



What Kinds of Public Policies Promote Human Happiness?

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Should governments intervene to modify the social effects of the market economy? In the United States and other democracies around the world, this question is the focus of intense, longstanding political debates. Liberals argue for active steps such as generous unemployment protections and welfare benefits, while conservatives argue for minimal government intervention in the name of market efficiency.

Participants in these debates often disagree about how to measure policy impacts. Should we look at the impact of government policies on national economic growth, per capita production, levels of inequality, or poverty rates? We step back from such indicators and ask, instead, about the happiness of citizens living in nations with different kinds of public policies. What sorts of public policies lead citizens to evaluate their lives as happier? In other words, do certain kinds of government interventions promote greater human happiness? Our findings are important, because they suggest that a range of public policies aimed at enhancing equality and social security can lead to greater happiness for all citizens.

Personal and Policy Determinants of Happiness

Surveys done in many countries now make it possible to explore the impact of social and political conditions on happiness. Our research uses data collected from 1981 to 2007 by the World Values Survey, which asked a straightforward question of nationally representative samples of citizens in 21 advanced industrialized democracies: "All things considered, how satisfied are you with your life as a whole these days?"

The Survey also provides information about individual characteristics that scholars have previously found to be associated with happiness – characteristics such as whether a person is married, has a good education and relatively high income, attends church, and is in good health. But going well beyond previous research, we also developed measures of government policies in the 21 nations surveyed. To see whether policy effects are consistent, we used four different types of measures of government interventions into the market economy:

- The **overall size of government consumption**, measured as percent of national gross domestic product.
- **Social welfare expenditures** as a percentage of the gross domestic product.
- **Welfare state generosity**, measured in terms of the ease of access to welfare benefits, the expansiveness of coverage to citizens of different statuses and life circumstances, and the degree to which social benefits replace incomes lost due to unemployment, retirement, or family circumstances.
- **Labor market regulations**, governing such circumstances as job dismissals, temporary employment, and mass layoffs.

Our statistical analysis looked to see which sets of individual and policy factors were associated with higher levels of reported happiness. We first took personal determinants of happiness into account, and then isolated the additional contribution of the four measures of public policy on citizens' reported satisfaction with their lives.

Citizens are More Satisfied When Governments Modify Market Outcomes

Our statistical results are striking and consistent across all four measures of government intervention. **Citizens report being more satisfied with their lives in countries where government more actively intervenes into the market economy.** How big is the effect of public policies compared to well-known individual circumstances such as marital status or employment? We find that living in a country where government intervenes to modify market outcomes at an above average level leads to a greater boost in

reported happiness than being married as opposed to single, or employed compared to jobless.

Equally telling, we find that **all citizens get the happiness boost** associated with greater government efforts, not just less privileged people. In sum, **public policies that attempt to insulate citizens from the ups and downs of the market economy appear to promote greater human happiness for all citizens in a nation.**

Implications

Our research results should not be interpreted as an overall normative defense of leftist public policies. There are empirical and theoretical reasons to believe that social democratic policies contribute to greater life satisfaction for all affected citizens. But many other values are also at stake in ongoing political debates, so we are not offering any overall judgment on whether an expansive, activist state is “better” or “worse” than a limited one. We have focused our research on one set of issues implicated in longstanding debates about the size and role of government.

Our research has clear implications for the social-scientific study of determinants of human happiness. To date, most research on people’s perceptions of their own well-being has asked about the influence of individual characteristics, paying very little attention to social and political conditions that might make life more or less enjoyable. Our probe of public policies underscores the need for scholars to develop richer theories and empirical analyses that more fully incorporate the contributions of societal conditions and government policies.

Closer attention should certainly be paid to the effects of market economies. The recent Great Recession has sharpened debates in many countries about what governments should do, or not do, to promote prosperity and mitigate social insecurities and disparities. It would be foolish indeed to ignore the ways in which policy choices can influence life satisfaction for millions of people. The market system is a principal determinant of people’s happiness, and public policies have a role to play in nudging market outcomes one way or another.

Read more in Patrick Flavin, Alexander C. Pacek, and Benjamin Radcliff, “Assessing the Impact of the Size and Scope of Government on Human Well-Being,” *Social Forces* 92, no. 4 (2014): 1241-1258.