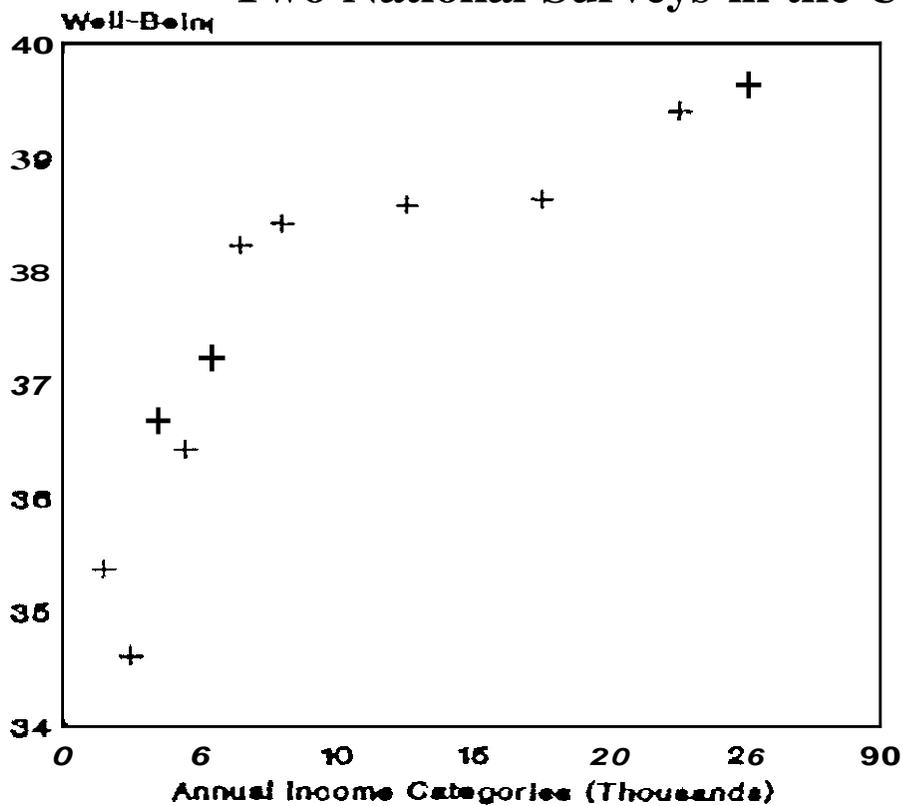
Income influences SWB within nations because of social comparison. Between nations little comparison occurs, and therefore national differences in wealth do not cause nations to differ in SWB.

Veenhoven

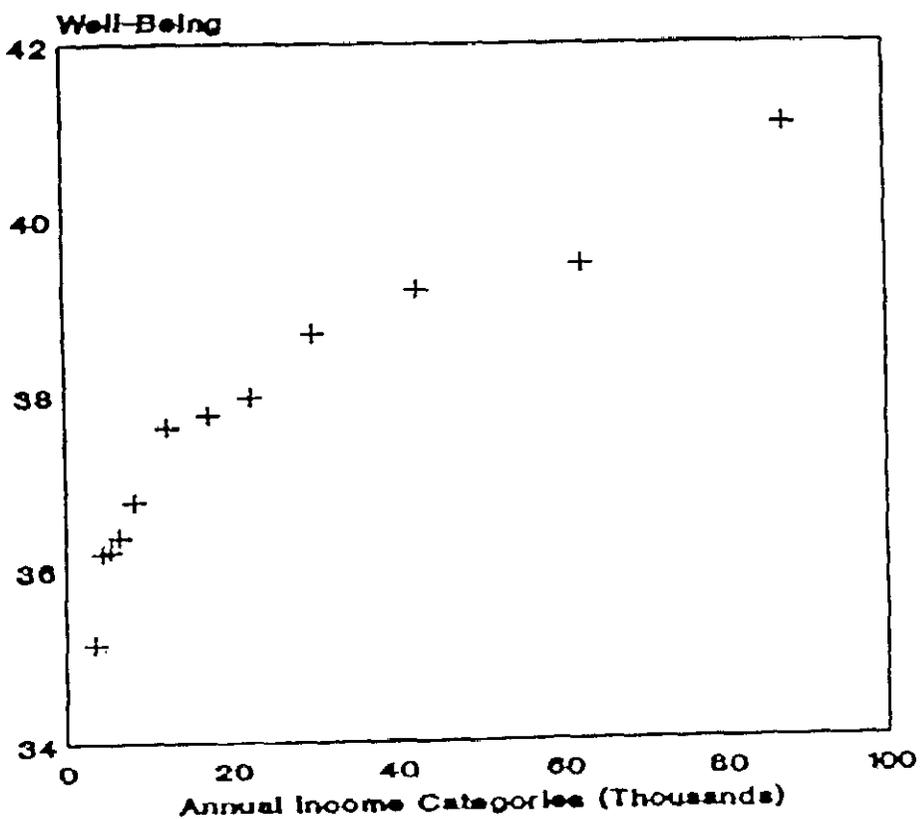
Income influences SWB when basic needs are at stake. Above that level, income has no influence or only a small influence on SWB.

The issue: Relative versus absolute effects of income on SWB

Two National Surveys in the U.S.A.

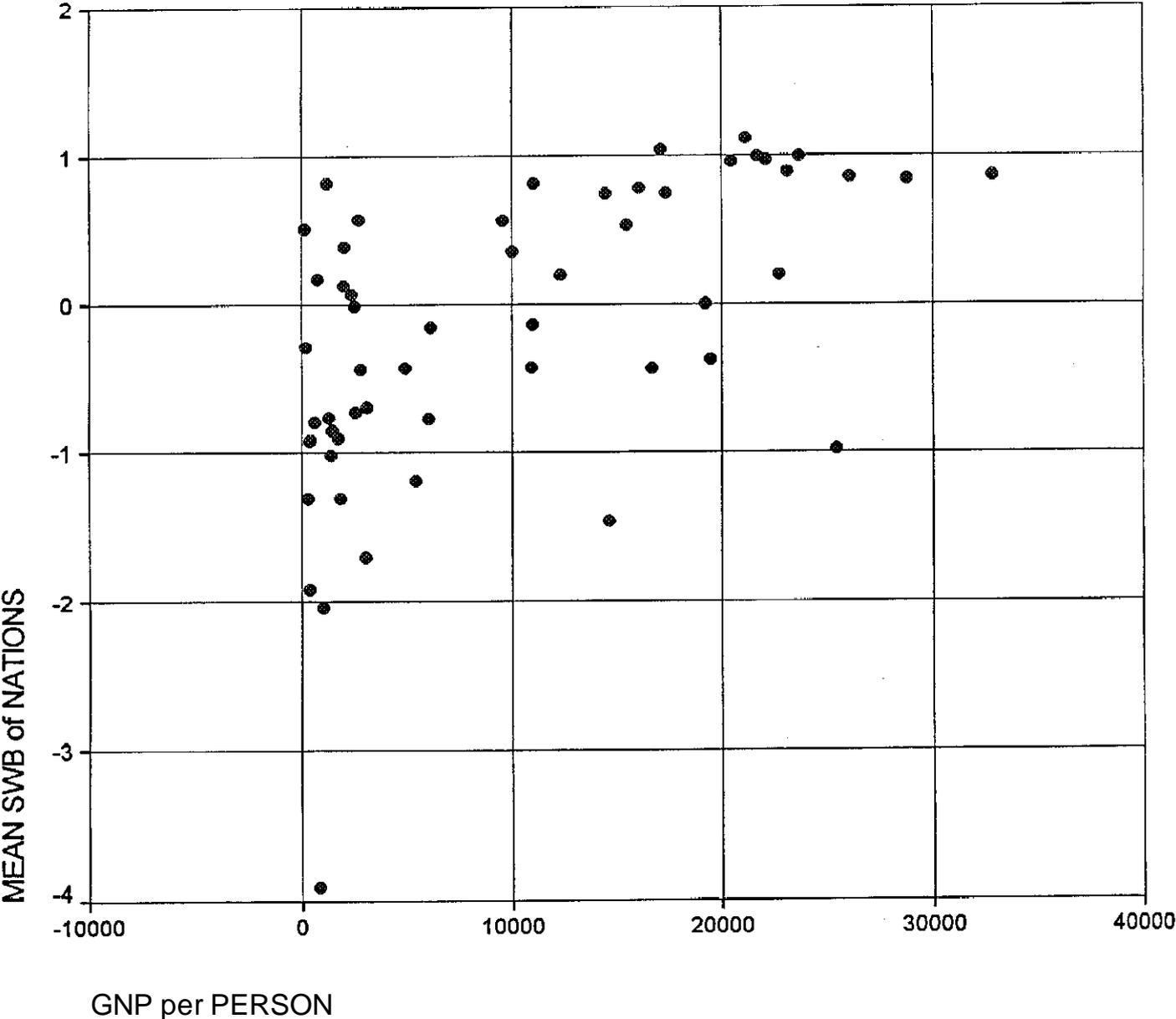


1971 - 1975



1981 - 1984

Relation between Income of a Nation and Subjective Well-Being



Wealth of nations per person and SWB,

with basic needs partialled out (held constant):

$$r(50) = .35, p < .05$$

Conclusion:

Income has an some effect, albeit diminished, even after basic needs are met

Time Trends in SWB

Based on data summarized by Ruut Veenhoven (Happiness in Nations, 1993, Risbo)

Scale: 0 to 10 (5 is neutral midpoint of scale)

	<u>U.S.A.</u> Happy	<u>Japan</u> Satisfied	<u>France</u> Happy
1946	7.4		5.5
47	7.3		
48	7.3		5.8
49			
1950			
51			
52	7.6		
53			
54			
55			
56	7.7		
57	7.6		
58		5.7	
59		6.0	
1960		5.9	
61		5.9	
62		5.9	
63	7.3	6.1	
64	7.3	5.9	
65	7.0	5.8	6.3
66	7.7	5.8	
67		5.9	
68		6.0	
69		5.9	
1970	7.5	6.0	
71	7.2	5.7	
72	7.1	5.8	
73	7.1	5.9	
74	7.1	5.5	
75	7.3	5.8	6.9
76	7.2	5.8	6.4
77		6.0	6.5
78	7.3	6.0	6.2
79		6.1	6.6
1980	7.2	6.9	
81		5.9	
82	7.2	6.0	6.4
83	7.1	6.0	6.5
84	7.2	6.0	6.3
85	7.1	6.2	6.4
86	7.2	6.4	6.4
87	7.2	5.8	
88	7.3		
89	7.2		

Relative Income Change (Compared to Others)

Over 10 years in the U.S.

0 to 55 Scale

Decreased Income (N = 842)
(Income down .5 SD's or more) 37.9

Stable Income (N = 1566)
(Less than \pm .5 SD change) 37.5

Increased Income (N = 234)
(Income up .5 SD's or more) 36.6

Income

The financial satisfaction and SWB correlations correlated with the incomes of the nations:

Females: $r(29) = -.36, p < .05$

Males: $r(29) = -.32, p < .10$

Conclusion: Financial satisfaction is a more important predictor of general subjective well-being in poorer countries

Individuals for Whom Finances Were Highly Relevant or Less Relevant to their Personal Goals

Low relevance individuals

Peer rated finances and self-reported SWB:

$$r = .14$$

High relevance individuals

Peer rated finances and self-reported SWB:

$$r = .37$$

**$t = 1.65, p < .10$
(90 Ss per group)**

The Diener Income Hypothesis:

The influence of income on **SWB** depends on the individual's goals. For those who strive for high income, financial well-being is more predictive of global **SWB**. For those who do not aim for financial goals, income will be unimportant to **SWB**.

Related Hypotheses;

A. Income is a very salient goal to many people when basic needs are not met. The biological basis of these needs tends to make them salient to most people when they are **unmet**.

B. In very poor nations, more people are focused on income as a central goal. In wealthier nations, people differ more in the importance they grant to income as a personal goal.

C. In wealthy nations and for wealthy individuals, income is sometimes a central goal. However, other goals are likely to become more important as physical needs are met, and therefore on average income is a less important goal.

D. The spread of consumption information and income comparisons can occur across nations, as well as within nations. Consumption and income information is important in terms of how it influences people's goals (what they hope to possess). Social information is important to **SWB** only insofar as it affects people's goals.

Needed Future Research

Veenhoven's idea that income makes more difference to **SWB** at lower levels of income was supported by several types of data. There are data, however, which disconfirm strong versions of both the basic needs and relativity approaches to explaining the income and **SWB** relation. The following future data would be helpful in exploring weaker versions of these hypotheses, as well as in exploring the alternative hypothesis based on goal striving:

1. Examine the importance of income and income growth as a goal across poorer and wealthier nations. Examine the importance of high income as a goal in areas where basic needs are and are not met.
2. Longitudinal examination of subjective well-being in poorer nations, especially those with high economic growth rates.
3. Collection of data on **aspirations/expectations** in nations with various levels of wealth and economic growth rates.
4. A study of the mediators of the income and **SWB** relation--variables such as participation in leisure, types of work activities, status, types and numbers of worries, meeting physiological needs, types of comforts and pleasures, etcetera.

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