

A Perspective for Creating Local Communities Promoting People's Happiness

by Takayoshi Kusago

This author offers two detailed suggestions, but warns of the need for caution in designing socioeconomic development programs to achieve the goal.

In 2010 the Japanese government conducted a "survey on happiness." It found that the average score of happiness among Japanese was 6.5 points on a scale of 10, that women, on average, scored higher than men, and when viewed by age group, people in their thirties had higher scores. Comparing these results with those of similar surveys in Europe, Japan scored lower than Britain but higher than Hungary.

Interest in individual happiness is growing worldwide. In 2004 the Organisation for Economic Co-operation and Development began its Global Project on Measuring the Progress of Societies, focusing early on the quality of life and the level of happiness. In September 2009 the Commission on the Measurement of Economic Performance and Social Progress, whose members included Amartya K. Sen and Joseph E. Stiglitz, published a report proposing that sole reliance on GDP as a socioeconomic development index should be reviewed and that subjective measurement of happiness and sustainability indicators should be considered.

Not only Japan but most advanced nations have begun to focus on the issue of people's happiness. Why is this happening now? The advanced industrialized nations have pursued

and steadily increased their economic wealth. Why, in spite of this, is there all this fuss about happiness in particular? It may be that, after all, by focusing on happiness it is possible to get a better picture of the condition of a society.

I would like to focus in this essay on the connection between socioeconomic development and people's happiness, paying close attention to how local communities could support the individual pursuit of happiness. To start with, I would like to look back on the outcome of Japan's postwar development and introduce some research findings relating to society, the economy, and happiness. Then I would like to propose a plan for creating communities where individuals can pursue own happiness.

Japan's Postwar Socioeconomic Development: The Pros and Cons of the High Economic Growth Model

Because of Japan's remarkable postwar socioeconomic development, the lives of the Japanese have improved. The per capita GDP multiplied eightfold, rising from a mere half a million yen in 1955 to over four million yen in 2005. On the education front, the high school enrollment rate improved from 51.5 percent in 1955 to 96.5 percent in 2005, and on the health front, average life expectancy rose from 50.1 years for men and 53.9 years for women in 1947 to 78.5 years for men and 85.5 years for women in 2005.

If we look at the change in the level of people's overall life satisfaction, however, based on the survey data collected every three years by the central government of Japan, the combined percentage points of people who responded "satisfied" or "somewhat satisfied" has declined steadily from 64.2 percent in 1984 to 39.4 percent in 2005.

Postwar Japan achieved steady economic recovery and growth and realized a society with a good education system and increased longevity, but it can also be said that it has built a society in which the overall degree of satisfaction with life is declining.

Insights from Research on Happiness

What is social progress? In my view, social progress means that people in the society can enhance their level of well-



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Joseph Stiglitz and Amartya Sen (second and third from left) on September 14, 2009, at the Paris-Sorbonne University (Paris IV), where they reported their findings in a study commissioned by French president Nicolas Sarkozy on measures of economic performance and social progress.

being. If that is true, it becomes important to sort out the relationships between social economic conditions and the individual's sense of well-being and degree of life satisfaction. Recently, there has been research on happiness in many fields, such as psychology, sociology, medicine, and economics, and little by little it is becoming clearer what is needed for the pursuit of happiness.

First of all, some research has focused on the relationship between income and a sense of well-being and degree of life satisfaction. Richard A. Easterlin, an American economist, found that income above a certain level fails to make people happier, and their feeling of well-being stagnates or declines, although higher income increases economic well-being, rather than the unilinear, positive relationship between income and a sense of well-being that is assumed by economics.¹ This is referred to as the "Easterlin paradox" or the "happiness paradox." Although Japanese data support this paradox, what's interesting is that Britain and the United States show similar trends.

Easterlin explained that the reason why changes in the degree of happiness deviate from a meaningful rise in income is that the standard for measuring happiness changes. In other words, in a time of low income, because a rise in income will satisfy life's necessities, the degrees of satisfaction and happiness will also rise. When a certain earning level is reached, however, people's standards for self-assessing their degree of satisfaction and happiness level were supplanted by relative, no-longer-absolute necessities, comparisons to others. In other words, when comparing their income or promotions with those who graduated from school in the same class or joined a company at the same time, or with neighbors, the level of satisfaction and well-being was corroborated by an acquired "awareness of superiority."²

Frey and Stutzer (2002) focused on the connection between unemployment and the level of happiness, and made it clear

that job loss conclusively lowers an individual's level of happiness.³ In other words, it has become clear that unemployment makes people unhappy. They suggest that discussing the importance of employment solely in terms of wages is superficial, and if anything, they recognize that unemployment deepens unhappiness.

There has also been more research on how social relationships influence happiness. Helliwell and Putnam (2004) have pointed out that the strength of a social network of family, friends, neighbors, and coworkers greatly influences a person's happiness.⁴ This point is also identified in psychology, indicating the importance of the introduction of a government policy that is centered on social connections.

There have been reports of research results that found a positive correlation between happiness and the degree of participation in local activities as well as positive correlations, between longevity and happiness, and the rate of recovery from illness and happiness.

Although these various research results are very thought-provoking for future study of proposals for the ideal society and the economy, the problem becomes whether or not such a progressive approach can take shape.

The Socioeconomic Development Approach to Individual Happiness

Up to now, the approach to countries' socioeconomic development has aimed to raise the standard of living by promoting overall economic growth centered on an industrial policy. In other words, national economic policies have been discussed from the standpoint of raising the economic level of the entire country. Aiming for a society where individuals can pursue happiness, however, will require changing direction to a socioeconomic development approach different from the conventional one.

Caution is needed in designing socioeconomic development to focus on an individual's subjective well-being. Even if people give a high assessment of their well-being, that does



Traders on the floor of the New York Stock Exchange November 3.

Photo: Reuters / AFLO

Existing Approach

Target: Become a major economic power nation, realize a high standard of living

Policies: National economic growth, build economic infrastructure

Indicators: GDP, years of education, average life expectancy, etc.

Key Policy Makers: Central government, specialists

New Approach (Suggested)

Target: A society in which one can develop one's potential and pursue one's own happiness

Policies: Build good social and human relationships, create employment, combat unemployment, guarantee minimum livelihood, respect well-being irrespective of economic conditions

Indicators: HDI, GNH indexes, well-being index

Key Policy Makers: Local government officials and citizens in cooperation

A Proposed New Approach to Socioeconomic Development

not guarantee they are in a good social and economic situation. For example, there are times when even very poor people rate their sense of well-being or feeling of life satisfaction unexpectedly high. In assessing socioeconomic development, instead of just relying on the fluctuation of individuals' sense of well-being or life satisfaction, it is essential, when making practical use of these subjective data, to confirm whether or not individuals are offered a living environment in which they can secure their decent livelihoods and exercise their full potential. In other words, now the new, desirable approach to socioeconomic development would shift focus from the society as a whole to individual members of the society, and promote a social environment in which they can independently make lifestyle choices to raise their level of happiness or life satisfaction.

When seeking an approach that is centered on the point of view of individuals, the concept of human development and the human development index (HDI) advocated and developed by the United Nations Development Programme can be useful. This concept is based on Sen's "capability approach."⁵ The capability approach is a line of thinking that aims for a society in which all people can independently choose and realize a lifestyle of high value to themselves. In other words, it means getting away from the existing fixed concept of the individual that is predicated on "economic rationality" and instead trying to improve, from the viewpoint of what sort of lifestyle is possible for the individual, the economic environment in a way that increases, if even just a little, the individual's possible lifestyle choices and self-determination.

With the existing way of thinking, economic policies are based on trends in the available amount of goods and services, without any regard to individuals' circumstances. With the capability approach, however, the focus is on maintaining a socioeconomic environment for increasing the lifestyle options available to individuals. Individuals differ in many ways, in age, gender, neighborhood, culture, health (including disabilities), ideology, religious faith, and so on. The

capability approach devises ways to create and offer opportunities for people to earn income, increases job options by providing educational opportunities, guarantees access to medical care, and always helps people respond to any opportunity to choose freely from among a wide range of options for making the most of themselves. Thus, policy selection by the capability approach is to minimize constraints that hamper people's spectrum of life choices. In the case of people with disabilities, wheelchair provisions or special access for them could improve their life choices and increase their well-being.

Suggestions for Creating a Society That Promotes People's Happiness

I would like to offer two concrete suggestions for what is needed to create a society that increases individuals' potential, that helps them free choice in the use of their capabilities, and that focuses on making them happier and more satisfied with their own lives.

1. Build a "life-panel database" and create new indicators for assessing well-being

Up to now, the strengths and weaknesses of economic conditions and society have been assessed using a combination of economic indicators and separate social indicators. It is difficult with this approach to obtain a comprehensive picture of the quality of life based on such things as economic, educational, health, environmental, and social relationships. Thus I propose a system for assessing individuals' quality of life that monitors socioeconomic trends based on (1) objective economic and social indicators and (2) subjective life evaluation of key life domains (health, education, economy, culture, environment, social relations, and so on). I propose creating different indicators of socioeconomic development. We can refer to efforts in recent years, such as the reforms of the human development index in the United States,⁶ the GNH index in Bhutan, and the Canadian index of well-being.

2. *Revise policy selection standards*

To build a society based on individual well-being, one needs to do more than simply devise indexes and data. What sorts of policies are designed and selected is critical. It involves taking advantage of what is learned from research on well-being and changing the order of priorities in policy selection. For example, at the time a list of policies is made up, priority should be given to policies that support strengthening people's capabilities, such as employment policies for those who are unemployed or are temporary workers, which makes the difference between happiness and misery; to social policies that stimulate networking among people; as well as to those that guarantee educational opportunities and provide dependable medical services as basic human rights. Furthermore, these policies must encourage such things as time with family, community volunteering, and activities that encourage horizontal connections; and they must remove obstacles to participation in such activities. While economic-growth policies are considered important, policies should be introduced that create a balance between work, family time, and community time.

Although development based exclusively on economic growth has brought about high earnings due to advanced industrial technology, intense economic competition drives companies to downsize to increase profits in the global economy. This harms people and the social ties among them that form the basis of a good community and society. Today, the urgent requisite for people's happiness is, while affirming the importance of person-to-person bonding, a change of direc-

tion toward rebuilding a society, that stops doing things that destroy these key elements of greater well-being; a society in which people can call out to each other. For us to build a society in which we can live happily, where we can feel hope for the future and feel satisfied, it is essential that we discard current ideas focusing on national economic development and set ourselves a goal of making people self-reliant, enlightened citizens. □

Notes

1. R. A. Easterlin, "Does Economic Growth Improve the Human Lot?" in *Nations and Households in Economic Growth: Essays in Honor of Moses Abramovitz*, ed. Paul A. David and Melvin W. Reder (New York: Academic Press, 1974), pp. 89–125.
2. R. A. Easterlin, "Will Raising the Incomes of All Increase the Happiness of All?" *Journal of Economic Behavior and Organization* 27, no. 1 (1995), 35–48.
3. B. Frey and A. Stutzer, *Happiness and Economics: How the Economy and Institutions Affect Human Well-Being* (Princeton, N.J.: Princeton University Press, 2002).
4. J. Helliwell and R. Putnam, "The Social Context of Well-being," *Philosophical Transactions of the Royal Society of London, Series B*, 359, pp. 1435–46, 2004.
5. A. K. Sen, *Inequality Reexamined* (Oxford: Clarendon Press, 1992).
6. *The Measure of America: American Human Development Report, 2008–2009*, ed. S. Burd-Sharps, K. Lewis, and E. B. Martins (New York: Social Science Research Council/Columbia University Press, 2008).

Photo: Rex Features / AFLO



Homeless people hear a sermon before receiving a hot lunch at a soup kitchen run by a Christian church in Ueno Park, Tokyo, on March 27, 2009.