



Uncertain times cast a cloud over happiness in Asia

TAKASHI INOGUCHI

THE new normal of a global economy seems to be that happiness is harder to grasp for ordinary people. There are two major reasons for this.

First, the economic outlook is growing more difficult to predict. Japanese think tanks, for example, consistently fail to predict the economic outlook for Japan, such as the annual growth rate and the yen-US dollar exchange rate. If people cannot anticipate when an income rise is coming or if it is stalled, decisions about investment and saving or about

consumption and production become more difficult. It is also more common to see government attempts to lift growth fall flat. Far from experiencing tangible economic gains and a modicum of economic happiness, ordinary people find themselves more and more economically insecure. The changing macroeconomic landscape has substantial implications for possibilities for growth and attaining happiness in Asia.

Second, these hopes are buffeted by big structural changes inside the region, like demographic change, and shocks from outside like quantitative easing in the United States, Japan and

the European Union.

Yet when we ask people in Asia and around the world how happy they are, how do they respond?

The 2014 Pew Research Center survey into global happiness covered 43 countries. Responses were collected on a ten-point scale with a score of 10 being the happiest and one the least happy; individuals who expressed a score of seven out of 10 or are rated as 'happy'.

Wealthy countries like the United States, Germany, the United Kingdom and Spain registered high happiness scores, with the percentage of people with a score of seven or above coming

in at 65, 60, 58 and 54 per cent respectively. But several emerging market countries—including Mexico, Israel, Vietnam, China and India—were no less happy, with scores of 79, 75, 64, 59 and 44 per cent respectively. The Asian countries represented in the survey included Vietnam, China, Indonesia, Malaysia, Pakistan, South Korea, India, Japan, the Philippines, Thailand and Bangladesh. The rated happiness of their populations ranged from 64 to 34 per cent.

While the Pew survey suggests that money or living standards might matter the most among all the determinants of happiness, there are many other factors that influence happiness. The survey found that women were generally happier than men, married men were on average happier than unmarried ones and Asians were generally more optimistic than the citizens of other regions. This confirms one of the findings of Pew surveys in the early 2000s, which found that the gender gap in happiness is positive and very large in Asian countries. The average gender gap in happiness in Asian societies, including Pakistan, Japan, the Philippines, Vietnam, India, Indonesia, Uzbekistan, China and South Korea, was 9.4 percentage points. In comparison, the gender gap in happiness was just 4 percentage points in the United States.

The AsiaBarometer is another collection of happiness surveys from the early 2000s that specifically targeted 32 Asian societies and their neighbours, Russia and Australia, with the United States included as a reference point. The surveys provide an overall picture of happiness across Asian sub-regions.

According to the AsiaBarometer, the happiest Asian sub-region is South Asia, second is Southeast Asia, third is Central Asia and fourth is East Asia.

What is fascinating about this result is the counterintuitive reverse positions of East and South Asia in terms of income and happiness. This suggests that wealth is not the dominant factor in determining happiness in Asia, as East Asia is overall the richest and most developed Asian region.

One possible explanation as to why poorer nations in Asia are happier is religion. South Asia is the most religious of the four subregions. The world's largest Hindu populations live in India and Nepal, and the world's largest Muslim populations—more than 550 million people—reside in South Asia, especially in India, Pakistan and Bangladesh. East Asia, on the other hand, boasts the highest income but is the least religious of the four subregions. On this measure, it also is the least happy.

Recent research sought to gain insight into similar cross-country comparisons by examining differences within and between nations at the regional level. In a time of deep and complex globalisation such diverse metrics are of crucial importance for understanding happiness.

Surveys were conducted in 12 societies in Asia: Japan, Taiwan, China,

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Hong Kong, Macau, India, Pakistan, Malaysia, South Korea, Thailand, Myanmar and the Philippines. Only a single question was asked: 'How satisfied are you with the following aspects of daily life: family, food, housing, health, income, job and neighbourhood?' Respondents were asked to choose one of the following options: very satisfied, satisfied, neither satisfied nor dissatisfied, dissatisfied, very dissatisfied. The difference is calculated between the top and bottom quartile in these aspects of daily life for each society.

Curiously, while there was dissatisfaction with income in places such as India, China, Hong Kong, Macao and Taiwan, there was wide satisfaction with family. One relevant issue is the extent to which extended family members live in adjacent neighbourhoods. Another is that in these countries wives tend to share household chores with husbands and maids, whereas in the nuclear family households of South Korea and Japan, husbands commonly avoid their share of housework.

The picture of Asia's happiness that emerges from this research seems to be shaped by two powerful forces: demographic change and quantitative easing (QE).

A nation's population can be divided into productive and non-productive members. The former refers to the working age population, typically between 15 and 65 years of age, whereas the latter is dependent on support—typically those below 15 and above 65 years. When the non-productive population is divided by the productive population the resulting 'dependency ratio' indicates how effectively the productive population can sustain the non-productive population. When the ratio is below one, there is said to be

'demographic onus.' When the ratio is above one, there is 'demographic bonus.'

In several Asian countries the process of development is steadily transforming demographic bonuses into demographic onuses. South Asian countries are on the whole still in the early stage of development and have demographic bonuses. The developed nations of East Asia, on the other hand, are increasingly burdened by demographic onus, which puts pressure on income growth and intergenerational equity.

Japan's low reproductive rate has prompted substantial policy changes to motivate young people to have more babies. From a record low of 1.26 in 2005 the fertility rate has climbed back up to 1.46 in 2015. But the number of women of childbearing age in Japan is still said to be far below the number needed for maintaining the reproductive rate at level that would sustain the current population size.

Curiously, although highly educated Japanese women do not emigrate on the same massive scale as their South Korean counterparts, they do make up about 80 per cent of Japanese-origin employees in UN institutions. This suggests that highly educated Japanese women are unhappy at home. To improve the birth rate, policymakers may need to come up with ways to make life in Japan more enjoyable for women, perhaps by encouraging men to do their share of the housework!

The second pressure affecting happiness in Asia is the central banks' policy of QE because of its unpredictable effects on the economy. QE is a policy tool that is used to promote growth where there is persistent deflation of the economy by aggressively expanding the money supply. The United States adopted it first in the wake of the collapse of the



Children dressed as Hindu gods for a religious festival. Religiosity is important in life satisfaction.

US financial bubble in 2008. Japan followed in March 2013 in an attempt to end two decades of deflation.

Japanese stock prices have subsequently shot up, hitting the 20,000 yen mark in early 2015. The lower yen-US dollar exchange rate has encouraged the sales of manufacturing companies abroad. But QE has also aggravated already astronomical government deficits. While the anti-deflation measures are necessary to promote growth, QE could lead to a further downgrading of the Japanese government's fiscal position, with potentially severe consequences.

The uncertainty surrounding these economic circumstances is likely to put downward pressure on happiness in Japan and its neighbours because people don't like uncertainty. Some curious evidence for this has emerged from research into China's experience of growth. In the early days of China's period of economic liberalisation, people's happiness took a tumble even as growth rates shot up, in part because people experienced enormous, rapid change over which

they had very little control.

Asia's circumstances provide interesting insights into happiness more generally. Happiness does not seem to equate directly and exclusively with wealth—the higher-income sub-region of East Asia does not seem to be the happiest whereas the lowest-income sub-region of South Asia is not the least happy. Many other factors, like high religiosity and intimate family connections, seem to play an important role in determining people's life satisfaction. Context may be everything, with the new reality of a global economy presenting a range of challenges to the happiness of the well-off that need to be negotiated. **EAQ**

Takashi Inoguchi is emeritus professor of economics at the University of Tokyo, President of the University of Niigata Prefecture, and Director of the AsiaBarometer Survey. His recent works include The Quality of Life in Asia (co-authored with Seiji Fujii, Springer, 2011) and Asia no Kofukudo (Measuring Happiness across Asia) (Iwanami Shoten, 2014).