Chapter 5: Subjective Well-being around the World

5.1 National Comparisons of SWB

For over a decade, annual reports have ranked countries by average life satisfaction with only modest year-to-year change. Media attention often focuses on small shifts at the top of the list—when Denmark was ranked first, commentators looked for a Danish "secret," and more recently the same question has been asked about Finland. Yet the average scores of the top countries are very similar, and differences among them are small relative to the much larger contrasts observed across the full distribution of nations. The scientifically informative pattern emerges when we compare countries near the top with countries near the bottom: here, average levels of subjective well-being differ substantially. These large and systematic differences make it possible to test explanations for cross-national variation in well-being, including material living conditions, social and political institutions, and cultural factors that may influence subjective wellbeing.

5.1.1 The History of Cross-National Comparisons

Cantril (1965) created his ladder measure to study subjective conceptions of the good life and to see how people compare their actual lives to these standards. He also conducted the first cross-national comparison of subjective life-evaluation with his measure and compared the average SWB of 14 nations.

Since 2008, Gallup's World Poll has collected annual survey data on subjective well-being in more than 140 countries. These data are summarized each year in the World Happiness Report. The primary indicator is Cantril's ladder, making it possible to compare Cantril's results from the 1960s to results in the 2010s for 13 of these nations (Cuba is not included in modern studies).

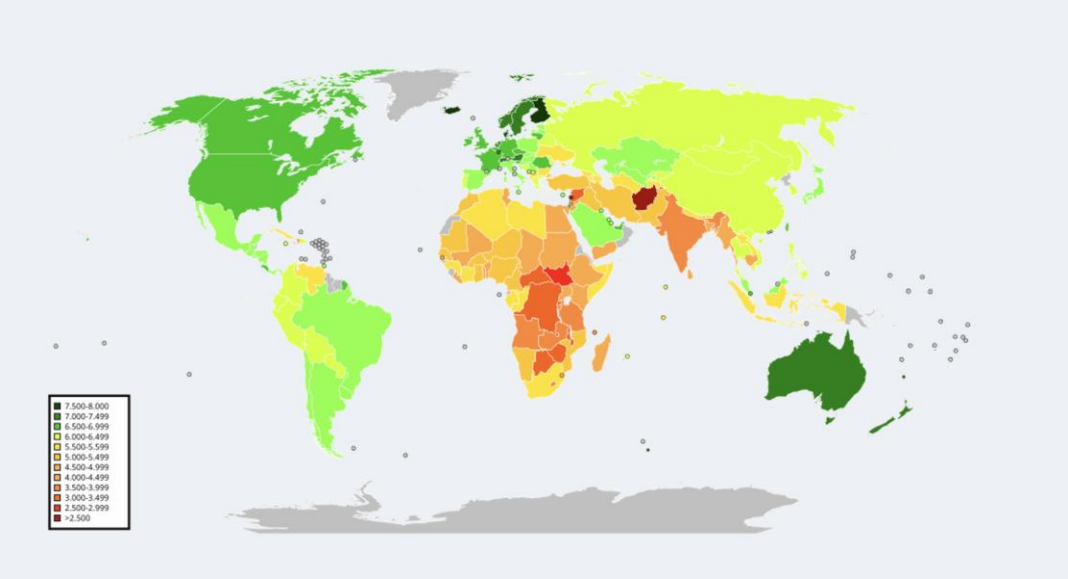
Country	Ladder-Score 1965	Ladder-Score 2019	Change
USA	6.6	6.9	0.3
Egypt	5.5	4.2	-1.3
Israel	5.3	7.1	1.8
Germany (West)	5.3	7.1	1.8
Japan	5.2	5.9	0.7
Yugoslavia	5.0	5.5	0.5
Philippines	4.9	6.0	1.1
Panama	4.8	6.3	1.5
Nigeria	4.8	4.7	-0.1
Brazil	4.6	6.4	1.8
Poland	4.4	6.2	1.8
India	3.7	3.6	-0.1
Dominican Republic	1.6	5.7	4.1
Average	4.7	5.8	1.1

The most notable pattern is that the average ladder score across these countries increased from 4.7 in 1965 to 5.8 in 2019. Although these data are limited, they are consistent with the interpretation that average subjective well-being has increased over historical time. This pattern challenges two common claims about happiness. First, it is difficult to reconcile with strong versions of the social comparison hypothesis (Easterlin, 1974). If life evaluations were determined entirely by comparisons with others within the same society, large improvements in living conditions could occur without corresponding changes in average well-being. Second, the results do not support romanticized narratives that portray the past as a psychologically superior era and modern life as uniquely stressful. On average, people appear to evaluate their lives more positively today than they did several decades ago.

The table also shows substantial heterogeneity in change. Some countries show large increases in average ladder scores (for example, West Germany), whereas others show little change (for example, the United States) or even sizable declines (for example, Egypt). This pattern matters theoretically because it indicates that national averages of subjective well-being are not fixed. Even if individuals' well-being shows trait-like stability, country-level averages can shift over historical time, implying sensitivity to changing social, economic, and political conditions. This is difficult to reconcile with strong versions of the view that subjective well-being is largely determined by stable internal dispositions (e.g., personality) and only weakly affected by external circumstances (Costa, McCrae, & Zonderman, 1987; Mõttus, R., et al., 2024).

5.1.2 A World Map of Subjective Wellbeing

The Gallup's World Poll data are summarized each year in the World Happiness Report, which is published by the Wellbeing Research Centre at the University of Oxford, in partnership with Gallup, the UN Sustainable Development Solutions Network, and an independent editorial board. The data have been used to create World Maps of Happiness.



"World happiness map (2023). Source:
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These maps are useful for identifying broad geographic patterns in subjective well-being. The highest average levels of life satisfaction are observed in Scandinavia, several small Western European countries that are difficult to distinguish individually on a world map, and Australia. For many years, Canada ranked among the top ten countries, but more recently it has fallen into the group ranked roughly between 11 and 20. At the lower end of the distribution, many African countries report substantially lower average levels of subjective well-being.

Even a descriptive inspection of these patterns makes some explanations implausible. In the 1960s, parts of Western youth culture idealized Eastern societies as offering a more fulfilling way of life, yet average life satisfaction in most Asian countries is lower than in Western Europe, North America, or Australia. Climate also cannot account for the observed variation. While high well-being in Scandinavia suggest that cold, dark winters are compatible with high life satisfaction, similarly high levels in countries such as Australia indicate that other factors must be responsible for Scandinavia's position near the top of the rankings.

The drawback of world maps is that they do not clearly show patterns for smaller countries. For example, it is impossible to see the high wellbeing in Switzerland or Luxemburg. For more detailed examination of the data, we need to examine how nations' SWB is related to other variables.

5.2 Predictors of Nations' Subjective Wellbeing

5.2.1 Purchasing Power and Fulfillment of Basic Human Needs

The world map suggests that SWB is related to nations' economic activity, which is reflected in indicators such as Gross Domestic Product (GDP). Although GDP is a measure of economic output rather than household income, it is routinely used as a proxy for average material living conditions because it is an important economic indicator and is available for nearly all countries. Based on basic-needs arguments and economic theories of desire-fulfillment, we would expect that people spend money first on meeting fundamental needs such as water, food, and shelter. Even in modern, wealthier societies, a substantial share of income is devoted to these necessities, especially among people with lower incomes. It is therefore not surprising that national averages of SWB correlate fairly strongly with GDP, particularly in datasets that include very low-income countries, including many in Sub-Saharan Africa.

However, GDP is an imperfect proxy for people's purchasing power. In some countries, especially those with large multinational sectors, GDP includes substantial profits recorded domestically that do not translate into income for local residents. Ireland is a well-known example of this pattern. As a result, measures of income are often more informative than GDP for predicting cross-national differences in SWB.

It is also important to distinguish between mean and median income. In countries with high income inequality, mean income can be high even when the typical citizen's income is much lower. For example, many North and South American countries tend to have higher income inequality than European countries. Using median income reduces the influence of top incomes and provides a clearer indicator of the typical person's material living conditions in cross-national comparisons.

In the Gallup World Poll, national wealth is a very strong predictor of average life evaluation (Exton et al., 2015). The Gallup World Poll also collects information on household income, making it possible to compute country-level income measures, including median income. To compare incomes across countries, these figures must be converted into a common currency and adjusted for purchasing power parity. The same product or service often costs less in poorer countries, which is why people from richer countries can afford more when traveling to poorer countries.

Using published Gallup median income data and World Happiness Report life-evaluation scores for overlapping years, I found that median per-capita income (PPP-adjusted) is strongly related to average life evaluation ($r = .72$). Because the income–well-being relationship shows diminishing returns, log median per-capita income is an even better predictor ($r = .81$). In these

data, about 90% of countries with above-average median income also have above-average subjective well-being.

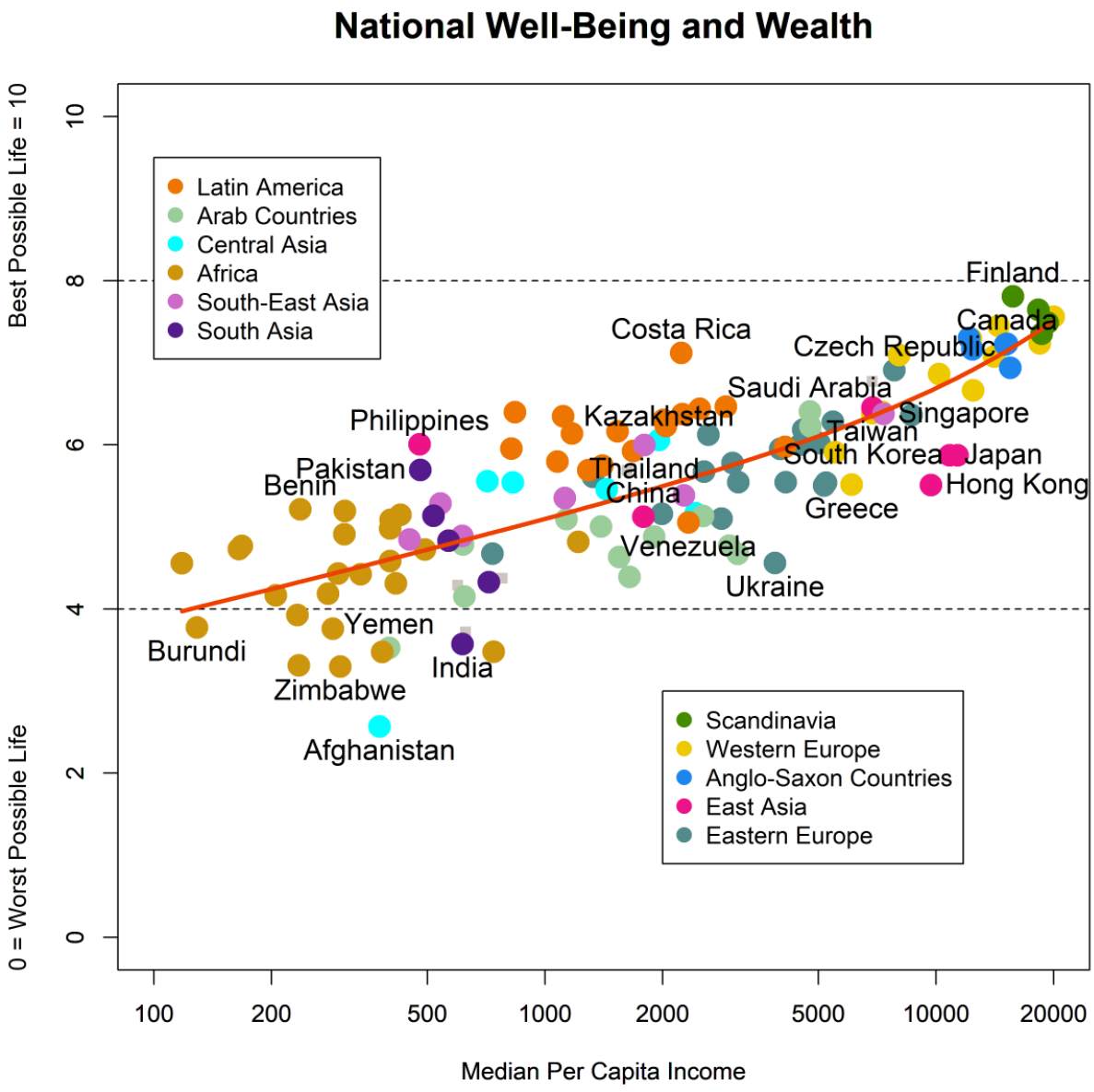


Figure 5.1

Figure 5.1 relates median per-capita income (PPP; shown on a logarithmic x-axis) to average life evaluation (Cantril's ladder). The main pattern is clear: subjective well-being rises systematically with purchasing power. The association is steepest at low income levels, but it does not stop once countries reach moderate income. Even among relatively affluent nations, higher

purchasing power is still associated with higher average life evaluation, suggesting that material resources can contribute to well-being beyond the fulfillment of basic survival needs.

This pattern is difficult to reconcile with strong versions of the claim that happiness is purely relative (Easterlin, 1974) or that income matters only at the bottom of the distribution and becomes irrelevant among wealthy nations (Inglehart et al., 2008). At the same time, the scatter around the trend line shows that income does not explain everything.

The figure also confirms the broader pattern seen in the World Map of Happiness. Most African countries fall toward the lower end of both income and life evaluation, whereas Western Europe, Scandinavia, and the Anglo countries cluster toward the upper end. Within regions, however, countries can deviate meaningfully from what income alone would predict. For example, Benin reports higher life evaluation than several African countries with comparable incomes, while Zimbabwe is lower. In South Asia, Pakistan scores higher than India despite broadly similar income levels. In East and Southeast Asia, the Philippines reports higher life evaluation than would be expected from its income relative to Japan or South Korea. Many Latin American countries sit above the regression line, with Venezuela standing out as a negative outlier and Costa Rica as a positive one. In Europe, Greece is lower than income would predict, and in Eastern Europe, Ukraine is notably lower, even before Russia started a war in Ukraine.

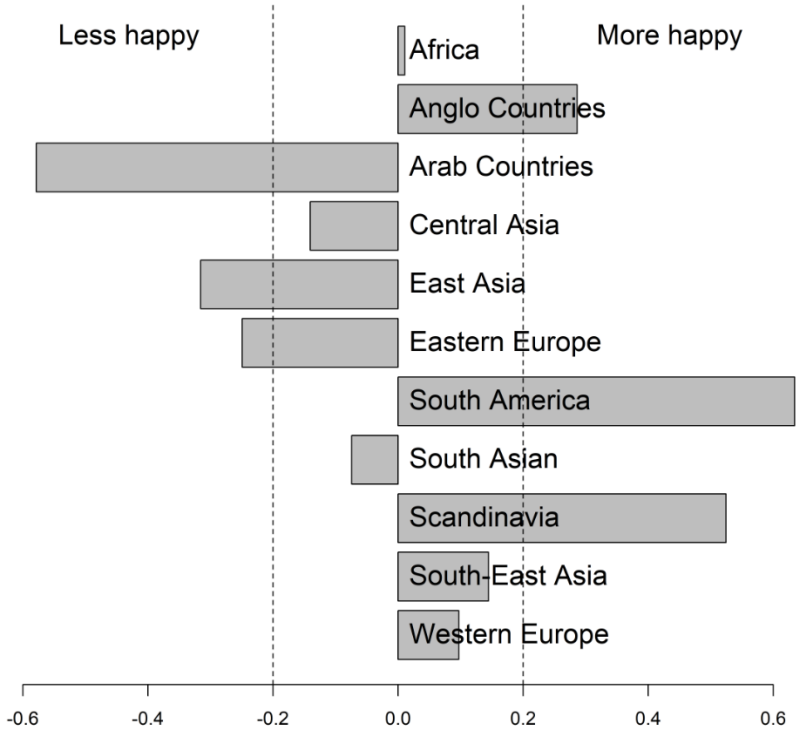
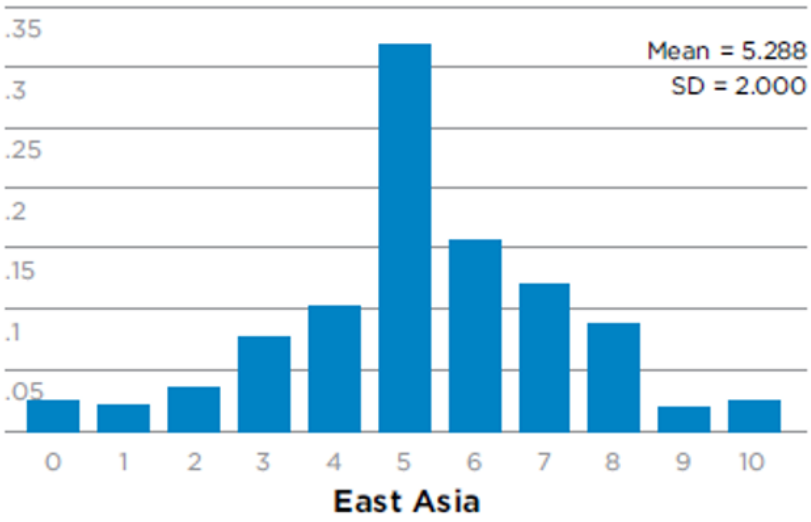


Figure 5.2 shows how average subjective well-being (SWB) in major world regions deviates from the level predicted by log median income. Values to the right indicate regions that are happier than expected given their purchasing power, whereas values to the left indicate regions that are less happy than predicted. Small deviations (around 0.2 ladder points) could reflect sampling and measurement noise, whereas larger gaps are more likely to be meaningful and warrant closer examination.

Two patterns stand out. South America and Scandinavia are, on average, happier than would be predicted from income alone. By contrast, the Arab countries fall substantially below the predicted level of SWB, with East Asia and Eastern Europe also showing notable shortfalls. The following sections examine these regional patterns in more detail.

5.2.2 SWB in East Asia



Cross-cultural psychology emerged in the 1980s and expanded rapidly in the 1990s, when Japan attracted considerable attention as a major economic power. South Korea and China developed economically later, and China now produces a large and growing share of its own social science research. Before interpreting regional differences in subjective well-being (SWB) as cultural differences, it is essential to separate real differences in well-being from cross-cultural differences in response styles (see Chapter 3).

Several studies suggest that East Asian respondents are more likely to select moderate response options and less likely to use extreme categories on rating scales (Oishi, 2010). This response pattern is also visible in Cantril's ladder responses in the Gallup World Poll (Figure 5.3), where responses of 5 are much more frequent than responses of 4 or 6, Such scale-use differences can

mechanically lower mean scores and may therefore contribute to the finding that East Asian countries score below the level predicted by purchasing power. At the same time, response styles are unlikely to be the only factor (Oishi, 2010).

A second explanation focuses on cultural differences in how people evaluate and describe their lives. East Asian cultures place greater emphasis on modesty and realism and discourage self-promotion. In the psychological literature, North Americans are often described as showing stronger self-enhancement, including more positive self-evaluations and higher reported self-esteem. This difference may contribute to higher self-reported life satisfaction in North America relative to East Asia (Heine, Lehman, Markus, & Kitayama, 1999; Diener, Oishi, & Lucas, 2003). A central difficulty is that self-reports cannot easily distinguish between overly positive reports of SWB and true differences in experienced well-being that might be supported by positive illusions.

One approach to separating reporting tendencies from experienced well-being is to examine informant ratings. Kim, Schimmack, and Oishi (2012) found that European North Americans showed stronger self-enhancement in ratings of desirable personality traits than East Asian Canadians. This self-enhancement was associated with higher self-reports of life satisfaction, but the corresponding difference was much smaller in informant ratings of life satisfaction. These findings are not conclusive, but they are consistent with the possibility that part of the East Asian shortfall in self-reported SWB reflects measurement artifacts. An alternative interpretation is that cultural contexts influence the extent to which positive self-views affect well-being.

A related concern is that positive illusions might encourage poor decisions. However, behavioral evidence suggests this is not necessarily the case. Kim et al. (2022) used an incentivized betting task designed to reward realistic self-assessment and penalize overconfidence. On each trial, participants could choose a safe option (a coin flip with a 50–50 chance of winning) or bet on their performance on a skill task to win a small reward. If participants were systematically overconfident, they would be more likely to choose the skill bet even when their true probability of success was lower than 50%, leading to losses over repeated trials. The results showed no meaningful differences in betting behavior among South Korean, East Asian Canadian, and European Canadian students, suggesting similar levels of behavioral calibration across groups. At the same time, the same participants showed the familiar cultural pattern in global self-ratings, with stronger self-enhancement among European Canadian students.

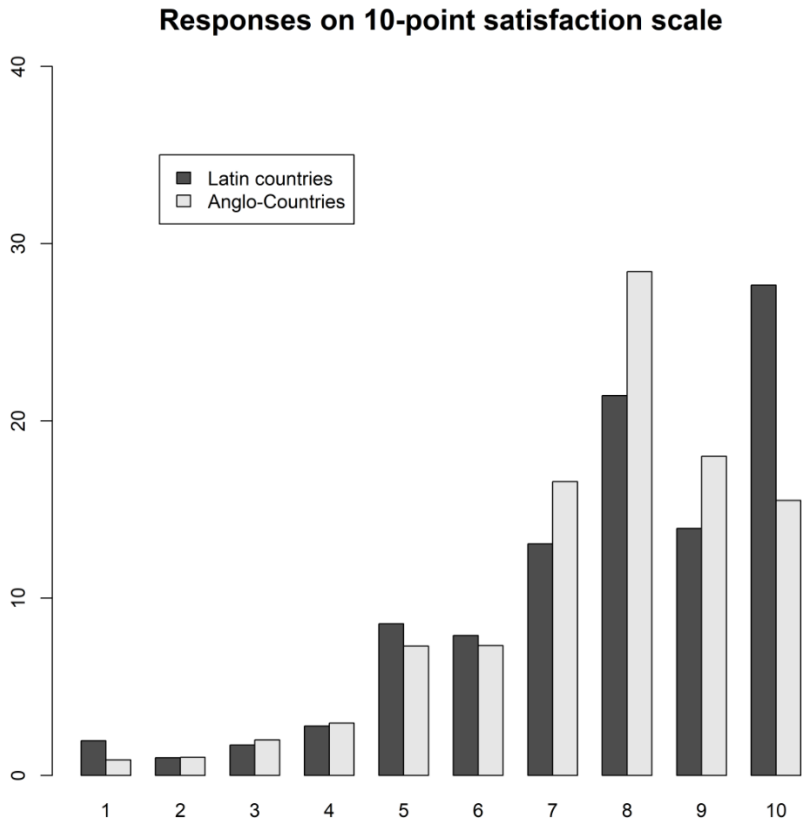
In conclusion, although lower scores on SWB measures in East Asia than predicted by purchasing power have been documented since the 1990s, the social and cultural factors that produce this effect remain unclear. One problem has been the comparison of East Asia with North America, which makes it difficult to separate effects of East Asian culture and those of

North American cultures. One plausible explanation is that positive thinking in North America contributes to this finding.

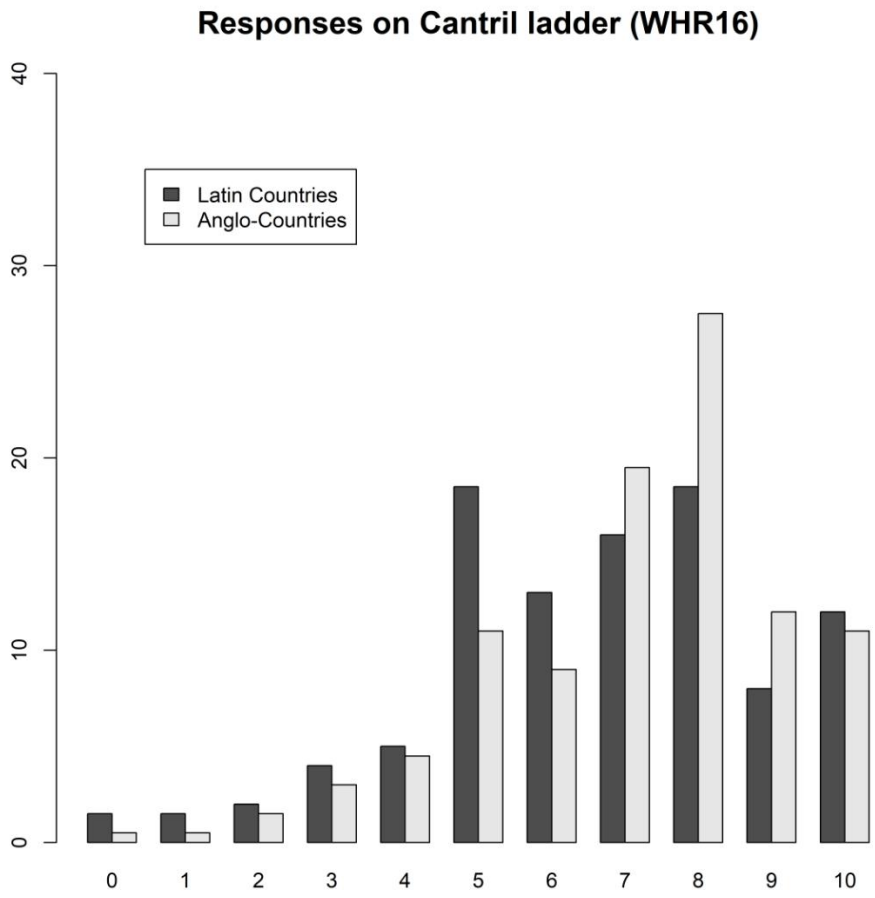
5.2.3 Latin American Nations

Numerous studies have documented that subjective well-being (SWB) in Latin America is higher than would be predicted by standard indicators of purchasing power. A first step in interpreting this pattern is to examine whether measurement artifacts contribute to it. Evidence suggests that response styles differ across cultures and may partially distort cross-national comparisons.

In particular, life satisfaction ratings from the World Values Survey show an unusual response pattern in Latin America. Frequencies decline from ratings of 8 to 9, but then increase again from 9 to 10. In contrast, responses in Anglo countries decline monotonically from 8 to 9 and from 9 to 10. This pattern raises concerns about the interpretation of extreme scores in Latin America, especially ratings of 10 out of 10. Supporting this concern, many predictors of high life satisfaction—such as perceived freedom, health, and marriage—are strongly associated with ratings of 9, but not with ratings of 10.



Results based on the Cantril ladder from the Gallup World Poll show a similar but much weaker pattern. This suggests that response styles do bias cross-national comparisons, but that the bias is smaller for the Cantril ladder than for standard life-satisfaction scales. Thus, measurement artifacts likely account for part, but not all, of the relatively high SWB observed in Latin America, leaving room for real cultural or structural differences.



The most consistent substantive finding is the role of social support. While people in all cultures value close social relationships, Latin Americans appear to invest more heavily in them. Denser social networks may provide both emotional support and practical assistance, which can enhance well-being even when material resources are limited. This association between social support and SWB is robust across datasets, although causal direction remains difficult to establish.

Other explanations are plausible but more difficult to test. A key limitation of GDP as an indicator of living standards is that it does not capture unpaid work. In societies where family members provide childcare, elder care, or transportation, households may achieve a given

standard of living with less monetary income. If unpaid work is more common in Latin America, GDP may underestimate effective purchasing power. Another distorting factor is remittances sent by citizens working abroad. Remittances are difficult to measure accurately and may contribute to higher SWB in some Latin American countries, including Costa Rica, as well as in countries such as the Philippines.

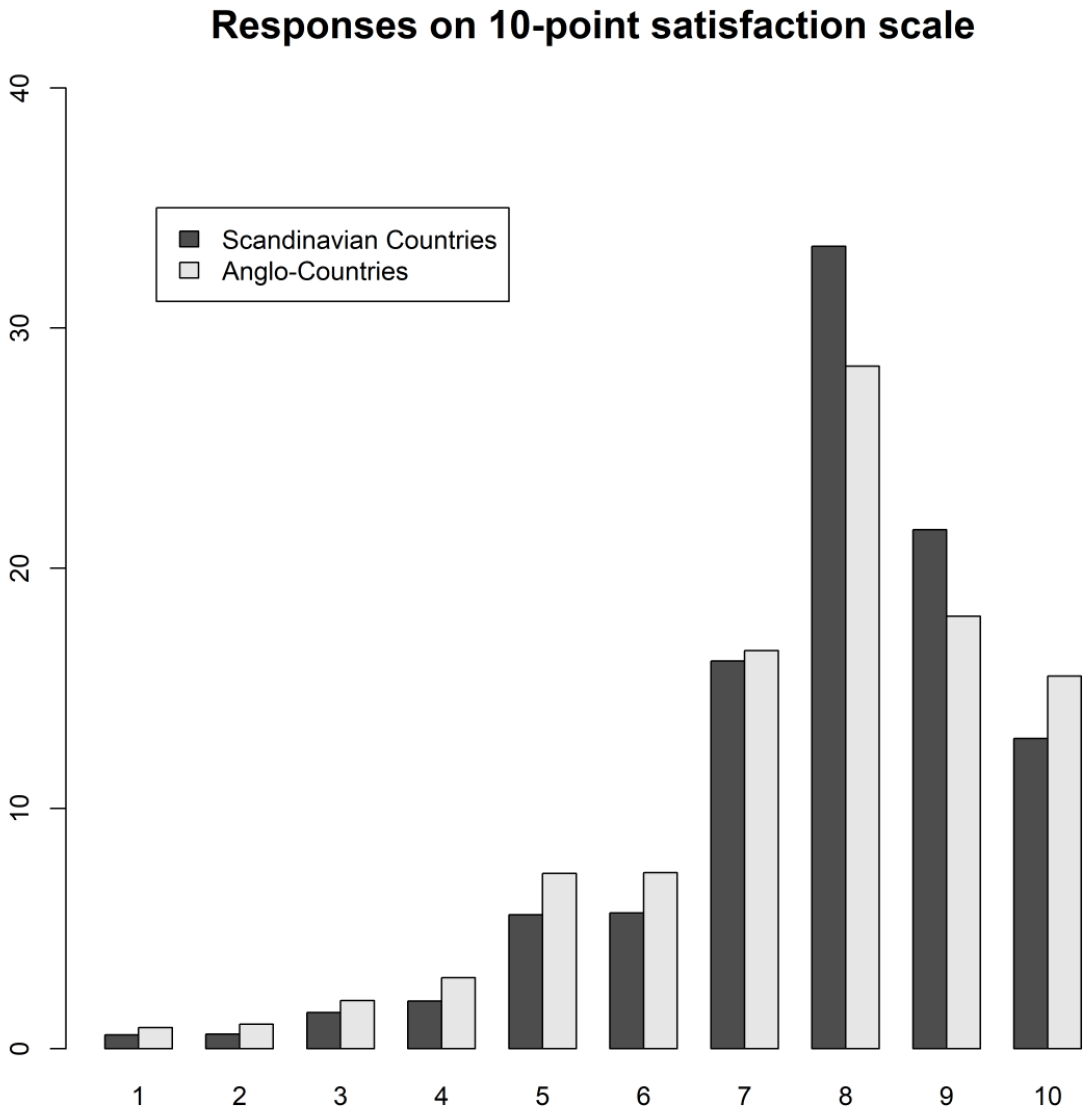
A particularly notable outlier within Latin America is Costa Rica, where SWB levels approach those of countries with substantially higher purchasing power (Figure 5.2). One frequently cited explanation is Costa Rica's lack of a standing military and its relatively high investment in health care and social services. National security is largely ensured through international alliances and the country's low strategic value as a military target. However, on many other objective indicators—such as inequality or educational performance—Costa Rica does not differ dramatically from other Latin American nations.

Some accounts link Costa Rica's high SWB to the cultural expression pura vida, which conveys acceptance, emotional moderation, and contentment with everyday life. However, similar attitudes and expressions exist in many cultures and there is no direct evidence linking this cultural attitude towards individuals' SWB.

One final possibility could be differences in cultural priorities. While children in East Asian countries often excel on international achievement tests, children in Latin America typically perform at average or below-average levels. This contrast may reflect differing emphases across cultures, with some prioritizing achievement and others placing greater value on enjoyment of life and social relationships.

5.2.4 Scandinavian Countries and Well-being

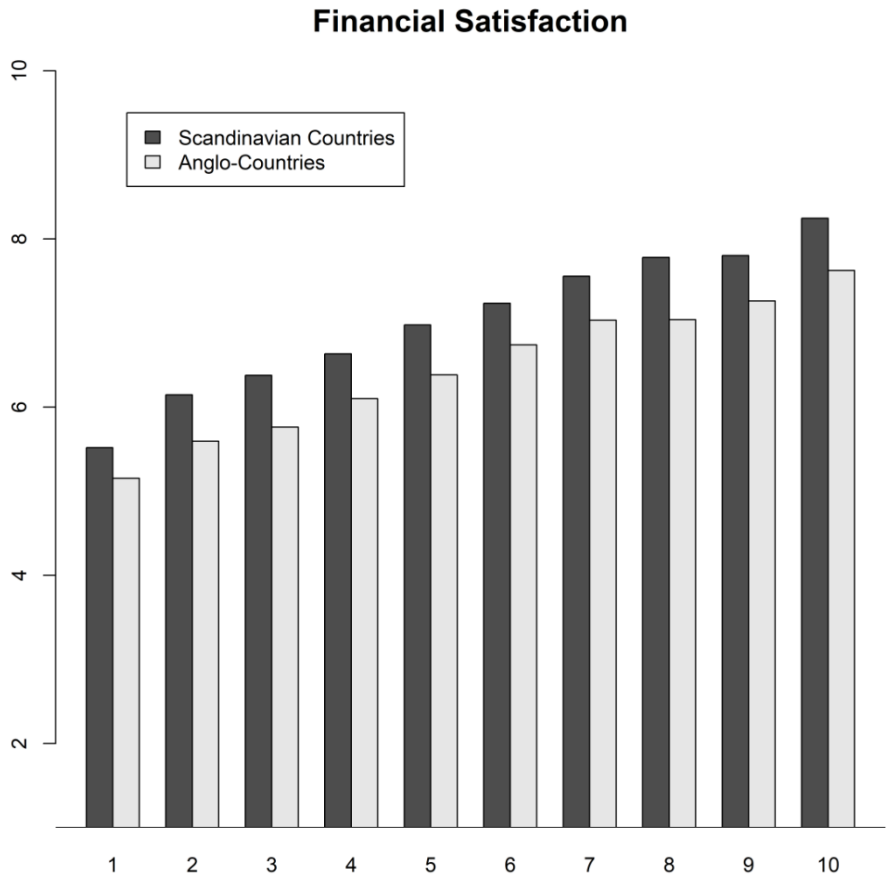
Although Scandinavian countries consistently top the happiness rankings, the differences between Scandinavian and Anglo countries in the World Poll rankings are small (see Figure 5.2).



Scandinavian respondents use 8 and 9 more often than Anglo respondents, but the mean for Scandinavian countries (M = 7.8) is only slightly higher than the mean for Anglo countries (M = 7.6). Examining potential variables that may explain this difference suggested that the main cause are differences in financial satisfaction (Scandinavia 7.0, Anglo 6.6). Including financial satisfaction as a predictor, reduced the difference in life-satisfaction judgments to 0.05 points.

One possible explanation for this finding could be that Scandinavian countries have less income inequality after taxes because the tax system is more progressive (redistribution from high earners to low earners, children, and the elderly). However, the next figure shows that all

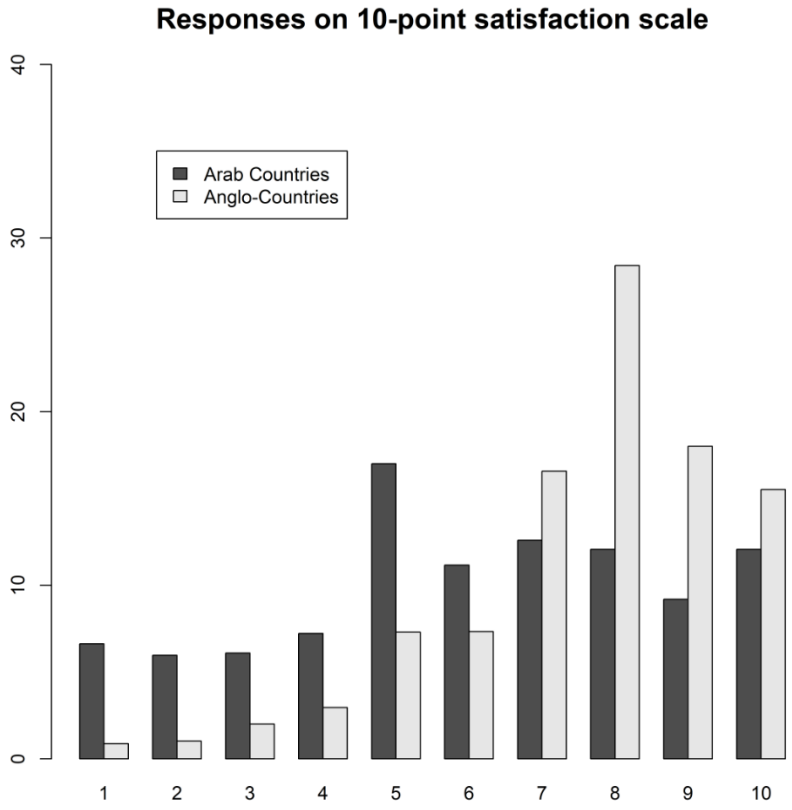
income groups in Scandinavia are more satisfied with their financial situation than those in Anglo nations, even the richest group that is taxed heavily.



One possible explanation for this is the influence of Lutheran values in Scandinavia that lowers material aspirations. However, it is important not to overinterpret the small difference between Scandinavia and Anglo nations. Both regions are at the top of SWB rankings because they have high purchasing power and higher purchasing power than many Western European nations.

5.2.5 Arab Nations and SWB

Arab countries report lower subjective well-being in the Gallup World Poll, even after controlling for national income. To explore potential reasons for this gap, World Values Survey (WVS) data can be used to examine differences in response patterns and correlates of life satisfaction.



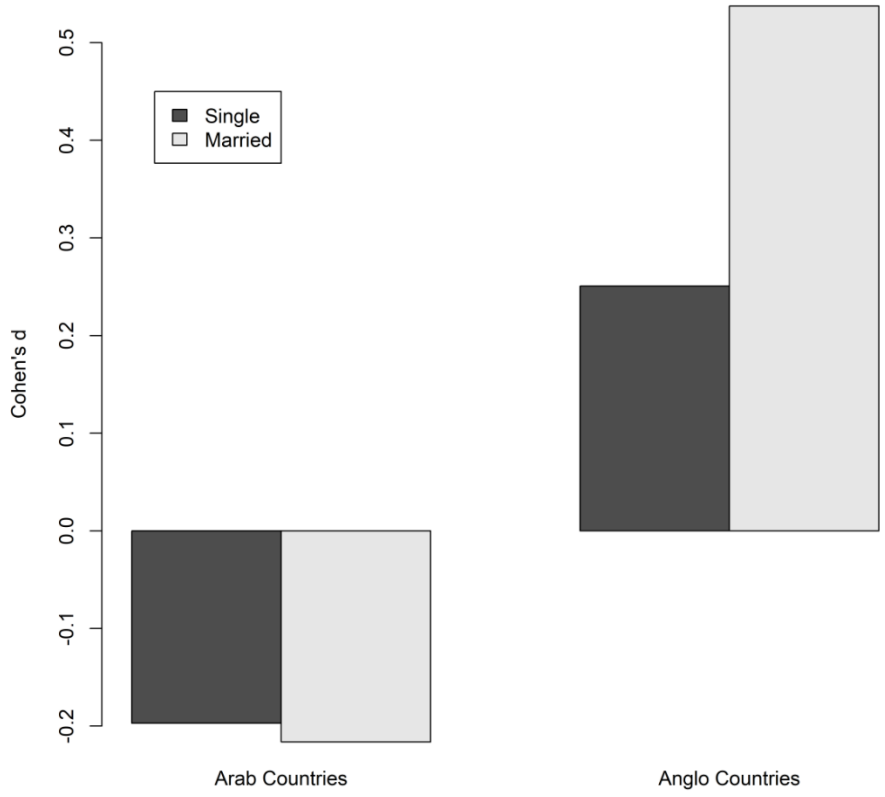
A comparison of response profiles shows that respondents in Arab countries use the midpoint of the scale (5) somewhat more frequently than respondents in Anglo countries. However, this response style difference is modest and does not substantially affect the results reported below. More striking is the higher proportion of respondents in Arab countries who report low life satisfaction. These distributional differences translate into mean life-satisfaction scores of 7.6 in Anglo countries and 6.1 in Arab countries—a difference of 1.5 points on the 1–10 scale.

These initial comparisons do not take income into account. To adjust for economic conditions, I statistically controlled for satisfaction with finances, which was also measured on a 1–10 scale. This reduced the difference from 1.5 to 1.0 points. Thus, approximately one third of the gap in life satisfaction can be attributed to lower financial satisfaction in Arab countries, but a substantial difference remains unexplained.

I next added perceived personal freedom to the model. This further reduced the difference to 0.85 points. Although this reduction is relatively small, it suggests that lower perceived freedom contributes modestly to lower subjective well-being in Arab countries. Adding religiosity to the model slightly increased the difference to 0.90 points, indicating that religion has a small

positive association with well-being and is more prevalent in Arab countries, but does not account for the regional gap.

I examined several additional predictors, but none further reduced the difference in life-satisfaction ratings between Arab and Anglo countries. However, an interesting regional difference emerged in the association between marriage and well-being. In Arab countries, there is little difference in Cantril ladder scores between married and single individuals. In contrast, in Anglo countries, married respondents report higher subjective well-being than singles.



The influence of life events such as marriage on well-being will be examined in more detail later in this book. For present purposes, this finding illustrates a broader difficulty in cross-national well-being research: the effects of life circumstances and life events are not universal, but depend on cultural, institutional, and social contexts.

5.3 Conclusion about Cross-National Comparisons

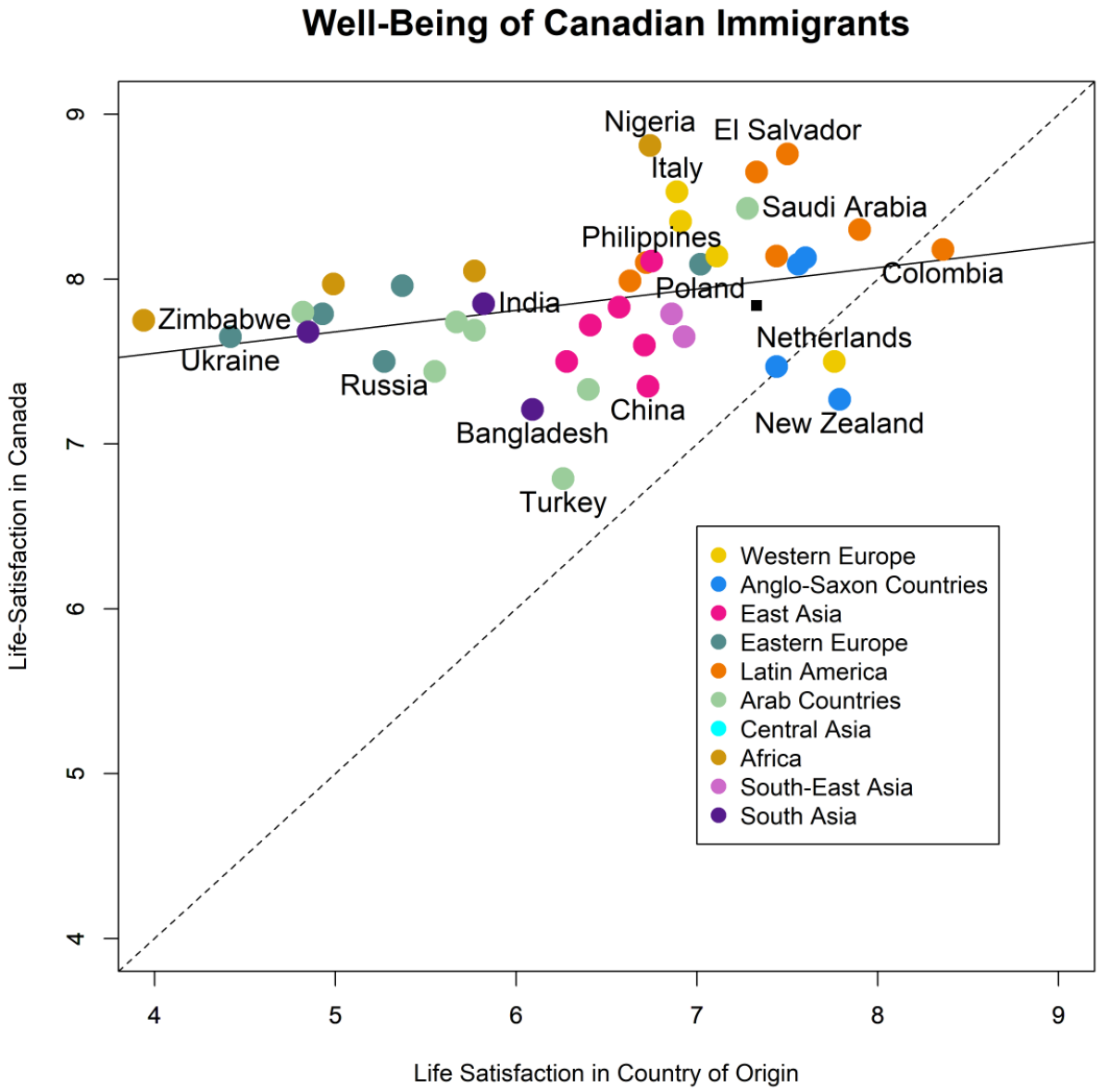
The main conclusion is that purchasing power is a strong predictor of national differences in SWB, but the relationship is not linear. The most plausible explanation is that money is required to meet basic needs. Beyond that point, additional income can still increase well-being, but the marginal returns are smaller because other determinants of well-being that cannot be purchased become more important.

There are additional differences in SWB between nations, but it has been more difficult to identify the causes of this remaining variation. One reason may be that basic human needs are relatively universal and influence SWB in similar ways across cultures, whereas other ideals vary across societies and shape lifestyles more than overall levels of well-being. In an increasingly global world, people may also select into environments that fit their personalities and ideals, including through migration, which can further weaken simple links between national cultures and national well-being levels.

5.4 Migration and Subjective Well-Being

The main limitation of cross-national comparisons is that nations vary on many dimensions that are correlated with each other. This makes it difficult to make claims about causality. Stronger evidence about causality comes from studies that examine the SWB of immigrants.

People migrate for different reasons, but all immigrants expect a better live for themselves or their children. Some immigrants, however, end up disillusioned because they had unrealistic expectations. Immigrants may also face new challenges in a new country. For example, immigrants from Africa may face discrimination and prejudice based on skin color for the first time, whereas some African American immigrants to Africa enjoy the fact that they are not a visible minority.



Studies of immigrants show that their SWB is much closer to the SWB in their new country than in the country they left (Rice & Steele, 2004; Frank, Hou, & Schellenberg, 2016). The results are illustrated in Figure 5.4.

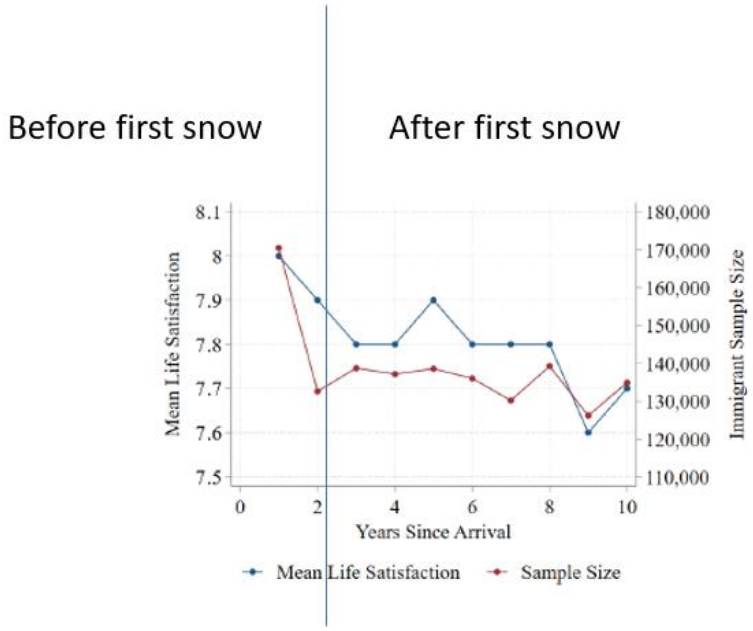
Migrants from other Anglo countries have similar happiness or even a bit lower happiness, although the sample size for New Zealand is small and the finding has to be interpreted with caution. It is also noteworthy that there were not enough immigrants from Scandinavia to be included in the study. Apparently, citizens of happy countries are less likely to leave. In contrast, immigrants from Africa see large increases in well-being with the largest increase for Zimbabwe. This may be an outlier because it could reflect migration by the White minority, but even

migrants from other parts of Africa, like Nigeria, show real gains in well-being. These results provide strong evidence that regional differences in well-being are caused by living conditions (Helliwell et al. 2020).

However, there is also evidence that other factors play a role. The rank-ordering of well-being of national averages and Canadian immigrants correlate, r = .3. WE also see that Latin Americans in Canada are again above the average and most East Asians, except the Philippines, are below the average. Once more it is not clear what these cultural factors are. Once more it is possible that these differences reflect response styles rather than actual differences in well-being, but it is also possible that different cultural norms and ideals create real differences in well-being between Latin and Asian cultures, even after migrating to Canada.

Helliwell et al. (2020) extended these results and were able to compare immigrants to Canada with immigrants to the UK. The same pattern emerged, but immigrants to Canada were on average happier than immigrants in the UK, which is consistent with the higher ranking of Canada in the world rankings.

Helliwell et al. (2020) also examined how well-being of immigrants might change over time, although the data are cross-sectional and not longitudinal. The data do not show a difficult period of adjustment for most immigrants. Instead, there appears to be a honeymoon period with high well-being in the beginning. In Canada, the honeymoon period typically ends after the second snow fall (lol).



Frank et al. (2016) also examined predictors of changes in wellbeing and found that the difference in wealth predicted the difference in well-being. In contrast, a measure of freedom (civil liberty) was not a significant predictor. This finding provides further evidence of the importance of wealth and suggests that the high standard of living in Canada contributes to the well-being of Canadians.

So far, the results show the average effect of immigration, but there is variation across immigrants. For example, Berry and Hou (2016) found higher well-being for Canadians who immigrated to Canada when they were below 18 than for those who were adults (about 0.3 points on the 1-10 life-satisfaction scale). More importantly, they found that identity mattered. They distinguished four types of immigrant identities based on the identification with Canada and the identification with their country of origin. Integration refers to a strong identification with Canada and the home country. Assimilation refers to immigrants who strongly identify as Canadians and weakly identify with their country of origin. Separation refers to low identification with Canada and high identification with another country. Finally, marginalization refers to low identification with Canada and other countries.

The key predictor of well-being was identification with Canada. Both integration and assimilation identities predicted higher well-being than separation and marginalization identities (~ 0.6 points on the 1-10 life-satisfaction scale).

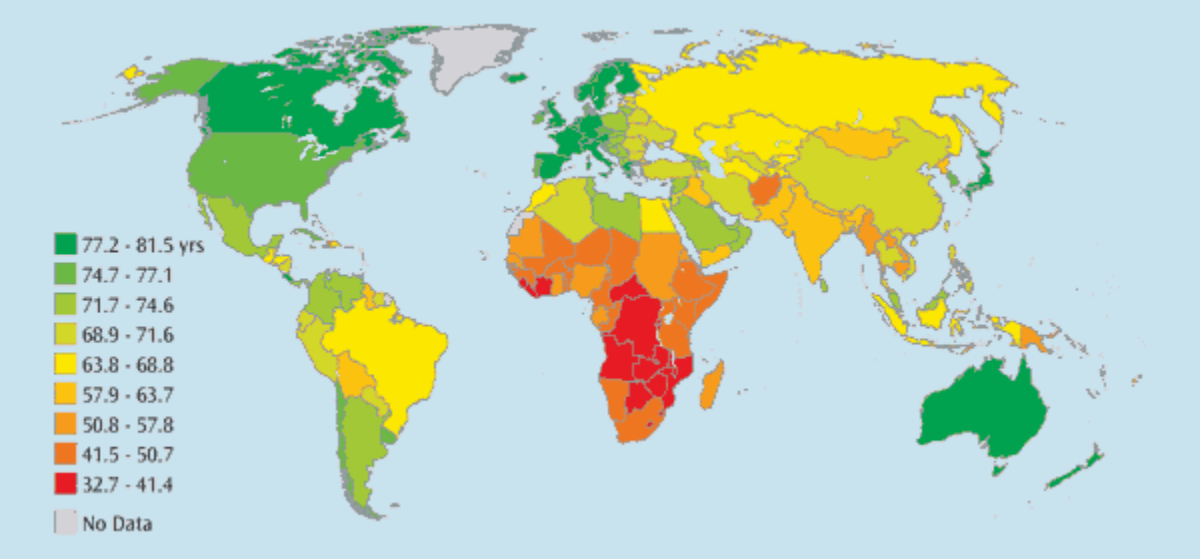
These results strongly suggest that higher purchasing power increases SWB. This explains why many people from countries with low purchasing power want to move to countries with higher purchasing power. They also are consistent with the finding that rising purchasing power from the 1960s to the 2000s has increased SWB globally. Ensuring the fulfillment of basic needs remains a challenge for a global population of over 8 billion people. Claims that money does not buy happiness are not supported by these data. Money does not buy feelings of happiness but it buys healthy, safe, and comfortable lives that are more pleasurable than living in poverty.

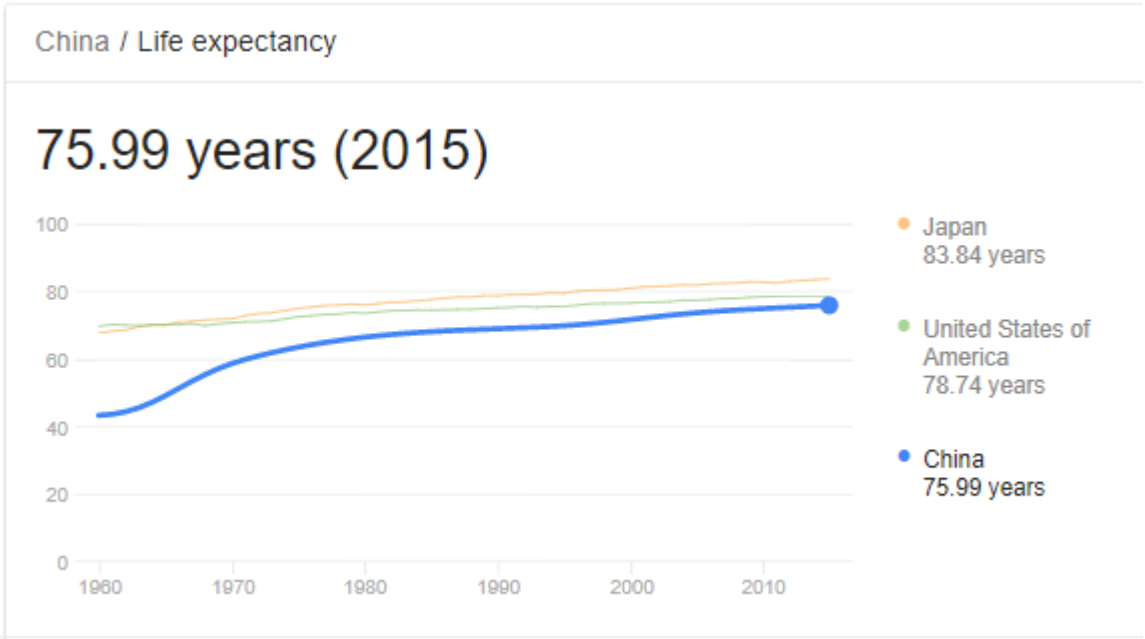
5.5 Beyond Subjective Wellbeing

It is easy to forget that happiness is not the only criterion to evaluate lives, even if we are hedonists and only focus on PA and NA. One dimension that is ignored is the duration of a life. The importance of life expectancy is illustrated in the movie Logan's run, where people have a perfectly pleasurable, hedonistic life, but nobody lives beyond age 30. Would you trade this life for a life that is 80 years long but only rates a 4 out of 10. Or what a life till 60 with an average score of 7 on the Cantril ladder?

Veenhoven (1996) came up with the concept of happy life-years (he called it happy life-expectancy). We simply multiply the number of years lived with the average well-being on the Cantril ladder divided by 10 so that happiness ranges from 0 to 1. Having a perfect life for 40 years produces a score of 40, a typical average score of 7 for 80 years gives a score of 56.

A large portion of nations' purchasing power is not spent on making people happier, but to expand their life expectancy. Especially in aging societies, health care costs contribute more and more to GDP. This explains why nations with higher purchasing power also have higher life-expectancy. People in these countries not only life happier lives, they also live longer lives.





In some countries, increased purchasing power has dramatically increased life-expectancy. In China, life expectancy in the 1960s was only 40 years. It is now 76 years, close to the average life expectancy in the USA. For individuals, these data show the need to manage income over the

entire life span. Using all income to maximize current wellbeing may lead to lower quality of life and wellbeing later in life.

5.6 Sustainability

Even saving for one's own wellbeing in the future is difficult for many people. It is even more difficult to take the wellbeing of other people into account, especially those that are not even born. However, modern lives consume many natural resources and put strain on the ecosystem. In democracies, individuals' pursuit of their own happiness conflicts with goals to ensure good living conditions for future generations. There is no simple solution to this problem. Individuals can play a part by finding sustainable pursuits of happiness and governments can invest in technologies that make fulfillment of basic human needs sustainable. SWB research cannot solve these problems, but it can show that some cultures are able to be happy, life long lives, with more sustainable life styles. Currently, Scandinavian countries are leading on all three dimensions, but a warmer alternative is Costa Rica.

I'm just trying to reduce my carbon footprint"