

THE EAST-ASIAN HAPPINESS GAP: SPECULATING ON CAUSES AND IMPLICATIONS

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Abstract. Despite spectacular economic growth, most East-Asian countries (especially those with the Confucian cultures) score very low in happiness surveys. The present paper speculates on the reasons for this East-Asian happiness gap, including environmental disruption, excessive competitiveness, repressive education, excessive conformity, negative attitudes towards enjoyment, and the emphasis on outward appearance. The desired direction of future growth, especially regarding the relative importance of public spending on the environment and research, and the non-material aspects of life, are also briefly touched on.

1. INTRODUCTION

Asia, especially East Asia, has been growing rapidly despite the financial storm over 1997–1998. I confidently said then that the RMB had no reason to depreciate and that East Asia will resume its rapid growth soon. (Keynote speeches at Conferences at Open University of Hong Kong, January 1998 and at University of Macau, March 1998.) I continue to hold such optimistic views. I also continue to believe that the Aussie, the Chinese, and the Malaysian dollars will all appreciate against the US dollar in terms of real exchange rates (nominal adjusted for differentials in inflation rates) in the medium to long terms, without ruling out short-term fluctuations. (I said that in 1993 regarding the RMB, which has appreciated much in real terms since. However, I did not make any money.) These predictions are based mainly on the relative purchasing power parity comparisons and the future growth prospects.

The East-Asian countries/regions referred to here include mainland China, Hong Kong, Taiwan, Korea, Japan, and Singapore. To some extent, they probably also include Malaysia and Vietnam, but not the Philippines (which has a high happiness score), Thailand, and Indonesia (which is still beset with economic difficulties).

Although East Asia (with the major exception of Japan in the last decade and the temporary slip around 1998 for the crisis-affected countries) has done extremely well economically, it has not done well at all in terms of the ultimate objective of life: happiness. In fact, a recent international comparison (Cummins, 1998) put the East-Asian countries at the very bottom. This should make

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us pause to reflect on some fundamental issues such as the ultimate ends, the worth, and the costs of economic growth; the reasons for the relative failure of the East Asian people in achieving happiness despite their economic success; ways to increase happiness, and public policies. Due to the unevenness of the level of economic progress, this paper is more relevant for the more developed parts of East Asia. (On the precise meaning of happiness, the argument that it is the appropriate ultimate objective, and related issues, see Ng 2000b.)

With the rapid growth in East Asia, researchers have discussed the effects of Confucianism on economic growth. However, the East-Asian happiness gap and its possible relation to the Confucian cultures have been largely neglected. I am quite aware that this is a sensitive area. I also do not have enough expertise in the area to give a scholarly discussion. However, because happiness is the most important and the ultimate objective in life, it is important to discuss this in the open so that perhaps suitable remedies may be forthcoming if more people become interested.

This paper may have touched on some sensitive issues. However, I am myself an East-Asian by birth, education, and culture. Thus, I hope that the paper will be taken as a self-examination aiming at improvement rather than as a criticism by an outsider.

2. THE FAILURE OF HIGH INCOMES TO INCREASE HAPPINESS AND THE EAST-ASIAN HAPPINESS GAP

Happiness is difficult to measure and compare interpersonally. Many economists are sceptical of the reliability of the measures of happiness that are largely based on self-assessment. However, because happiness is the ultimate objective of life, it is extremely important. It is better to know approximately about something important than to have precise measurement of something irrelevant. (The square roots of the last four digits of people's bank account numbers can be precisely measured and compared but are meaningless.) Happiness is cardinally measurable, at least conceptually (Ng, 1997). A practical method has also been developed and used to measure happiness cardinally and interpersonally comparably (Ng, 1996a). Although most existing measures of happiness have some problems with their comparability, they are not completely useless. Different researchers come up with largely consistent results (Fordyce, 1988), which also correlate well with the frequency of smiling (Pavot, 1991), with the reports of friends and family members (Diener, 1984), with recalls of positive versus negative life events (Seidlitz et al., 1997), with physical measures such as heart rate and blood pressure (Shedler et al., 1993), and with electroencephalograph (EEG) measures of prefrontal brain activity (Sutton and Davidson, 1997). If one wants to be pedantic in insisting on perfect accuracy, even the measurement of GDP is open to query on its accuracy and comparability.

Studies by psychologists, sociologists, and a small but increasing number of economists show that, both within a country and across nations, the happiness level of people increases with the income level, but only slightly. For example,

using regional and cultural classifications, the Northern European countries with high incomes score top on happiness, followed by the group of English-speaking countries: US, UK, Australia, and Ireland. Central and South-American countries including Brazil come next, followed by the Middle East, the Central European, Southern and Eastern European countries (Greece, Russia, Turkey, and Yugoslavia), the Indian Sub-continent, and Africa, which does not, however, come last. Southern and Western European countries (France, Italy, and Spain) score significantly lower than Africa. The last group is East Asia (including Japan, the country that leads in income; Korea and China). Singapore has an income (per capita) level 82.4 times that of India. Even in terms of purchasing power parity instead of using exchange rate, Singapore is still 16.4 times higher than India in income. However, the happiness scores of both countries are the same, both significantly higher than that of Japan. (See Cummins, 1998. Cf. Inglehart et al., 1998, Table V18; Diener and Suh, 1999; The frustration caused in many former Soviet countries by high expectation during the transition has produced a very low happiness score in the last few years.)

The low ranking of East-Asian countries in happiness is consistent with some other measures. For example, according to the survey of 18 000 adults in 27 countries and regions by Durex reported in the mass media worldwide on 17–18 October 2000, Japan also has the lowest sex average per year (37), far behind the second lowest (Malaysia) of 62 and the low figures for other East-Asian regions (China 69, Taiwan 78, Hong Kong 84). In comparison, the overall average of 96 is exceeded by, among others, India (95), Brazil (113) and the US (132, the top figure; PR Newswire, 2000). Using another example, according to a measure of life satisfaction, East-Asian regions score rather low (China 4.00, Korea 4.98, Hong Kong 5.07, Japan 5.14, Singapore 5.72) in comparison to countries of lower per-capita incomes (Nigeria 5.11, India 5.15, Pakistan 5.49, Peru 5.77, Egypt 6.14, Colombia 6.20, Australia 6.23). (See Diener and Suh, 1999; p. 444.) The study by Furnham and Cheng (1999) also shows that Japan and Hong Kong score significantly lower in happiness than Britain. Also, according to a survey by a media research agency Optimum Media Direction (reported in *China Post* in Taiwan late in 2000), ‘only five percent of young people surveyed in Hong Kong said they felt happy. ... 47 percent of the 504 respondents in the territory [Hong Kong] said they considered themselves either ‘a bit fat’ or ‘too fat’. This compares with ... Only 15 percent of young people in India felt uneasy about their weight.’

Taken together, the evidence suggests that income matters more for happiness at very low levels of income but it still accounts for less than 2% of the overall variance in individual happiness (Diener et al., 1993). The positive relationship vanishes intertemporally within the same country (at least for the advanced countries that have such data). For example, from the 1940s to 1998, the real income per capita of the US nearly trebled. However, the percentage of people who regard themselves as very happy fluctuated around 30%, without showing an upward trend; another measure of average happiness fluctuated around 72%. Over the period 1958–1988, the per-capita real income level in

Japan increased by more than five times. However, its average happiness measure fluctuated around 59%, also without an upward trend (Veenhoven, 1993; Myers, 1996; Diener and Suh, 1997; Frank, 1999; Blanchflower and Oswald 2000). In fact, 'if there is any causal relationship in rich countries, it appears to run from happiness to growth, not vice-versa' (Kenny, 1999, p. 19). Happier persons may be more able to obtain and keep well-paying jobs; conference organizers may be more willing to invite jolly keynote speakers and pay them more.

Recent research suggests that individuals who strongly value extrinsic goals (e.g. fame, wealth, image) relative to intrinsic goals (e.g. personal development, relatedness, community) have less happiness (Ryan et al., 1999). 'Materialism, a preoccupation with economic well-being, is negatively correlated with SWB [subjective well-being], and especially so in those that believe that more money would make one happier' (Offer, 2000, p. 20, reviewing Ahuvia and Friedman, 1998, pp. 154, 161).

Kenny (1999, pp. 4,5) also puts the point of fast diminishing marginal utility of income in more objective terms thus:

Compare Mozambique, China and the USA. In turn, the countries' GNPs per capita in 1992 were \$80, \$470 and \$24,740. Infant mortalities were 145.6, 30.5 and 8.6 per 1,000 live births, respectively. Life expectancies were 47, 69 and 76 years. Thus, going 1.6 percent of the distance between Mozambique and the United States in terms of wealth, so reaching China's income, we move 84 percent of the distance in terms of infant mortality and 76 percent of the distance in terms of life expectancy.

In contrast, there are factors that affect or at least correlate with happiness much more significantly than income, including being married or single (Myers, 1996, p. 510), being employed or not (Winkelmann and Winkelmann, 1998), and having a religious belief and church attendance. (See Veenhoven, 1984 and Kahneman et al., 1999 for factors associated with happiness.)

Furthermore, the picture is not much different even if we use more objective indicators of the quality of life. Analysing a panel dataset of 95 quality-of-life indicators (covering education, health, transport, inequality, pollution, democracy, political stability) covering 1960–1990, Easterly (1999, pp. 17,18) found some remarkable results.

Although virtually all of these indicators show quality of life across nations to be positively associated with per-capita income, when country effects are removed using either fixed effects or an estimator in first differences, the effects of economic growth on the quality of life are uneven and often non-existent. It is found that:

'quality of life is about equally likely to improve or worsen with rising income. ... In the sample of 69 indicators available for the First Differences indicator, 62 percent of the indicators had time shifts improve the indicator more than growth did' (Easterly, 1999).

Even for the only 20 out of the 81 indicators with a significantly positive relationship with income under fixed effects, time improved 10 out of these 20 indicators more than income did.

The surprising results are not due to the worsening income distribution (there is some evidence that the share of the poor gets better with growth). Rather, the quality of life of any country depends less on its own economic growth or income level but more on the scientific, technological, and other breakthroughs at the world level. These depend more on public spending than private consumption. Many studies (e.g. Estes, 1988; Slottje, 1991; see Offer, 2000 for a review) show that measures of social progress strongly correlate with income level at low incomes (to around US\$3,000 at 1981 prices) but the correlation disappears after that. Others (e.g. Veenhoven, 1991; Diener and Suh, 1999) show a similar relationship between happiness and income.

3. SOME REFLECTIONS

I do not profess to have the complete explanation and answers. However, because I believe that, ultimately, happiness is the most, if not the only, important thing, I wish to venture some reflections. Incomplete and immature as they may be, these bricks may still serve to attract jade.

3.1. *Why still the race for money?*

If happiness is the ultimate objective and more incomes no longer increase happiness, why do people still engage in the rat race for making more and more money? This may be explained by: the environmental disruption effects, relative-income/consumption effects (emphasized by Easterlin, 1974), the inadequate recognition of adaptation effects, and the irrational materialistic bias. To some extent it is individually rational to make more money because higher incomes still contribute marginally to happiness through the importance of relative standing. At the social level, the relative-income effects between individuals cancel each other out to leave no effect overall. In addition, the environmental disruption effects of higher production and consumption may really make people worse off. We may have welfare-reducing growth despite individual and government optimization (Ng and Ng, 2001). However, this is likely to be offset by the advancement in knowledge, which produces positive effects. After survival and moderate comfort levels (*wen bao* and *xiao kang*), because the positive effect is really very small in terms of long-term real happiness, it is still irrational even at the individual level to sacrifice things more important for happiness such as family, friends, health, and even safety and freedom in order to make more money as many people obviously do, including myself to some extent. But why do people have such irrational preferences? To a large extent this may be explained by our accumulation instinct and instinct for competition for relative standing (nature) and the effects of the omnipresent advertising and peer influence in our commercial society (nurture; Ng, 2000c).

3.2. *The East-Asian happiness gap: Speculating on its causes*

Even if high incomes no longer increase happiness, perhaps, dynamically, we need rising incomes just to sustain happiness at an unchanged level, the so-called 'hedonic treadmill'. The East-Asian countries/regions have not only high income levels but also high rates of growth in incomes. On these counts they should be happier than others. Despite these, they are less happy than others. This may be called the East-Asian happiness gap. Because our measures of happiness are not foolproof, we cannot be completely confident of the existence of such a gap. However, there is sufficient evidence for provisionally accepting the hypothesis of a gap before it is overthrown by more solid evidence.

Some explanations of the East-Asian happiness gap are related to the explanation of the rat race in the previous subsection. First, the higher congestion, pollution, and other forms of environmental disruption caused by high growth in production and consumption, especially in the heavily congested cities and industrial areas may partly explain why the rapid growth in East Asia is not an unmixed blessing, to say the least. These problems also exist in the West, but are more serious in East Asia due to the higher population density and more inadequate environmental protection. Some more genuine indicators of progress that take account of congestion and environmental disruption (which are largely ignored by the conventional GDP) may show that the growth rates are not as spectacular. A recent report indicates that fish from the rivers and lakes of Taiwan are not suitable for consumption. Certainly at the margin, it is undesirable to poison our air and water to have additional inessential output.

The human costs in ill health in cities such as Bangkok, Chongqing, Jakarta, and Shanghai are intolerable. In East Asia's major cities, air and water pollution are the sources of some 200,000 premature deaths, 650,000 cases of bronchitis, and 2 billion person-days of respiratory symptoms each year. [Walton, 1997; second paragraph before conclusion.]

Second, the East-Asian people are reputed to be highly competitive. This partly explains their economic success. However, the very high degree of competitiveness may be detrimental in achieving happiness both at the individual level and, even more so, at the social level. One aspect of competitiveness is trying to surpass others. An individual may succeed in surpassing others but for the whole society, an individual on average cannot surpass others. Much effort in achieving relative distinction, if spent on areas without significant external benefits, may thus be largely wasted socially. (Thus, people should compete in areas with external benefits such as contributions to knowledge and society.) Another aspect of competitiveness is not being content with one's current achievement and wanting to do better. Although this may propel progress in objective terms such as production, it is likely to be detrimental to contentment and happiness.

Buddhism, Hinduism, and Taoism are more emphatic on the virtue of contentedness while Confucianism is, at least relative to the previous three, more emphatic on the virtue of achievement. While Buddhism and Taoism are still practised in parts of East Asia, their influence has largely waned, especially relative to the importance of Buddhism and Hinduism in India. Perhaps this partly explains the higher happiness level in India despite its much lower per-capita income relative to East Asia.

It is true that we need some degree of competitiveness just to survive and a little more to make progress. However, too high a degree of competitiveness may be detrimental to happiness. In fact, one of the reasons the East-Asian people have a high degree of subjective competitiveness may be due to the high degree of competitiveness that has existed objectively for many generations. The competitive environment favours those with a high degree of competitiveness, which in turn increases the competitiveness of the environment, completing a vicious cycle. (Cf. the cycle between complexity and rationality discussed in Ng, 1996b which partly explains the speed of evolution.) However, the cycle is not unchecked because excessive competitiveness also generates detrimental effects.

Third, the educational method and general cultural influence of the East-Asian people are also highly productive in competitive achievements (especially in formal examinations) but are likely to be detrimental to real creativity and personal and social happiness. According to the Third International Mathematics and Science Survey Report on year-8 students (reported in the mass media internationally on 6–7 December 2000), East-Asian countries/regions (Singapore, Taiwan, South Korea, Japan; but mainland China was not included in the survey) lead the international groups of 38 countries/regions including Australia, Britain, and the US. (The top scorers for maths were: Singapore: 604; South Korea: 587; Taiwan: 585; Hong Kong: 582; Japan: 579; against the average of 487. The top scorers for the sciences were: Taiwan: 569; Singapore: 568; Hungary: 552; Japan: 550; and South Korea: 549; against the average of 488.) Commenting on this report, Yuan Tzeh Lee (a Nobel laureate and President of Academia Sinica in Taipei) said:

Most Taiwan students are good in examinations. Their performance in science and mathematics is good at the stage of high school. However, after graduating from high schools, they become exhausted, as if going to retire ... The educational system in Taiwan is very repressive of curious students interested in pursuing creativity. This is very bad. [*China Times*, 7 December 2000, p.7]

At least to a large extent, this remark is also applicable to other East-Asian regions and also with respect to happiness, not just with respect to creativity.

Fourth and relatedly, East-Asian culture (especially its educational system) is over-emphatic on conformity, order, and the collective interests to the detriment of individualism, freedom, and hence happiness. It is true that individual freedom must not be excessive because the welfare of others may be adversely affected by the relentless and unrestricted pursuit of individual freedom.

However, while the West may have gone far beyond the delicate tradeoff to be too emphatic of individualism in some aspects, the East-Asian people are likely to err in the opposite direction by a wider margin. An important explanation of this big difference is probably related to the relative effectiveness of the legal system in the West, which allows people to be free (within the confines of the law). This means that, with the legal system strengthened (as demonstrated successfully in regions such as Hong Kong and Singapore), East-Asian people may move towards the direction of freedom and individualism to increase happiness.

Happiness researchers remark:

... in the Latin nations, such as Colombia, there is a tendency to view pleasant emotions as desirable... In contrast, in Confucian cultures, such as China, there tends to be relatively more acceptance of unpleasant emotions and relatively less acceptance of pleasant emotions... In China the ideal level of life satisfaction was considered to be neutrality – neither satisfied nor dissatisfied. [Diener and Suh, 1999; pp. 443–4.]

Eastern researchers also agree on the ‘abstinence’ tendency of Confucianism. For example, ‘in Confucian culture ... abstinence is an important factor’ (Fu, 1989; p. 51; my translation) and ‘hedonistic striving for happiness is regarded as unworthy and even shameful’ (Lu and Shih, 1997; p. 183; see also Fang, 1980; p. 153.). How can one enjoy life happily if one is brought up to be opposed to pleasant feelings?

One indication of the abstinence tendency is the high average age at which first-time sex occurs. In comparison to the overall average of 18.1 years and the lowest average US figure of 16.4 years and Brazil of 16.5 years, the average figures for East-Asian regions are China, 21.9 years; Taiwan, 21.4 years; Hong Kong, 19 years; Japan, 18.9 years (PR Newswire, 2000).

Fifth, East-Asian culture is too emphatic on appearance, on not losing face and less on the real content and true feelings. The importance of ‘face’ (mian4 zi3) is well-known. The emphasis on outward appearance in contrast to inner content may be ‘spotted’ in the example of the styles of buildings. The Temple of Heaven in Beijing is extremely impressive on the outside but rather ordinary inside, whereas most Western churches look rather dull on the outside but are well furnished and decorated inside. When my father (born in China and lived in Malaysia for decades) first saw our flat (rented) in Australia, he thought that the building (brick-veneered) looked unfinished. When he went inside, he found it very comfortably furnished. Many flats in East Asia have a very small bathroom and kitchen but a relatively large ‘visitors hall’ (ke4 ting) which is known in the West as the lounge room or living room. This difference in the naming of the same room also betrays the difference in emphasis between the East (to impress the visitors) and the West (for the comfort of the family). To what extent this is a reflection on having more visitors as opposed to a difference in emphasis remains to be investigated.

To use another example, when advising their children regarding marriage, most Western parents put happiness first. In contrast, many East-Asian

parents emphasize the family backgrounds (men2 dang hu4 dui4) and other objective aspects. It is more important to them (at least relative to people of the West) for the marriage to look good in appearance than for the children to actually have a happy life.

Of course, happiness is also affected by biological factors but, because they are less amenable to policy influence (except in the future when genetic engineering may be safely used), they are not emphasized here. (On the use of brain stimulation for pleasure, see Ng, 2000b).

Although cultural differences are important, their role must not be exaggerated. Cultural differences do make a difference as to what factors may affect happiness (e.g. Christopher, 1999) but not with respect to the concept and ultimate value of happiness as such. Moreover, there are largely universal factors determined by biology. Thus, Maslow's need-gratification theory of well-being (Maslow, 1970) is largely universal. Also, I believe that, at the ultimate level, happiness as a rational end is culturally independent. It may be thought that my personal views on happiness are largely due to the influence of Western culture. However, I was brought up in a largely Eastern influence, attending only Chinese schools and university in Malaysia and Singapore before my time of postgraduate study. Even now, my cultural influences are more Chinese than Western. For example, I still read most non-economics books and magazines in Chinese and listen mostly to Chinese music. I can read and write in Chinese twice as fast as in English. Moreover, I was almost a born (moral philosophical) utilitarian. I can distinctly remember that I had virtually full-grown utilitarian views by the age of around 6.

Some researchers exaggerate the cultural difference. For example, Lu and Shih (1997; pp.181,182) mention that 'the word happiness did not appear in the Chinese language until recently', suggesting that the concept of happiness is alien to the Chinese people until recently. This is certainly misleading. It may be true that the modern phrase for happiness in Chinese (kuai4 le4) appeared only recently. However, the ancient word for happiness in Chinese (either kuai4 or le4) have appeared from time immemorial. For example, le4 appeared in such ancient expressions as 'Friends coming from afar, am I not happy?' and '[I am] so happy, no more thought of shu3', with the clear meaning of happiness. I suggest that such primitive concepts as happiness are universal and have existed in all cultures from time immemorial, probably not long after the evolution of *homo sapiens*, if not earlier.

4. SOME IMPLICATIONS

Because the study of happiness has not been well developed (the only journal specializing in the study of happiness, the *Journal of Happiness Study*, has just commenced publication), the importance of happiness and the preliminary results on the failure of higher income/consumption to increase happiness imply that more resources should be used for happiness study. How could the measures of happiness be made more reliable and comparable interpersonally? Does the East-Asian happiness gap really exist? Are people of East-Asian

origin who live in the West also less happy? How could happiness be increased? Such questions are very important but very much under-researched. The desirability of higher public spending applies to many other areas including environmental protection, public health, education, and research (Ng, 2000b).

It is true that much of public spending involves some waste and inefficiency. However, most people (including economists) are insufficiently aware of the much grosser inefficiency of private consumption through environmental disruption, mutually cancelling competition between individuals and nations, the largely ignored adaptation effects, and advertising-enhanced irrational bias towards material consumption (Ng, 2001). It is also true that we have to look not only at the benefits of more funding but also at the costs. However, economists overestimated the costs of public spending. This overestimation arises from: (i) economists' emphasis on the excess burden of taxation, ignoring the fact that this is largely offset by the negative excess burden on the spending side; (ii) the failure to take account of the environmental disruption effects of most production and consumption (which make taxes largely corrective than distortive), relative-income effects (which bias in favour of private consumption; Ng, 1987a), and burden-free taxes on goods with diamond effects (Ng, 1987b); and (iii) the failure to recognize the fact that, in non-poor countries, higher private consumption does not increase happiness at the social level, making the happiness cost of public spending virtually zero (Ng, 2000d).

The negative excess burden on the (public) spending side is emphasized by Kaplow (1996) and Ng (2000a). To see the point simply, suppose that the benefit of a public good is proportional to the income level of the taxpayers; it may be financed by a (or an increase in) proportional income tax without any disincentive effects. The proportional income tax itself may involve a disincentive effect. However, the tax plus the public good together involve no disincentive effect. Suppose that, for each \$100 earned, \$20 must be taxed. Is not the incentive to earn more income less than the case in which one can keep the full \$100? This lower incentive may well apply if the tax revenue is thrown into the ocean. However, normally the revenue is used for public spending that the taxpayers value more or at least no less (otherwise the public spending is inefficient even using the benefit/cost ratio of 1). Suppose the tax revenue is used for police protection of property for which benefits are approximately proportional to the income level. Then, each individual may in fact have a higher incentive to earn the protected \$80 than the unprotected \$100.

More importantly, if private consumption no longer increases happiness socially, higher public spending may be very costly in money terms but not at all costly in happiness terms. Because happiness is and money is not the ultimate objective, cost-benefit analysis should ultimately be done in happiness (equivalent to welfare) terms. (See Ng, 2001 for details, including the unexpected result that the consumption benefits of public projects should be adjusted upward but not the productive benefits.)

Despite the failure of higher incomes to increase happiness, I continue to believe in the usefulness of economic growth. However, the direction of growth has to be appropriate. First, the protection of environmental quality has to be a

top priority. We want clean growth, not dirty growth. Second, we want growth that can really increase our happiness. This includes less in the areas of largely mutually cancelling competitive private consumption and more in the areas of public spending that can really increase our welfare. Among others, this includes more public funding for research.

Another implication is the need, both at the individual and the social level, to put more emphasis on things that are much more important to happiness than money, including health, relationships, and spiritual fulfilment. In particular, for the developed parts of East Asia, more reflections on the East-Asian happiness gap are needed. Perhaps it is desirable to understand more about the illusions of the irrational accumulation instinct, to resist more the temptations created by the omnipresent commercial advertising, to reduce our competitive nature, to divert competition from consumption to social contributions, and to make less money in order to enjoy life more. East-Asians may not only achieve more happiness this way but also, by reducing and redirecting their lopsided growth, contribute to a better global environment. (This touches on the issue of international cooperation to address the problem of international competition, a negative-sum game, which I hope to discuss in another paper.)

However, there are still large parts of East Asia where the majority of people are still very poor by any standard and where economic growth will likely increase the happiness of people significantly. For purely economic development, perhaps the Asian Development Bank (ADB) and other institutions should give much more emphasis to the development of such areas, including the western regions of China. Nevertheless, even for the more developed areas of East Asia, the ADB and other institutions may still have very important roles to play if they place more emphasis on factors really important for happiness such as public health, the environment, and above all, advancement in science, technology and knowledge in general.

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