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HAPPINESS IN CANADA SINCE WORLD WAR II

(Accepted 6 August 2002)

ABSTRACT. Where data exist, measures of average happiness in industrialized countries typically show little or no upward trend over time, despite substantial growth in real per capita incomes. This paper examines the existing Canadian data to see if they support this generalization. The Canadian data have some overall positive trend. Some simple regressions suggest that per capita real incomes are positively associated with happiness, while unemployment and inflation appear to be negatively associated with happiness, a result also found in recent studies of Western Europe and the United States. Controlling for these variables, a negative time trend emerges.

INTRODUCTION

Information about the subjective well-being of a population is a useful indicator of the average quality of life in a nation. Such measures have received increasing attention in recent years in a variety of disciplines. Among economists, interest in measures of subjective well-being was stimulated by Easterlin (1974), who argued that economic growth had ceased to improve the human lot in already-affluent countries. More recently, Easterlin (1995) offered a further survey of the evidence on measures of happiness and life satisfaction; he reiterated his earlier conclusion with greater confidence.

This conclusion is also now widely accepted in the psychological literature, where the study of subjective well-being has been carried out most intensively. In a recent survey, Diener et al. (1999, p. 288) note that “despite tremendous economic growth in France, Japan and the United States” between 1946 and 1990, “there was no increase in mean reports of SWB [subjective well-being]” (See Diener and Suh, 1997, for details).

This paper has two purposes. First, it draws together and summarizes for the first time the existing Canadian data on happiness.



Social Indicators Research **65**: 109–123, 2004.

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Second, it asks whether some aspects of the data are broadly consistent with conclusions drawn from the data of other countries.

The focus here is on the average happiness of the population as a whole across different years. Other aspects of the data, such as systematic differences in subjective well-being across socio-economic or linguistic groups or between geographic regions, are not considered.

When considering changes in average happiness over time, a central assumption is that the meaning of the words that people use to describe their well-being (e.g., “fairly happy” and so on), in terms of the underlying well-being actually experienced, is constant over the period in question. As noted earlier, if comparisons of average happiness have no time trend, this has often been interpreted as showing that increases in real income have essentially no effect on subjective well-being in the long term. This could happen if people adapt fairly quickly to changes in material living standards (Easterlin, 1974). Changing standards of comparison would then influence the affect experienced by people. However, it is also possible that per capita real income still has some positive correlation with average happiness, if other factors have tended to offset this.

One set of potentially-offsetting factors are macroeconomic phenomena. This possibility is suggested by recent studies of the “macroeconomics of happiness” (Di Tella et al., 2001; Blanchflower and Oswald, 2000). Di Tella et al. report a substantial negative relationship between life satisfaction and both unemployment and inflation in West European data. Blanchflower and Oswald (2000) examine individual-level American survey data and find a positive relationship between real incomes and happiness when other individual characteristics (including marital and labour force status) are taken into account. The possible link between subjective well-being in Canada and such macroeconomic phenomena as inflation, unemployment and average real incomes are explored in this paper.

The Canadian data are set out and summarized in the next section. They are examined in the subsequent section to see whether any preliminary conclusions can be drawn. It seems that happiness has a positive association with average real incomes and is negatively affected by unemployment and inflation. However, a considerable