

# CSI 3: Is our subjective well-being improving?

## Summary

- There are large disparities in subjective well-being along the lines of income, employment situation, social relationships and ethnicity. People on low incomes, the unemployed, the divorced and members of some ethnic minority groups such as people of Bangladeshi, Pakistani and Black Caribbean origin tend to have lower subjective well-being.
- There was little improvement in average levels of life satisfaction in the 1970s, 1980s or 1990s, but different sources confirm that life satisfaction has generally been higher in recent years.
- Unlike life satisfaction, psychological well-being took a 'hit' from the recession of 2008 and has only partially recovered.
- The unemployed and those in lower occupational classes had a larger shock to their psychological well-being as the recession kicked in, and the unemployed have not yet bounced back.
- Comparison of different data sources and different ways of measuring subjective well-being highlights that we should be wary of definitive claims based on short-run data or a single source.

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## Introduction

The economic and social progress of countries has traditionally been gauged by looking at the level and growth of GDP. However, it is increasingly recognized that reliance on a single economic measure is problematic for understanding quality of life: human well-being cannot be understood solely in terms of material resources. In order to gain a broader perspective of well-being in the UK, the Office for National Statistics (ONS) launched a new set of 'National Well-Being' measures in 2010. One domain of well-being identified for measurement along with health, relationships, and other essentials, is Subjective Well-Being (SWB).

The measurement of SWB may seem like modern political thinking, but the idea dates back to thinkers in the 18<sup>th</sup> century such as Jeremy Bentham, who considered aspects of SWB such as happiness and satisfaction to be universal goals of human existence. The measures identified by the ONS include self-reported levels of life satisfaction, happiness, anxiety, and feeling that life is worthwhile. Their latest figures show that in the three years since measurement began, SWB improved slightly in the UK on all four measures<sup>1</sup>.

## Who is most likely to experience low well-being?

Previous research has demonstrated that a range of factors such as poverty and unemployment are strongly associated with lower well-being while social support and family relationships are associated with greater well-

### Measurement Issues

Some critics consider SWB to be an 'unknowable' concept which defies measurement. However, scientific research shows that reports of being happy or satisfied correlate with patterns of brain activity, frequency of smiles, or reports by other people, thus suggesting that measures are valid and reliable. We report two different but related aspects: *life satisfaction*, which requires an evaluative judgement about how life is going, and *psychological well-being*, which is based on (a lack of) symptoms of mental health problems such as loss of sleep over worry.

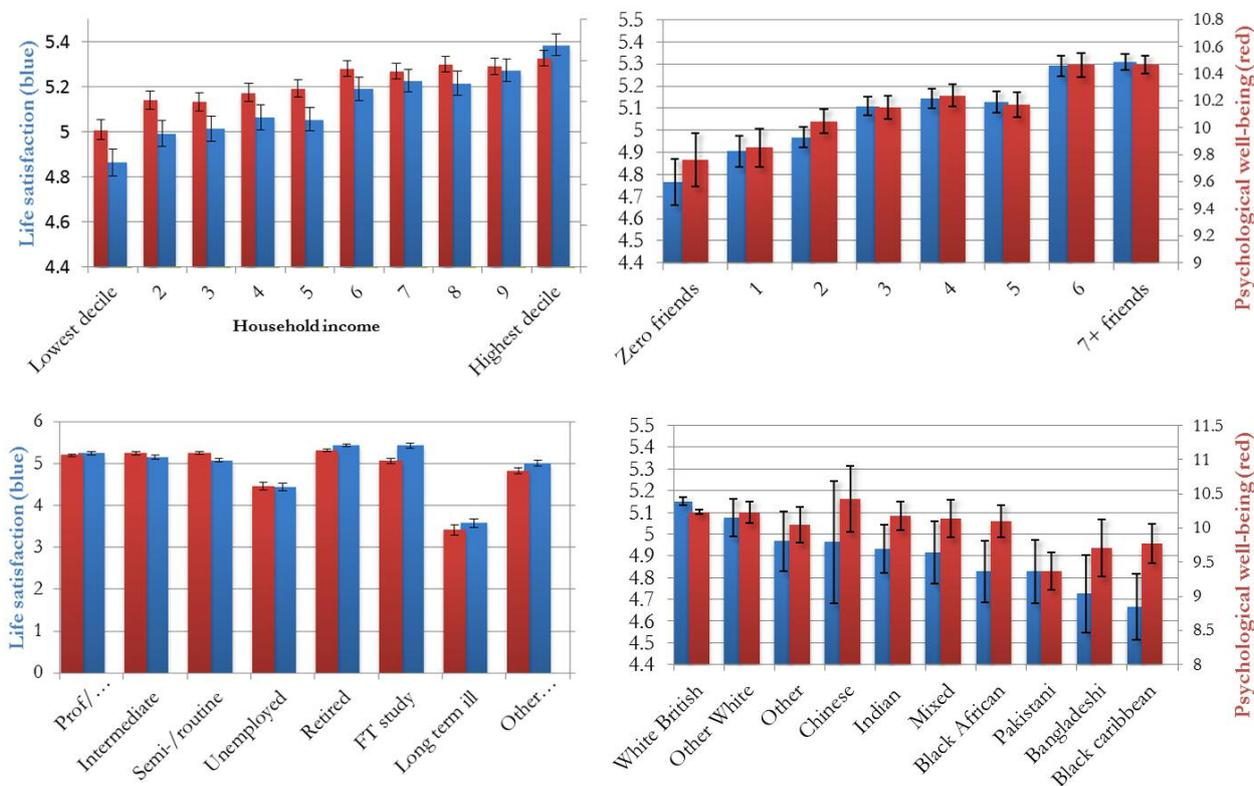
The surveys used in this report are designed to be nationally representative (UK or England depending on the data source). The sampling procedures mean that everyone (rich or poor, urban or rural etc.) has in principle an equal chance of being selected. However, it is important to see the reported figures as *estimates* rather than definitive numbers. The analysis is based on a sample, not the whole population, so we should recognise that sampling error will be present. We include 'error bars' in the graphs. These bars represent the 95% 'confidence intervals'. We also use weights to correct for non-response bias where possible.

Younger and older people are known to have higher SWB. Demographic shifts may consequently bring about the appearance of a change, when in fact there has been little change in the lived experience of individuals. We adjust for age and gender to rule out demographic change as the underlying cause. Adjusted figures are reported as odds ratios. An odds ratio below 1 indicates a level of SWB lower than the selected baseline, while an odds ratio above 1 indicates higher SWB.

being. In Figure 1 we show how SWB, as measured by both reported life satisfaction and by psychological problems, is unequally distributed.

**Fig 1: People on low incomes, with few friends, the unemployed and the sick are at greatest risk**

*Life satisfaction (blue bars) is measured on a 7-point scale and psychological well-being (red bars) on a 12-point scale, a higher score indicating fewer psychological problems. The original scale counted symptoms but is reversed here. Source: UKHLS 2012*



We see broadly the same patterns, although a few differences of detail, when using the two different measures of life satisfaction and psychological well-being. The lowest SWB is evident among people in the lowest tenth of the income distribution, the unemployed, ethnic minorities (other than people of Chinese background), the long-term ill, and people with few or no friends. Particularly striking are the very low levels of life satisfaction among the long-term ill. These differences appear to be enduring ones.

**Has SWB increased over time? What impact did the recession have?**

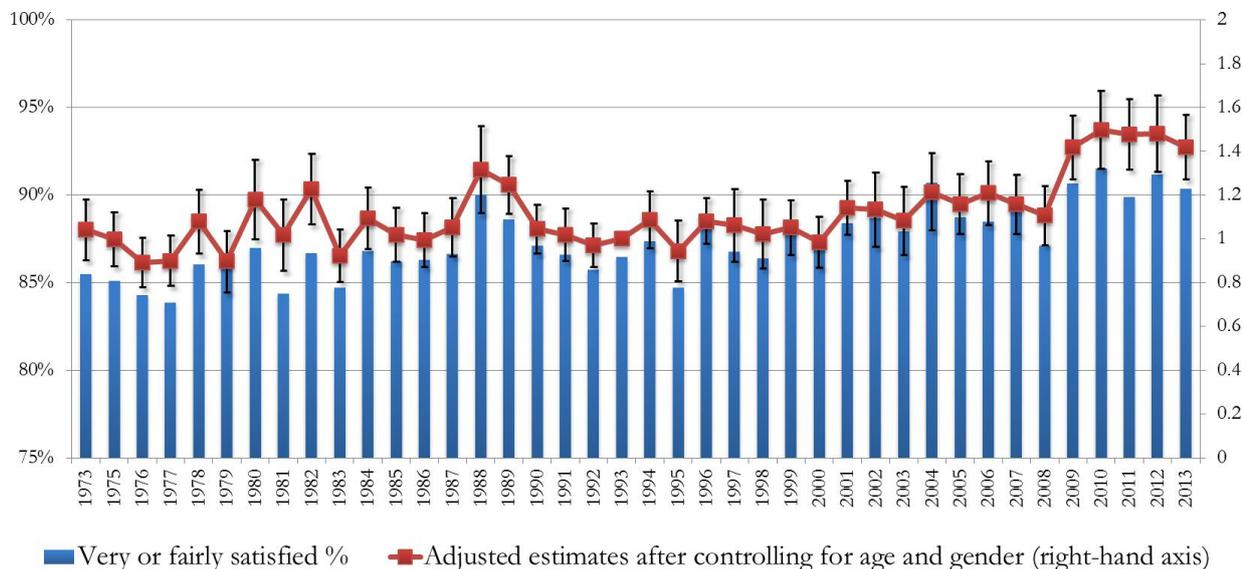
As society becomes better off in material terms, we might expect levels of SWB to increase. However one theory is that people will rapidly adjust to any gains in income, while some commentators predict that the rise in divorce and in the number of people living alone will tend to reduce SWB<sup>ii</sup>. The most common view among scholars is that the trend in SWB has been more or less flat over time in the UK<sup>iii</sup>. Another possibility is that the recession of 2008, and the increased unemployment and drop in living standards to which it gave rise, will have caused a drop in well-being, although possibly only a temporary drop. Figure 2 explores these issues, looking at the trend in life satisfaction over the forty years since 1973. Considerable year-to-year fluctuations are evident, in part reflecting sampling error but possibly reflecting ‘real’ changes as well, such as the 1981 recession. We also see that:

- Despite these fluctuations, there does appear to be an overall upward trend with the dips occurring earlier and the peaks later in the 40-year period. The average in the first half of the period (between 1973 and 1993) was 86.2% and was 88.6% in the second half, a modest but statistically significant improvement. A similar improvement is evident in the adjusted figures shown by the red line.
- Unlike the recent ONS figures showing an increase in well-being, Figure 2 does not suggest an increase between 2011, 2012, and 2013. However, the extensive sample used by the ONS may mean they are able to pick up changes that are not evident in the smaller-scale Eurobarometer.

- The clearest evidence of a rise in life satisfaction comes in the last five years, with satisfaction significantly higher in all years between 2009 and 2013 compared to 1993. We turn to an alternative source to confirm.

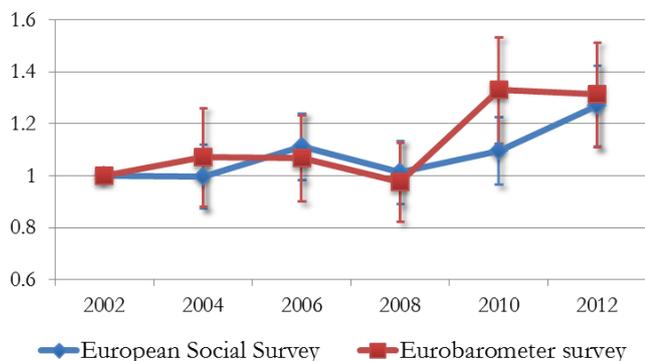
**Figure 2: Life satisfaction has risen since 1973, and particularly since 2009**

Vertical bars show the percentage of the UK population who report being fairly or very satisfied with their lives. The red line shows the adjusted levels after taking account of age and gender differences (reported as odds ratios with 95% confidence intervals). Source: Eurobarometer Survey.



**Figure 3: Two separate survey sources agree that satisfaction was higher in 2012 than in 2008**

The European Social Survey (ESS) asked respondents in the UK about their life satisfaction two years from 2002 to 2012. Fig 3 shows the adjusted estimates (with 2002 as the point of comparison).

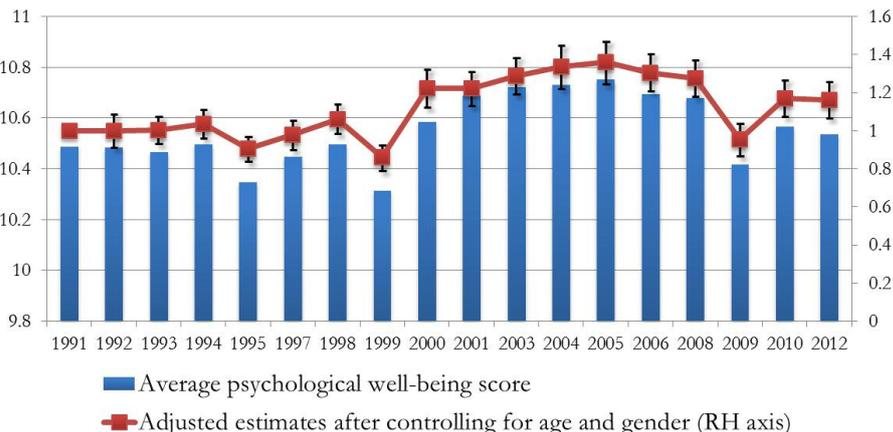


- Both sources agree that no change occurred between 2002 and 2008
- In 2010 the two sources diverge, but both sources concur that satisfaction was higher in 2012 compared to a decade earlier.
- It is puzzling that average life satisfaction increased after the 2008 recession despite the failure of living standards to rise. One possible explanation is that people may be comparing their own situation with those of other people, such as the unemployed, who suffered more from the effect of the recession.

**Figure 4: Psychological well-being was higher in the 2000s than the 1990s but has not fully recovered after the recession**

The Health Survey for England (HSE) records psychological well-being from 1991-2012 (though not every year). The vertical bars show the average for each year, and the red line shows adjusted estimates (odds ratios compared to 1991).

- The average dipped in 1995 and 1999<sup>iv</sup> but overall there was no consistent trend, with most years having estimates which are not significantly different from 1991. This closely mirrors the absence



of any trend in life satisfaction over this period (Figure 2).

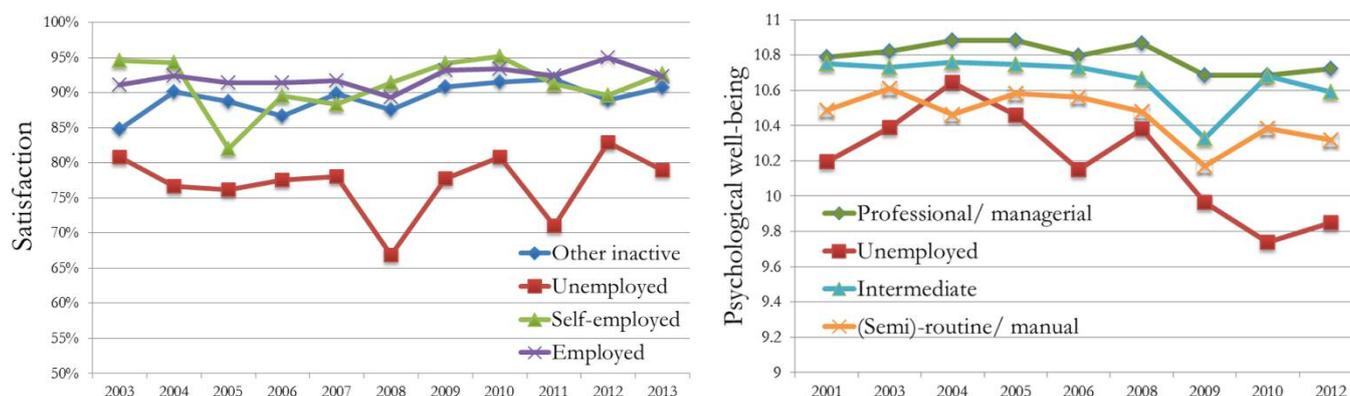
- In the 2000s, there was an increase in psychological well-being which lasted until 2008, with the level being significantly higher than at any point during the 1990s.
- Psychological well-being dipped in 2009 back to 1990s levels, but partially recovered by 2010. This may well reflect the impact of the 2008 recession.
- While there is some similarity between the trends in life satisfaction and those in psychological well-being for much of the period, there is more of a discrepancy for the most recent years. Psychological well-being does not appear to have been higher in 2010 and 2012, compared with earlier years in the 21<sup>st</sup> century, in the way that life satisfaction was. It is not yet clear what the explanation for the divergence is.

### Have the gaps widened?

Figures 2, 3 and 4 all look at how the subjective well-being of the 'average person' has changed over time. However, just as income started to become more unequal after 1980, so might the experience of well-being. It is also possible that the 2008 recession hit some groups harder than others and that some groups have still failed to recover.

### Figure 5: The gap between the unemployed and the higher social classes widened in 2008

Sources: Eurobarometer UK (satisfaction) and Health Survey for England (psychological well-being)



- The average life satisfaction of the unemployed has consistently been below the average of those in other economic situations. The life satisfaction of unemployed people took a big hit in 2008 (no doubt because of the adverse effects of losing one's job) but the picture thereafter is less clear-cut.
- Psychological well-being shows a bleaker picture for the unemployed; their psychological well-being began to decline in 2008 and has not yet shown any sign of 'bouncing back'
- People in routine/ manual and intermediate occupations took a bigger 'psychological hit' than the managers and professionals although, unlike the unemployed, they largely appear to have recovered.

Author: Lindsay Richards [Lindsay.richards@nuffield.ox.ac.uk](mailto:Lindsay.richards@nuffield.ox.ac.uk)

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<sup>i</sup> <http://www.ons.gov.uk/ons/rel/wellbeing/measuring-national-well-being/personal-well-being-in-the-uk--2013-14/sb-personal-well-being-in-the-uk--2013-14.html>

<sup>ii</sup> E.g. Layard, Richard. "Happiness: lessons form a New Science." London: Allen Lane (2005).

<sup>iii</sup> E.g. Blanchflower, D, and Oswald, A. "Well-being over time in Britain and the USA." *Journal of public economics* 88.7 (2004): 1359-1386; Easterlin, R "Income and happiness: Towards a unified theory." *The economic journal* 111.473 (2001): 465-484.

<sup>iv</sup> Priming effects may be able to explain this, see Katikireddi, et al. "Trends in population mental health before and after the 2008 recession: a repeat cross-sectional analysis of the 1991–2010 Health Surveys of England." *BMJ open* 2.5 (2012).

