

Introduction

In 1949, Albert Einstein published an essay in which he asked “how the structure of society . . . should be changed in order to make human life as satisfying as possible?” This is, of course, *the* question that has always enlivened and informed democratic politics: What should government do to best contribute to a world in which citizens lead positive and rewarding lives? It is here that we find the foundational issue over which candidates and political parties ultimately base their philosophical appeals to the public – what specific public policies contribute to better lives? Of course, given that the structural conditions that promote happiness are political goods, there is naturally political conflict – which is to say ideological conflict – over what policies we should adopt in furthering the greatest happiness for the greatest number.

This ideological competition is inherent, as we will have ample occasion to see in the pages that follow, because the production and distribution of human well-being takes place within the context of a market economy. As the most basic and important aspects of the “structure of society” are inevitably economic, any approach to “making human life as satisfying as possible” will itself of necessity depend upon the fundamental social choice between the two approaches available for governing a market economy. The Right suggests that we leave well-being to the individual choices of free citizens in a free market, with politics largely limited to maintaining those liberties. The Left, by contrast, maintains that happiness is best served by an activist state that consciously seeks to improve the human lot by grafting principles of equity and justice to market outcomes. For the Right, the economy should be self-governing, and thus ultimately outside the purview of democracy. For the Left, the economy is a center of public power, and thus must be considered as subject to democratic principles, so that its power can be used in the public interest. It is this core distinction that has been the most persistent and contested axis of political debate from the birth of the modern liberal democratic state at the close of the eighteenth century to the present.

Cambridge University Press

978-1-107-03084-8 - The Political Economy of Human Happiness: How Voters' Choices Determine the Quality of Life

Benjamin Radcliff

Excerpt

[More information](#)

The centrality of the market to politics is hardly surprising, given that social theorists widely agree that once introduced, the market touches all aspects of society. As Robert Heilbroner (1985: 79) succinctly puts it, the market has become society's "central organizing principle," in that it profoundly "influences all aspects of the social formation, whether these are concerned with material life, justice and the social order, or custom and belief." For this reason, any political program designed "to make human life as satisfying as possible" must of necessity embody some particular strategy for using the market as a means toward that goal. In the end, the two familiar options we label the Left and the Right always present themselves, however diluted or compromised, in two idealized forms. One suggests that we leave the market to itself (intervening only as necessary to protect it), the other that we attempt to manage the market for the public good.

We need only look around us to see that this discussion informs contemporary debate as much as it did in the time of Einstein. As the world remains mired in the worst economic crisis since the Great Depression, the choice between Left and Right could hardly be starker or more omnipresent. In the United States, the Republican Party stands increasingly in favor of a pre-New Deal public policy regime, arguing that the state should retreat from the minimal social safety net the country now provides. This is evidenced most clearly in their basic economic blueprint, the Federal budget plan prepared by the House Budget Committee Chair and, 2012 Republican vice presidential candidate, Paul Ryan. The core elements of the Republican agenda are thus the elimination of Medicare as a program entitling seniors to medical care by reducing it to a voucher program, draconian cuts to the companion Medicaid program that provides medical assistance to low-income citizens, repeal of the Affordable Care Act ("Obamacare") that promises universal access to health care, and changes in the tax code that would make it drastically more regressive by lowering taxes on the wealthy (e.g., by eliminating outright the estate tax and taxes on dividends) while increasing them on the poor (e.g., by cutting or eliminating the Earned Income Tax Credit). In addition, a myriad of other programs would also be severely cut, beginning with conventional "welfare" programs, such as Food Stamps (currently used by one in seven Americans), and extending across the full spectrum of government responsibilities, such as student aid, pursuant with the goal of "shrinking the size of government."

While all Republicans wish to minimize the scope of government, and to minimize the burden economic regulations place on business, elements of its ultra-right Tea Party faction goes so far as to suggest repealing long standing Federal labor laws, such as the minimum wage or even prohibitions on child labor, on the logic that such matters are best determined by the market itself. This drive for what proponents call "market-friendly" policies coincide with entirely mainstream and powerfully coordinated new attacks on the right of workers to organize labor unions, most famously those orchestrated (successfully) by Republican Governor Scott Walker of Wisconsin (who

Cambridge University Press

978-1-107-03084-8 - The Political Economy of Human Happiness: How Voters' Choices Determine the Quality of Life

Benjamin Radcliff

Excerpt

[More information](#)*Introduction*

3

survived a recall election) and (unsuccessfully) by Governor John Kasich of Ohio (who had his legislative efforts reversed by a ballot initiative). Together, debate over the issues discussed above are precisely those which have, in all times and places, in different forms and manifestations, always embodied the conflict between the Left and Right: the size and scope of the state, the nature and extent of economic regulation, and the power of organized labor.

The same conflict manifests across the Western world. Everywhere there is pressure to shrink the welfare state and otherwise institute austerity measures that reduce the state's commitment to help those in need, to weaken labor market protections for workers, and to emasculate unions – as the former French president Nicolas Sarkozy put it, to make Europe “more like the United States.” That his own attempts at domestic reforms devoted to that end invoked the same fervent public protests as his predecessor Jacques Chirac's had, and that he would lose his 2012 bid for reelection to a Socialist candidate promising to increase taxes on the wealthy, cancel an increase in the retirement age, have the government regulate rents, provide more public housing, and restore tens of thousands of lost public sector jobs only illustrates the passion and durability of this inherent ideological divide.

This basic tension, always present as a principal axis of political competition, is now indisputably the central issue facing all liberal democratic countries today. Everywhere, the political choices are the same as at the time Einstein posed the question about how to improve the quality of human life: Do we prefer a government that is actively concerned with the well-being of its citizens through the provision of a generous social safety net, or do we prefer one that leaves the aged, the sick, and the unemployed to whatever fate the “spontaneous order” of the market allots them? Do we want the state to use its power to protect workers in the labor market, or should we leave employees and employers to work out their own arrangements, free of such political interference? Do we wish to live in a world in which workers are able to organize in defense of their interests, or do we think that society as a whole is better off if labor unions are discouraged and their political power minimized?

If the essential question of whether the political program of the Left or the Right best contributes to people leading satisfying lives has not fundamentally changed since Einstein, the tools available for answering it have. We are no longer limited to the ideological, philosophical, or speculative methods that have limited inquiry in the past. We are now in a position to discover the empirical answer to the question of how to structure society so as to best serve the goal of human happiness, in that we possess what prior generations conspicuously lacked: the data and tools necessary to apply rigorous social-scientific methods to the subject. With the advent of sophisticated modern survey research methods, we have learned to measure and study happiness in the same way we measure and study other human attributes. So armed, we can apply to life satisfaction the same statistical methods that have allowed us to study so many other human attitudes, beliefs, and behaviors.

Studying happiness in this way naturally invites skepticism. We might doubt, for instance, that people actually know how happy they are, such that their answers to questions about it would be meaningless. We might wonder if happiness is too transient or complex a thing to capture with an instrument as blunt as a survey question, such that people's answers might reflect only passing moods, rather than their deeper emotional life. We might fear that findings based on surveys would be highly fragile, being a product of question wording or other technical aspects of the survey instrument. We might further speculate that people may feel social pressures to "over-report" how happy they are, in that admitting to unhappiness might be tantamount to admitting to a personal failing in some cultures – while in others, just the opposite tendency might prevail, so that people might feel social pressure to demur from declaring themselves to be more happy than modesty suggests. We might think too that linguistic or cultural differences create barriers to cross-national or cross-cultural comparisons, so that it might be impossible to say that people in this or that country are really happier than those in another. Finally, we might be apprehensive about our ability to separate the effects of the causal factors we are examining – the political programs of the Left and the Right – from all the other myriad individual-, cultural-, and national-level factors that might also influence happiness.

Social scientists have long understood that merely because one can ask someone a question on a survey does not guarantee that the answers will be intelligible. Before we can take the leap of accepting these measures for what they appear at face value, we have to consider objections such as those just noted. This was the first objective of the scholars who pioneered this field, and it is only after decades of research that we have wide agreement that these issues are not disabling. I consider these and similar concerns later in this book as part of a general introduction to the empirical study of happiness. For the moment, we need merely note that these objections do not seriously inhibit our ability to use survey research to measure subjective well-being. We have, then, the "intellectual infrastructure" required for studying happiness in a rigorous way.

This book is thus devoted to applying the data, methods, and theories of contemporary social science to the question of how political outcomes in democratic societies determine the quality of life that citizens experience. As we have already had occasion to see, the issue at hand is nothing less than this: which political program, that of the Left or the Right, best contributes to human beings leading positive and rewarding lives? I immodestly aspire to provide an objective, empirical answer to this question, relying upon the same canons of reason and evidence required of any other empirical question amenable to study through social scientific means.

THE PLAN OF THE BOOK

Chapter One examines the historical and philosophical origins of the enduring conflict between the competing ideological prescriptions for improving the

Cambridge University Press

978-1-107-03084-8 - The Political Economy of Human Happiness: How Voters' Choices Determine the Quality of Life

Benjamin Radcliff

Excerpt

[More information](#)

quality of human life that have existed since the birth of modern representative democracy. Drawing upon the experience of the American and French Revolutions, I trace the embryonic development of the politics of Left and Right as a natural and inevitable reaction to two closely related historical phenomena. One is the emergence of the market economy, with the resulting division of society into classes with opposing material and political interests. The other is the advent of liberal democracy as the arena in which that political conflict takes place. The nature and origin of the debate between the Left and the Right on both sides of the Atlantic is illustrated through an examination and critique of the scathingly analytical and unsentimental interpretation of politics and economy offered in Madison's *Federalist 10*, which remains arguably the most influential document in modern democratic thought. Through this discussion, I hope to demonstrate how our contemporary understanding of happiness and the role of the state in fostering it can only be understood in the context of what today we conventionally understand as market democracy.

Chapter Two develops a conceptual model of that system. It examines more closely the nature of the market and its relationship to democracy, attempting to clarify what markets are and how they necessitate the kind of class conflict that Madison viewed as the origin of politics. In this way, the chapter develops a theoretical account of how the capitalist economy affects, and is affected by, democratic norms and practices, leading in turn to an understanding of "market democracy" as a coherent, unified phenomenon. Within this system, political conflict is structured around three issues that reflect the values of the Left and the Right: the welfare state and the size of government in general (which, whether for good or ill, limits the power of the market over individuals by making them less dependent on market outcomes), the organization of workers into labor unions (which changes not only the immediate bargaining power of workers versus employers, but, more critically, strengthens the working and middle classes in the "democratic class struggle" that is the second order class conflict in market democracies), and the general pattern of economic regulation (which determines the degree to which workers and consumers are protected against the natural indifference of impersonal market forces, though at potentially high costs in terms of economic efficiency).

While Chapter Two focuses on the immediate divergence of interests between market participants based upon their class position that is an inevitable and natural aspect of a market system, Chapter Three examines the abstract intellectual and theoretical disputes between the Left and the Right about which type of policies best contribute to human happiness. That employers and employees, for instance, have (or believe they have) orthogonal short-term interests over spending, taxing, and labor market policies is obvious, as evidenced by the divergent positions on these issues taken by the interest groups (such as the U.S. Chamber of Commerce and the AFL-CIO) that represent them. Whether the ideological position of one or the other proves to be more consistent with general human well-being is the empirical question this book attempts to answer. Chapter Three further contributes to the framing of that assessment

Cambridge University Press

978-1-107-03084-8 - The Political Economy of Human Happiness: How Voters' Choices Determine the Quality of Life

Benjamin Radcliff

Excerpt

[More information](#)

through an analytical summary and an appraisal of the specific arguments for small government and the general sovereignty of the market associated with Ronald Reagan, Margaret Thatcher, and neoliberal economists before similarly dissecting the arguments for supplementing market outcomes with principles of justice and equity that are conventionally associated with New Deal liberalism and West European social democracy.

Chapter Four provides an introduction to the scientific study of happiness. It has three principal aims. The chapter first addresses possible philosophical and practical misgivings about applying scientific methodology to the study of happiness. It then reviews and critically evaluates the main theoretical approaches to understanding how economic, social, and political factors may affect happiness across persons and across countries. I contend that the best approach to understanding such differences is that which stresses the extent to which our needs as human animals are fulfilled, which in turn suggests that happiness may be highly sensitive to the public policy regimes that directly touch people's lives. The chapter concludes with the important practical task of reviewing the existing empirical research on the causes and correlates of happiness. Beyond the general goal of familiarizing the reader with the literature, my purpose is to specify the other known predictors of happiness, so as to be able to account for them – to control for them – in the statistical analyses that follow.

The next two chapters test hypotheses about the effects on human well-being of the political programs of the Left and Right using real world data on the industrial democracies of Western Europe, North America, and the Pacific. Chapter Five considers the fundamental issue of whether “big government” contributes to, or detracts from, the quality of human life. Using the pooled World Values Surveys (1981–2007) for the OECD countries, I provide an analysis of how the level of happiness of the overall population, as well as the happiness of particular subgroups in society (such as rich and poor), are affected by the generosity and universalism of the welfare state, the overall size of the state sector (reflecting the degree of government involvement in providing public services), and the total share of the economy that is politically (which is to say, democratically) controlled or allocated by the state through taxation.

Chapter Six extends the analysis to consider two other crucial aspects of market-state relations: (1) the degree of governmental regulation of the economy, principally labor market regulations that are designed to protect the interests of employees, and, more importantly, (2) the degree to which workers are organized into labor unions, which serve to provide representation – and thus power – to working- and middle-class citizens in both the workplace and in politics.

Chapter Seven completes the empirical analysis of the political determinants of life satisfaction by shifting the geographical focus from the universe of industrial democracies to a case study of the United States. I here consider the same basic questions about the politics of Left and Right when considering variation across the states of the U.S. federal system. This chapter not only considers the potential for “American Exceptionalism” in the factors that determine quality

Cambridge University Press

978-1-107-03084-8 - The Political Economy of Human Happiness: How Voters' Choices Determine the Quality of Life

Benjamin Radcliff

Excerpt

[More information](#)*Introduction*

7

of life, but also extends the analysis by applying it to the experience of the fifty states as “laboratories of democracy.” By considering such “laboratory evidence,” we can determine if state policies are causally connected to greater levels of subjective well-being. By illustrating that the decisions of subnational governments do have powerful impacts on quality of life despite the modest discretion over policy choices that states possess, coupled with the fact that the variation in their policies is both modest and skewed toward the Right compared to that across nations, this analysis further demonstrates that the extent to which human beings find their lives to be positive and rewarding is in large measure the result of the political choices made by the parties that voters elect.

Chapter Eight concludes the book with an appraisal of the implications of the empirical findings for both our theoretical understanding of subjective well-being and the perennial debate between Left and Right. Regarding the former, I argue that subjective well-being should be explicitly conceived of as a political good – that is, one whose level is determined by the political choices of governments that citizens elect. Turning to the basic question animating the project – how should society be structured to make human life as satisfying as possible – I provide a summary judgment on whether the politics of the Left or the Right are most consistent with the goal of making human life as gratifying as it can be. In light of that discussion, I offer practical suggestions for public policy, concluding that if we really wish to improve the quality of human life, the democratic process offers a clear road to that end.

A PREVIEW OF FINDINGS AND CONCLUSIONS

In the argument between Left and Right over the size of the state, I demonstrate that “big government” is more conducive to human well-being, controlling for other factors. Indeed, the single most powerful individual- or national-level determinant of the degree to which people positively evaluate the quality of their lives is the extent to which they live in a generous and universalistic welfare state. Put differently, the greater the “social wage” that society pays its members, the happier people tend to be. Similarly, people find life more rewarding when a larger share of the economy is “consumed” by government through the “taxing and spending” that allows for the maximum provision of public services, such as education or healthcare. Overall, it is clear that the quality of human life improves as more of the productive capacity of society comes under political – which is to say, again, democratic – control. The subordination of the market to democracy thus appears to promote human happiness in precisely the way progressives and social democrats have always argued.

Similar conclusions emerge when considering political regulation of the economy. Labor market regulations that establish relatively strong protections for wage and salary workers appear to achieve their end of making life a more agreeable experience. They do so because they offer protections against market forces that most working people do indeed need to be protected from: full-time

Cambridge University Press

978-1-107-03084-8 - The Political Economy of Human Happiness: How Voters' Choices Determine the Quality of Life

Benjamin Radcliff

Excerpt

[More information](#)

work that does not provide a living wage, unsafe working conditions, fear of arbitrary dismissal, inadequate paid leave time, and so on. More generally, a legal structure that limits the authority and discretion of business, both as it affects the amount of job security workers enjoy, and as it relates to how workers are treated on the job, fosters norms of human dignity and respect for the working person, whereas the absence of a worker-friendly structure may tend to promote the alienation and anomie that is the logical consequence of “flexible” labor markets in which workers are treated just like any other commodity. The empirical evidence is unambiguous: the more we rely on the law to protect employees, the more satisfied with life people tend to be.

The effect of applying democratic principles to the economy is also evident when considering the consequences of labor organization. For the Right, unions merely exploit workers and distort the otherwise efficient operations of the market; for the Left, the union is a democratic entity that represents employees against their employer in the same way that representative institutions protect the individual against a potentially arbitrary government. Simply stated, the data suggest that being represented by a labor union makes people happier, other things being equal. Further, and more momentously, the evidence clearly indicates that a strong labor movement – in the sense of a larger share of workers who are organized – has strongly positive effects for society in general, not merely for organized workers per se.

It is equally important to note that all of the factors discussed above also contribute to greater well-being without particular regard to socioeconomic status. While some of the relationships are indeed stronger for working- and middle-class citizens, in every case, higher-status persons also benefit. Thus, everyone profits from a more generous welfare state, from labor laws that protect workers, and from strong labor unions, whatever their income. The welfare state, labor unions, and political regulation of the economy thus contribute to creating a world that offers the promise of a satisfying life to all citizens, rich and poor alike.

This cross-national pattern obtains equally across the American states: big government, a more generous safety net, more economic regulation, and stronger labor unions create greater levels of well-being. The evidence is perhaps most readily summarized in one result: people are happier in states whose government has in recent decades tended to be controlled by the Democratic Party, in that such control has allowed for the establishment of the progressive public policy regimes that are the most consistent with human flourishing.

Collectively, these empirical results have important theoretical implications for the academic study of subjective well-being. Two are of particular moment. One is that the extent to which individuals find life rewarding is largely the result of the political factors discussed above, given that the impact of these factors on subjective well-being dwarfs conventional individual-level indicators such as income, social connectedness (e.g., marriage or cohabitation), and even unemployment. As the most powerful causes of happiness are things that governments are entirely capable of controlling, we can follow Thomas

Cambridge University Press

978-1-107-03084-8 - The Political Economy of Human Happiness: How Voters' Choices
Determine the Quality of Life

Benjamin Radcliff

Excerpt

[More information](#)

Jefferson and Jeremy Bentham in believing that happiness is something that is politically produced and distributed. Happiness, then, is a function of public policy – and thus a result of our collective choices as citizens in electing the governments that make policy.

Second, in documenting the existence of a powerful relationship between political interventions in the market and human happiness, the empirical results naturally focus our attention on the market itself. However much there is to be said in favor of the market – and I would argue that whatever its failings, it remains one of humanity's signature achievements, something to be criticized in the spirit of improvement precisely because it commends itself in so many other ways – it also has costs. These manifest themselves in a currency more valuable than money: in the degree to which people actually enjoy being alive. It is thus in the internal dynamics of the market that we find the keys to understanding how human happiness is produced and distributed. We should thus surely look to the market, and our political efforts to control it, as the arena in which to understand human happiness.

I

The Democratic Pursuit of Happiness

In some of the most familiar and inspiring sentences in the English language, the American Declaration of Independence expresses the spirit of a new political age:

We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness. That to secure these rights, Governments are instituted among Men, deriving their just powers from the consent of the governed, that whenever any Form of Government becomes destructive of these ends, it is the Right of the People to alter or to abolish it, and to institute new Government, laying its foundation on such principles and organizing its powers in such form, as to them shall seem most likely to effect their Safety and Happiness.

However vital the first two elements in this trilogy of “unalienable Rights,” it is the last that strikes the most evocative chord in the human imagination. The idea that individuals have a natural right to “the pursuit of Happiness” has proven inspirational across centuries and cultures for an obvious reason: it suggests that the happiness of the ordinary person can be the foundation of a political order. Indeed, as Jefferson explicitly proclaims, the very reason that “Governments are instituted” is precisely to “secure” this right. Thus, the state exists not to serve the interests of a divinely appointed sovereign or a privileged commercial class, but to guarantee the right of all people to lead free and satisfying lives.

The new political order the Declaration proclaimed was thus to be, at least in aspiration, not merely a context in which people would be safe in their lives and liberty from an arbitrary government. The state was to be not merely something that citizens need not fear, but rather a positive resource that they might collectively use in furtherance of their right to pursue rewarding lives. It is in this spirit that Jefferson suggests that the people may choose the “principles” by which the state makes policy “in such form, as to them shall seem