
Helping to Unravel the Dynamics of Happiness among the Elderly in the Southern Cone

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Resumen

La literatura económica sobre “felicidad” provee evidencia de que, además del dinero, parecen existir otros factores que contribuyen a la felicidad individual. Cuando se explora la literatura socioeconómica sobre felicidad, se entiende fácilmente la dificultad de encontrar información apropiada sobre la realidad de países en vías de desarrollo. En nuestro análisis investigamos la relación entre el bienestar subjetivo y el ingreso, la estructura familiar, la salud y la religión en el Cono Sur de América Latina (Argentina, Chile y Uruguay). Específicamente, analizamos datos provenientes de la encuesta SABE – un estudio desarrollado entre las personas que tiene al menos 60 años de edad en varios países de América Latina. Los resultados principales que obtuvimos muestran una correlación positiva entre el bienestar subjetivo que declaran las personas y su nivel de ingreso, su salud, su estado marital (estar casado/a) y la práctica frecuente de la religión. Por el contrario, la mala nutrición se relaciona negativamente con los indicadores de felicidad. Con el fin de buscar resultados estadísticamente robustos, usamos diferentes indicadores de felicidad y modelos de estimación alternativos. América Latina - y en particular el Cono Sur- ha experimentado un proceso de envejecimiento de la población desde mediados de los años '50: esta realidad hace extremadamente útil intentar comprender los posibles factores detrás del bienestar subjetivo que declaran tener las personas mayores. Esta investigación y sus resultados sugieren líneas a explorar en este sentido.

Abstract

The happiness literature provides evidence on various factors, other than money, that do seem to contribute to individual happiness. As one explores the produced “happiness socioeconomics” literature, it is direct to understand the difficulty to find proper information on developing countries reality. In our analysis we investigate the relationship between income, family composition, health and religion over subjective well-being in the Southern Cone of Latin America (Argentina, Chile and Uruguay). Specifically, we analyze data from the SABE survey, a study conducted among people who

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are 60 years old or over, in various Latin American countries. The main results of our analysis show a positive correlation between higher levels of subjective well-being and higher levels of income or health, being married and the frequent religion practice. On the contrary, malnutrition shows a negative relationship with happiness indicators. In order to add robustness to our results, our research uses different indicators of well-being and alternative estimation models. Latin America, in particular the southern cone, has experienced an increasing aging population since mid '50s. Thus, for policy makers, it is extremely useful to disentangle the possible causes of subjective well-being among the elderly. This research and its findings suggest guidelines to explore.

Keywords: well-being, happiness, elderly, health, family, Latin America.

Measuring Happiness

The happiness literature is guided by the interest in identifying the factors that contribute to individual subjective well-being. In recent years, economists and sociologists have devoted an increasing amount of effort to understand the impact of individual, social and economic factors on subjective well-being. As Clark, Frijters and Shields (2007) state "studying the causes and correlates of human happiness has become one of the hot topics in economics over the last decade, with both the size and depth of the literature increasing at an exponential rate. To illustrate, a search of ECONLIT for journal articles with either "Happiness", "Life Satisfaction" or "Well-being" in the title, identifies 465 published articles between 1960 and 2006. Of these 363 (78%) have been published since 1995, 285 (61%) have been published since 2000 and one-third of the literature (37%, or 173 articles) has appeared in print in just the last three years."

As one explores the produced "happiness socioeconomics" literature, it is direct to understand the difficulty to find proper information on developing countries reality. This is explained by the lack of data availability on these specific issues. Our work is based in the analysis of data gathered in a survey known as SABE ("Salud, Bienestar y Envejecimiento": Health, Well-being and Aging). The survey was conducted in the years 1999-2000 by the Pan American Health Organization in seven cities of Latin America and the Caribbean: Bridgetown, Barbados; Buenos Aires, Argentina; Havana, Cuba; Mexico City, Mexico; Montevideo, Uruguay; Santiago, Chile; and São Paulo, Brazil. The SABE collected detailed information about health and well-being among individuals of age 60 or more.

In this research, we follow a commonly adopted strategy for subjective well being measurement. Following Larsen, Diener and Emmons (1985) and Krueger and Schkade (2007), we identify subjective well-being with the concept of "satisfaction with life in general". As Krueger and Schkade (2007) observes, subjective well-being is most commonly measured by asking people a single question, such as, "All things considered, how satisfied are you with your life as a whole these days?" or "Taken all together, would you say that you are very happy, pretty happy, or not too happy?".

As we use "satisfaction with life" information, we acknowledge that care must be taken when interpreting results. As Kahneman, Krueger, Schkade, Schwarz and Stone (2006) suggest: "the standard survey questions on global life satisfaction may induce a form of "focusing illusion" by drawing people's attention to their relative standing in the distribution of material well-being, exaggerating their happiness or distress. People do not know how happy or satisfied they are with their life in the way they know their height or telephone number". The answers to global life satisfaction questions are constructed only when asked, and are therefore more susceptible to the focusing of attention on different aspects of life.

Looking Backwards

The "happiness" literature developed and tested different hypotheses about the possible determinants of satisfaction with life or happiness. Economists and sociologists have examined the relation-

ship between happiness and different individual and socioeconomic variables: age; gender; income and education levels; employment status; health; marital status and family composition, for example. Additionally, various studies (such as Alesina, Di Tella and MacCulloch (2004); Alpizar, Carlsson and Johansson-Stenman (2005)) have focused the attention on analyzing the impact of social (or aggregate) variables on individual well-being: inequality; the quality of "institutions"; specific macroeconomic variables (GDP growth, inflation); corruption and crime perceptions, among others.

The analysis of the relationship between income levels and happiness has – particularly – attracted many people for one reason: there is vast evidence indicating that differences in income explain only a low proportion of the differences in happiness among persons. Analyzing income as a possible determinant, Kahneman, Krueger, Schkade, Schwarz and Stone (2006) state that, though most people believe that they would be happier if they were richer, survey evidence on subjective well-being is largely inconsistent with that belief. While reported life satisfaction and household income are positively correlated in a cross-section of people at a given time, surveys show that global judgments of life satisfaction or happiness have not changed, on average, much over the last four decades, in spite of large increases in real income per capita. This result has been confirmed in different countries like Japan, Belgium, the UK and the US.

Easterlin (2001) observes that over the life cycle, aspirations grow along with income, and undercut the favourable effect of income growth on happiness. People think they were less happy in the past and will be happier in the future, because they project current aspirations to be the same throughout the life cycle, while income grows. But since aspirations actually grow along with income, experienced happiness is systematically different from projected happiness.

Alesina, Di Tella and MacCulloch (2004) studied the effect of the level of inequality in society on individual well-being and found that individuals have a lower tendency to report themselves happy when inequality is high, even after controlling for individual income and a large set of personal characteristics.

The happiness literature provides evidence on various factors, other than money, that do seem to contribute to happiness of individuals. It is generally observed that stable family life, being married, health, having religious faith, feelings of living in a cohesive community where people can be trusted, and good governance contribute to happiness. Chronic pain, divorce, unemployment and bereavement detract from happiness.

Focus on the Elderly

In our empirical research we follow two different paths to define the dependent variable. On one hand, we use a binary indicator of well-being which is available since the survey includes the question: "In the most time of the past two weeks, have you been satisfied with your life?" Possible answers are only "yes" or "no". On the other hand, in order to seek for nuances or different grades of satisfaction we built an index based on answers to twelve available questions which also are related with well-being ("In the past two weeks, have you felt that your life has no sense?"; "Have you been bored frequently?"; "Have you felt happy most time?"; "Have you thought that it is marvellous to be alive?", etc.) ". Thus, this index takes the values from 0 to 12, where superior values indicate greater life satisfaction. This index shows that less than forty percent of the elderly has a "complete" happiness.

In our sample, happy and unhappy people have some different features on average. Happy people have higher levels of income, are better nourished and healthier. In comparison with unhappy people, happy individuals say, in a higher rate, that religion plays an important role in their lives and define themselves as "Catholics with a frequent practice". Also, happy people drink more and show more practice of sports and artistic activities, have more children and better relationships with their sons/daughters, and are married in a superior proportion.

In specific aspects, happy and unhappy individuals show common patterns. On average: they live in households composed by three members; around 40 percent lived in rural areas during at least 5 years before they were 15 years old; more than 50 percent have fear to be a victim of a robbery; one out of four households receives support from sons/daughters who live in another house; three out of four define themselves as Catholics and approximately 7 percent are Protestant with a frequent practice. Also, around 7 percent of the individuals in our sample indicated to be illiterate.

Findings

The results (Cid, Ferrés and Rossi 2008 & 2009) show that those who are healthier (both in absolute and relative terms) and those who have no nervous system problems report a higher tendency to report higher subjective well-being. This result is consistent with Gerdtham and Johanesson (1997), who analyzed the impact of health status on happiness for the case of Sweden. Additionally, as we analyze the relationship between health issues and subjective well-being, we identify that those who declared to have experienced malnutrition show lower subjective well being.

Obtained results also show a positive relationship between income levels and happiness. Additionally, we find that having "Enough Income for Ordinary Necessities" is associated with higher levels of happiness. When interpreting our income aspiration result we have to consider that according to Easterlin (2001), aspirations vary with age. In our work, we are dealing with a very specific age group. For example, it could be the case that as people get over 60 (or retire for example), aspirations become more realistic and the negative income aspirations-happiness relationship of previous literature does not hold.

On the other side, the results show that "*Receiving money, food, etc. from relatives or friends*" seems to diminish the happiness levels (perhaps showing that the household - to some extent - requires additional aid to afford the ordinary expenses).

The fact of being married seems to be highly correlated with happiness. This result is consistent with Stack and Eshleman (1998) who analyzed the relationship between marriage and happiness in a multi-country study. In particular, they observed that the positive relationship between being married and happiness indicators held for 16 of the 17 cases analyzed. Frey and Stutzer (2003) also analyzes the causal relationships between marriage and subjective well-being in a longitudinal data set spanning 17 years and find evidence that happier singles opt more likely for marriage. They argue that potential, as well as actual, division of labour seems to contribute to spouses' well-being, especially for women and when there is a young family to raise.

Also, we find that frequent religion practice seems to have a statistically significant positive relationship with happiness.

We proceed now with the analysis on subpopulations. Broadly speaking, men in Uruguay and Argentina seem to report greater happiness levels than women. And there are other gender differences. For example, religion appears to play a deeper role in explaining higher levels of happiness in the case of men than in the case of women. Also, among those that do not have enough money for ordinary expenses, women see their happiness levels to decrease more.

Also, we are interested in analyzing potential specific effects for the subpopulations that declared to have enough income for ordinary necessities compared to those that are short of money for their regular expenses. We divided the elderly between those with "Enough Income" from those with "Not Enough Income". There is a clear subjective component that makes people identifies themselves into one of these two groups. We find that being "*Ill-nourished*" is not a problem for the happiness of those with enough income for ordinary necessities.



From a country-specific point of view, the most remarkable result is that, Chileans appear to have a quite different happiness-related pattern than Argentines and Uruguayans. For Chile, for example, we have been pretty much unable to obtain statistically significant relationships between subjective well-being and the tested variables. In fact, only health related issues seem to have a clear positive relationship with happiness among the elderly in Chile.

Health, Marriage, Religion and Income for the Elderly

To sum up, we conducted empirical analysis for the entire dataset but also we specifically focused on particular subpopulations of interest. In this line, we analyzed results disaggregated per country, age group and gender. Also, we explored the “happiness” relationships for those who consider that have enough income for ordinary necessities and those who do not. We followed this strategy in order to incorporate indications of income aspirations to our analysis.

Our main results indicate a positive correlation between higher levels of income, health, being married, the frequent religion practice and higher levels of subjective well-being. On the contrary, malnutrition has a negative relationship with happiness indicators.

Latin America –and in particular the southern cone- has experienced an increasing aging population since mid '50. Thus, for policy makers, it is extremely useful to disentangle the possible causes of subjective well-being among the elderly. There might be important public policy implications for the design of social insurance programs for the welfare of the elderly. This research and its findings suggest guidelines to explore.

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