

# The Politics of Happiness: On the Political Determinants of Quality of Life in the American States

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*Recent decades have witnessed the development of an extensive social scientific research program on the determinants of life satisfaction. We examine the role of political factors in affecting quality of life in the context of the American states. In particular, we ask whether the choices made by voters, as manifested by the governments they elect, and the subsequent public policy regimes those governments establish, determine the degree to which individuals find their lives satisfying. We find that the different ideological and partisan orientations of state governments, as well as a state's pattern of public policies, have strong effects on satisfaction with life, net of economic, social, and cultural factors. The more a state attempts to insulate citizens against market forces, the greater is satisfaction. The implications for American politics and our theoretical understanding of the mechanisms that determine quality of life are discussed.*

**H**ow do political outcomes in democratic societies affect the quality of life that citizens experience? In particular, do the choices made by voters, as manifested by the governments they elect, and the subsequent public policy regimes those governments establish, determine the degree to which individuals find their lives rewarding?

It is precisely these questions which, however implicitly or indirectly, motivate much of the research in contemporary political science. Thus, students of American politics, in a tradition dating back to at least V.O. Key (1949), have devoted enormous energy into determining whether different political conditions, such as levels of party competition, affect public policy. Others have considered the policy impact of interest groups and party systems (e.g., Gray and Lowery 1996; Schattschneider 1960), electoral participation (e.g., Hill and Leighley 1992), public opinion and political culture (e.g., Erikson, Wright, and McIver 1993), among a myriad of other

political factors. Collectively, this work is predicated upon the presumption that policy outcomes have consequences for people's lives. There is, of course, nothing *inherently* fascinating about electoral or policy outcomes: we seek to understand them because we assume that they have tangible consequences for people's lives.

In this paper, we follow an alternative strategy: rather than considering how politics may affect intermediary variables that may in turn influence subjective well-being, we examine whether political outcomes actually do have important effects on the final variable of interest, viz. quality of life itself. This is now possible, given the emergence of an extensive social scientific literature devoted to studying life satisfaction. It is widely agreed that we are capable of measuring subjective well-being in a rigorous fashion, theorizing about the concrete factors that promote or discourage it, and testing the resulting empirical predictions (for a review, see Inglehart et al. 2008).<sup>1</sup>

<sup>1</sup>The intellectual infrastructure for studying subjective well-being is sufficiently developed and familiar as not to require extensive elaboration. A voluminous literature has documented that conventional survey items utilized to measure subjective well-being are reliable and valid. After an exhaustive review, Veenhoven concludes that any misgivings about measurement "can be discarded" (1996, 4). Another literature, again conveniently summarized by Veenhoven (2002), convincingly argues for the theoretical appropriateness of *subjective* measures of quality of life, such as satisfaction, as opposed to purely objective indicators (such as income or other measures of consumption).

We attempt such an endeavor in the context of the American federal system by examining how life satisfaction across the American states is affected by political circumstances. We thus hope to understand how political conditions affect the overall quality of human life, using the extent to which people enjoy their lives as the appropriate evaluative metric. To anticipate our findings, we argue that the ideological orientation of governments, and hence the ideological quality of their policy regimes, has a strong effect on satisfaction with life, net of economic, social, and cultural factors.

## Taking Stock

The empirical literature on the determinants of subjective well-being falls into two broad categories. One examines individual level characteristics which are thought to affect well-being. While there are a variety of unsettled debates within this literature, there is universal agreement that individual-level characteristics (such as age and income) consistently predict well-being in large samples (e.g., Diener et al. 1999).

Another literature is devoted to understanding the structural conditions that affect satisfaction with life. Most scholars agree that higher levels of economic development are associated with greater levels of well-being, the doubts of some economists such as Easterlin (e.g., 1974) aside. Indeed, Veenhoven (1996) has argued convincingly that most of the international variation in satisfaction is determined by development, with the correlations between satisfaction and most other national characteristics evaporating when controlling for affluence. The major exception to this generalization is culture. Veenhoven (e.g., 1996), Diener and Diener (1995), and Radcliff (2001), among others, have consistently found a relationship between national levels of satisfaction and how “individualistic” as opposed to “collectivist” cultures tend to be. Inglehart, in both his early ground breaking treatment of this subject (1991) and his more recent work (e.g., Inglehart and Klingeman 2000), has offered an even stronger interpretation of satisfaction with life as being largely determined by cultural characteristics. This view is essentially an extension of the idea that happiness is a personality trait, but a collective rather than individual one. Hence, the French, it might be argued, tend to have different levels of well-being than Americans because of differences in the cultural norms that individuals in each country are acclimated to in preadult socialization.

There is relatively little scholarly research specifically devoted to understanding how political conditions per se affect well-being. The work most relevant to present concerns is the cross-national literature on the effect of social democracy.<sup>2</sup> Radcliff (2001; Pacek and Radcliff 2008) has argued that within the industrial democracies, at least, life satisfaction is strongly affected by the level of welfare state development, such that countries with more expansive, social democratic welfare programs have higher levels of satisfaction. His analysis also suggests that well-being varies directly with the partisan composition of governments, such that the more national governments have been dominated by social democratic and labor parties the greater is well-being. In a slightly earlier analysis, however, Veenhoven finds no relationship between the size or generosity of the welfare state and happiness: “Contrary to expectations, there appears to be no link between the size of the welfare state and the level of well-being within it. In countries with generous social security schemes, people are not happier than in equally affluent countries where the state is less open-handed” (2000, 91). Other studies have come to equally inconclusive results.<sup>3</sup> It would thus seem prudent to conclude that the professional jury remains out on the nature or existence of the relationship in question. The present paper hopes to contribute evidence toward a verdict, in so far as the United States is concerned.

Within the literature on American politics, virtually no attention has been devoted to the political determinants of life satisfaction. There was a brief surge of interest in the subject in the 1970s, where no less icons of the field than Angus Campbell and Philip Converse (1976) devoted an exploratory book to the subject. Their analysis focuses almost entirely, though, on a descriptive account of quality of life in the United States, along with an examination of group differences; they do not address explicitly how

<sup>2</sup>Another principal area of work on politics and happiness has focused on the impact of democracy as well as civil liberties and other freedoms (e.g., Inglehart et al. 2008) or, similarly, opportunities for participation (Frey and Stutzer 2002).

<sup>3</sup>Two more recent studies, focusing on unemployment insurance schemes rather than the welfare state more broadly, have also reached equally conflicting results: Di Tella, MacCulloch, and Oswald (2003) find that higher unemployment benefits are “associated with higher national well-being” whereas Ouweneel (2002) maintains that the level of benefits does not buffer the negative effects of unemployment on subjective well-being. In a global study of 74 countries, Bjornskov, Dreher, and Fischer (2007) find that social spending has “no significant impact on life satisfaction,” though the mixing of developing and industrial countries makes comparison to prior studies difficult. For a general review, see Pacek (2009).

the political system *per se* affects well-being. More recently, Putnam (2000) has come closer to that mark by focusing our attention on how social capital (which we can conceive of as a collective property of society partially determined by political institutions) can have important consequences for psychological well-being.

To our knowledge, no study has been devoted to a general understanding of how electoral and policy outcomes affect life satisfaction in the United States. We attempt such an appraisal by examining how the vast differences in public policy regimes and partisan politics across the American states affect subjective well-being. As political scientists we thus return to the issues central to the discipline: do the results of democratic competition, as manifest in the ideological characteristics of elected governments and the policies they pursue, have important, consistent, and predictable implications for quality of life?

## Politics and Subjective Well-Being

It is widely agreed that the most fundamental and persistent axis of political conflict in the industrial democracies is that of the nature and extent of public intervention in the market. As politics and the market are also the two fundamental mechanisms through which well-being can be both produced and distributed (Esping-Andersen 1990), they are the natural locus of attention for those seeking to understand how different political outcomes may affect quality of life (Radcliff 2001).

At the most basic level, the issue is whether to leave the generation and allocation of well-being to the “invisible hand” of the capitalist economy or to make it at least in part subject to the political decisions of voters. Those favoring the latter ultimately do so because, as Lane (1978) puts it, markets are “indifferent to the fate of individuals.” Esping-Andersen summarizes the argument perfectly when he notes that, whatever capitalism’s positive aspects, in the end “the market becomes to the worker a prison within which it is imperative to behave as a commodity in order to survive” (1990, 36). As it is not controversial to suggest that human beings do not enjoy being reduced to a commodity, it seems equally unremarkable to suggest—if we accept the metaphor—that people’s lives are likely to be less rewarding the more they are subjects of the market. If so, “anti-market” policies should contribute to greater well-being to the extent that the critics of

markets are correct in their socioanalysis of capitalism (Radcliff 2001).<sup>4</sup>

Conversely, if the defenders of markets are correct, we should observe precisely the opposite relationship: the political program of the left is a recipe for inefficiency which will impose costs on the population, so as to lower the general level of happiness. In this view, the state’s efforts at redistribution and provision fail because they may reduce both the “quantity” and “quality” of well-being, relative to markets (Veenhoven 2000). This is because economic regulation and the welfare state not only displace the church and family as superior sources of well-being, but also because they encourage “collectivization” with deleterious consequences for individual privacy, freedom, and autonomy.

The underlying logic of all these arguments ultimately depends upon the contention that satisfaction with life is largely determined by the extent to which a given sociopolitical order succeeds in satisfying human needs for the largest share of the population at the highest possible level. This interpretation is exemplified by what Veenhoven (e.g., 1995) calls “livability theory,” which is merely the elaboration of the “common sense” view that “subjective appreciation of life depends in the first place on the objective quality of life,” such that “the better the living-conditions in a country [or region], the happier its inhabitants will be” (1995, 3). The basis of this interpretation is the intuitively appealing one that “that there are universal human needs”—material, psychological, and social—which emerge from our common biological constitution. Human societies, in turn, can be understood “as collective arrangements to gratify these needs,” with variation in actual subjective quality of life across countries or regions reflecting nothing more than differences in how effective societies are in this endeavor (1995, 4). In sum: the more people’s needs are gratified, the happier they tend to be.

The specification of human needs typically depends upon Maslow (1970), who proposed five

<sup>4</sup>In addition to the direct effects on individuals and their families, public policies that limit the power of the market could also have positive indirect effects, e.g., the welfare state has been argued to reduce a variety of social pathologies, such as rates of violent crime (e.g., Messner and Rosenfeld 1997), thereby providing a general benefit to society rather than to only the immediate clients of the welfare state (or, far importantly, the individuals and families who feel less insecure in general because they realize that the safety net exists to protect them from ruin). In a related vein, Fowler and Christakis (2008) demonstrate a contagion with subjective well-being, such that interactions with happy people tends to foster happiness in others, so that, again, any social structure that tends to increase well-being will have ripple effects beyond those immediately affected.

types of needs, arrayed hierarchically: physiological needs, security, love and belonging, esteem, and self-actualization. The most important are of course the physiological needs that provide for survival, such as food, clothing, and shelter, followed by security, particularly income and employment security. The issue at hand is thus the familiar one of which approach to public policy best meets human needs: the political program of the Right, which focuses on an unfettered market, or the traditional Left, which stresses an activist state attempting to supplement the cold efficiency of market outcomes with redistributive policies. Put in the terms of American politics, these abstract arguments reduce to a tangible question: do liberal governments, and thus, presumably, liberal public policies, tend to produce greater or lesser amounts of well-being than their conservative equivalents? The “liberalism” of state governments has served as the dependent variable in some of the most familiar work in American politics (e.g., Erikson, Wright, and McIver 1993). We attempt to understand whether interstate variation in policy liberalism is an appropriate independent variable for predicting quality of life.

## Data and Method

To address the questions posed above requires survey data that meets two substantive criteria: it has enough cases to examine the effects of state-level political factors and it includes an appropriate measure of satisfaction with life. The DDB Life Style Survey, the use of which in social science was popularized by Putnam (2000), meets those criteria. It contains a total of more than 40,000 respondents distributed over the 48 continental states, polled in yearly intervals from 1985 to 1998. It also contains a life satisfaction item which matches closely that used in the World Values Study, the Eurobarometer, and other datasets conventionally used in the literature: the respondent is asked to what extent they agree that “I am very satisfied with the way things are going in my life these days” (with six response categories representing increasing levels of agreement).

We analyze these data in two ways. The first, and arguably most compelling method, is to create a state-level metric that is the equivalent of what in the comparative literature on satisfaction is referred to as the “pure” or truly “national” level of satisfaction, i.e., that portion of satisfaction that cannot be attributed to individual-level characteristics (e.g., Di Tella, MacCulloch, and Oswald 1997). This is accomplished by regressing satisfaction on a set of individual-level

characteristics and then using the mean of the residuals from this model, by state, as the dependent variable. It should be noted this approach is highly conservative, in that the political variables that are the main focus of interest can influence some of the individual-level variables (e.g., income). It is of course precisely this conservatism that endorses the procedure, given that it assigns as much variance as possible to individual-level factors that are assumed to be apolitical, thus “raising the bar for showing that politics indeed affects average levels of satisfaction” (Radcliff 2001).

In the second approach, we simply take the actual level of the satisfaction as our dependent variable, modeling it as a function of both individual- and state-level factors. In the first method, the unit of analysis is the state; here it is the individual.

## Control Variables

Before discussing the political variables that are our principal interest, we first describe the control variables we utilize so as to be able to isolate political determinants. We begin with the battery of demographic items typical of the research (e.g., Radcliff 2001): respondent’s education, employment status, income and satisfaction with income, gender, dummies for African Americans and those of other races (leaving non-Hispanic whites as the reference category), age and age-squared (to account for the curvilinear relationship between age and satisfaction), dummies for those widowed, divorced, or married (leaving the single as the reference category), a dummy for those with children living at home, and church attendance. We also add a measure of the respondent’s self-reported health given the strong correlation between such and subjective well-being (e.g., Frey and Stutzer 2002) and the individual’s level of generalized interpersonal trust, given the recognized connection between this aspect of social capital and satisfaction (e.g., Helliwell 2003; Helliwell and Huang 2008).<sup>5</sup>

<sup>5</sup>Income is measured in fifteen categories in ascending order; education is highest level of education completed in six categories with higher values representing higher attainment; employment status is a dummy coded one if respondent is unemployed and zero otherwise; gender is coded one for females, two for males; church attendance is the frequency with which respondent attends “a church or other place of worship” in seven ascending categories; income satisfaction is from the survey question ascertaining level of agreement with the statement “Our family income is high enough to satisfy nearly all our important desires”; personal health is the survey item “I am in very good physical condition” with six response categories with higher values indicating greater agreement. Trust is measured by the degree to which individuals agree with the statement “Most people are honest” in six categories with greater values indicating more agreement.

The above variables account for the individual-level factors. They form the items used to estimate the “pure” state-level of satisfaction (i.e., mean residual satisfaction) as well as the individual-level control variables for the analysis of the “raw” satisfaction data. For both sets of analyses, we also utilize a set of state or aggregate level variables that are likely to affect quality of life: per capita personal income, the overall state level of social capital (Putnam’s (2000) “Comprehensive Social Capital Index”), racial diversity (the ratio of minority to white population as suggested by Hero and Tolbert 1996), and state population (in thousands of persons).<sup>6</sup>

A last control suggested by prior work, culture, is not so easily dispatched. While students of American politics are familiar with the idea of *political* culture (e.g., Elazar 1984), the cross-national literature on life satisfaction has focused on a much wider, sociological interpretation of culture. This strand of the literature is perhaps best exemplified by Inglehart (1991), who conceives of variation across nations in levels of satisfaction with life as reflecting accumulated national experiences, absorbed in preadult socialization, that form a “national character.” Thus, culture is typically controlled for in the obvious fashion: by fitting dummy variables for sets of nations thought to share similar cultures (e.g., Latin America, Scandinavia).<sup>7</sup> While it is unlikely that the modest level of variation in culture across the states can play the same role, we control for this possibility by including dummies for each of the nine regions of the country (as defined by the Census Bureau), excepting a reference category.<sup>8</sup>

Finally, in the individual-level analysis where there is modest longitudinal variation in the data, we also include dummies for years (excepting a reference a category), to account both for pooling

as well as possible secular trends in satisfaction over time (Lane 2000). This not only relaxes any assumption about a linear trend with time, but also raises the econometric bar, given that still more of the variation in the dependent variable is absorbed into the fixed effects.

## Political Variables

Our task is thus to provide variables that measure where a state’s policy regimes falls in the conflict between “politics” and “markets.” We attempt to do so by using a series of different plausible operationalizations, enumerated thus:

*Welfare spending.* We utilize total per capita transfer payments from governments (local, state, federal) in real thousands of dollars, divided by state per capita income to account for differences in relative purchasing power across states.<sup>9</sup>

*The Regulation of Markets.* Byars, McCormick, and Yandle (1999) have created several indices of “economic freedom” based upon an analysis of state policies. We utilize their recommended, overall summary index, which assesses how conservative state policies are in five categories: taxation (which “represents a government confiscation of private resources and is therefore a violation of economic freedom”), economic regulation (especially that which “set standards for employment and worker safety”), litigation procedures (i.e., how much they “encourages frivolous law suits” against business), the size of government (given that “the portion of a state’s consumption and production that is publicly—democratically—allocated” is inversely proportional to “economic freedom”), and, of course, welfare spending. It is essential to note that this measure, like similar indices regularly offered by the Fraser Institute or the Heritage Foundation for nation-states are, as one labor economist observes, transparent measures of how much “private businesses and investors are relatively unfettered by government policies, rules, or practices” (Stanford 1999). Put differently, they are measures of economic “freedom” as seen from the ideological vantage point of business, i.e., from the market, and are perhaps more accurately described as measures of the degree of governmental intervention in, and regulation of, the economy. As such a variable makes an ideal summary measurement of the main theoretical variable interest: the extent to which “politics” have

<sup>6</sup>Putnam’s (2000) “Comprehensive Social Capital Index” taken from the “Bowling Alone” website <http://www.bowlingalone.com/data.htm> (accessed on 15 January 2006).

<sup>7</sup>Others have sought to connect international differences in satisfaction with variation not in ideographic national cultures, but with particular cultural characteristics. By far the most successful of the latter is the effort to show that the fundamental dimension of importance is that between “individualistic” as opposed to “collectivist” a country is in its value orientations (e.g., Diener et al. 1995). The amount of “collectivism” of culture is surely not likely to show great variation across the American states. In any event, we are aware of no subnational measure of this concept and presume it would, in any event, be adequately captured by the region dummies.

<sup>8</sup>The regions (using the standard Census Bureau classification) are New England, the Mid Atlantic, the East-North Central, the West North-Central, the South Atlantic, the East South-Central, the West South-Central, Mountain, and Pacific.

<sup>9</sup>Data are from the Bureau of Economic Analysis at <http://www.bea.gov/bea/regional/spi/> (accessed on 15 April 2006).

displaced “markets.” Higher values indicate a greater level of political intrusion into markets (i.e., more governmental regulation).

*Government Ideology.* We use the cumulative average (up to the year of the observation) of the state governments’ ideology index using updated data developed by Berry et al. (1998). Higher values indicate more liberal governments. We use the cumulative value as this best represents the general, long-term pattern of governmental ideology. In this we follow Radcliff (2001), who argues that a similar measure (the cumulative share of cabinet seats held by left parties) shows a strong relationship with satisfaction across countries.

*Party Control of Government.* We utilize the cumulative percentage of the state legislature controlled by the Democratic Party (Klarner, n.d.). As the Democratic Party is at least nominally more disposed toward liberal policies than the Republican alternative, the greater their share of time in government the less conservative may we expect the state’s policy regime to be. We use again using the cumulative value to the year of the observation, as with state government ideology.<sup>10</sup>

## Results

Table 1 presents the aggregate-level results. As is apparent from column (a), per capita transfer payments is significant and positive, suggesting that higher levels of spending are associated with greater levels of life satisfaction. The greater the state’s effort at income maintenance through transfers, the better quality of life is. An inspection of the outcome for the summary index of the amount of regulation of labor markets and the economy more generally tells a similar story (column b). The coefficient of interest is positive and significant, suggesting that the less friendly policies are to the free market ideal (i.e., the greater the amount of regulation), the more satisfied citizens are with the quality of their lives. Thus, the more the state intervenes in the economy through the mechanisms specified in the index (regulation, taxation, spending, and law) the more people evaluate their lives positively. The coefficient for the liberalism of state governments (column c) shows the same positive and significant relationship as with prior results, implying that the more liberal are state governments, the higher are levels of satisfaction with

life. Results are equally clear for party control of government, as seen in column (d): the coefficient for the long-term extent of Democratic control of the state legislature is significant and correctly signed.

Perhaps the most instructive way to interpret the substantive, rather than merely the statistical, significance of these results is to compute the predicted change in the dependent variable when moving across the observed range of the independent variables across the states (i.e., between the largest and smallest observed values). For ease of interpretation, we express the predicted change in terms of the number of standard deviations of the dependent variable. The strongest effect is for transfer payments, which suggests that moving from the lowest to the highest level of spending increases the state level of satisfaction by fully 2.6 standard deviations. The other variables show lower but still very substantial impacts: economic regulation 1.9 standard deviations, state government ideology 1.5 standard deviations, Democratic Party control 1.7 standard deviations. Clearly, then, the public policies state governments pursue have dramatic effects on the quality of life citizens experience, as does (as we would expect) the ideological and partisan composition of government. The measures of policy show marginally stronger effects, which is sensible, given that they represent actual, tangible outputs of government, whereas ideology and partisanship reflect only the latent or generalized disposition of governments.

We also estimated the same models using robust regression, a technique which allows us to confirm that the results are dependent upon a few atypical or otherwise overly influential cases.<sup>11</sup> The results are substantively identical to those reported in Table 2. The only appreciable difference is that three of the four coefficients of interest become both marginally more significant and slightly larger in magnitude.

## Individual-Level Analysis

Turning to the second estimation approach discussed earlier, we regress satisfaction on the individual- and state-level controls, plus the political variables used above. Where the unit of analysis was before the state mean, it is now the individual. Estimation is done with Huber-White robust standard errors, correcting for the pooled structure of the data (i.e., state-clustered).

<sup>11</sup>We relied upon the *rreg* procedure from Stata 10, which begins by removing any cases with large values on Cook’s D (of which there were actually none with the present data), and then, more importantly, proceeds to iteratively estimate the coefficients using Huber and biweight iterations.

<sup>10</sup>Both cumulative variables are scaled by dividing by 100 for ease in reporting coefficients.

TABLE 1 Political Outcomes and Life Satisfaction Aggregate-Level Results

	(a)	(b)	(c)	(d)
Transfer payments	.140*** (.056)	n/a	n/a	n/a
Economic Regulation	n/a	.042** (.019)	n/a	n/a
Government Ideology	n/a	n/a	.015** (.006)	n/a
Democratic Party Control	n/a	n/a	n/a	.017** (.009)
State population	-.000* (.000)	-.000 (.000)	-.000 (.000)	-.000 (.000)
State income	-.000 (.000)	-.000* (.000)	-.000** (.000)	-.000 (.000)
Racial diversity	.258** (.119)	.207** (.118)	.198** (.117)	.133 (.122)
Social capital	.043** (.024)	.023 (.023)	.029 (.023)	.043* (.026)
Constant	-.110 (.148)	-.078 (.151)	.119 (.104)	.040 (.123)
Observations	48	48	48	47
R-squared	0.3879	0.3621	0.3723	0.3130

Entries are unstandardized regression coefficients (standard errors in parentheses). Table omits regional dummy variables. \*significant at .10; \*\*significant at .05 level; \*\*\*significant at .01 level.

This procedure yields estimates that are robust to both between-state heteroskedasticity and within-state correlation (i.e., robust to error terms being neither identically distributed nor independent).<sup>12</sup> The reported results are substantively unchanged when using a GLS random effects model (using states as the geographical referent). We take advantage of this aspect of the data, which is the principal purpose of turning to them, by considering the possibility that the positive effects on well-being of the political factors noted above might vary by social class, such that lower-income individuals would benefit more than the affluent. We do so by including, in addition to the main effects of the political variables, interactions between them and the respondent's income.

Table 3 presents the results. As is apparent, in each model both the main effects and the interaction terms are significant and of the expected signs. The coefficients of welfare spending, the extent of economic regulation, the general ideological orientation of government, and the extent of Democratic Party control are all positive, while the interaction terms are negative, confirming that the positive effects of the political variables on satisfaction decline with greater income.

It is essential to note, however, that an interpretation of the magnitude of the coefficients shows that

the fall-off across income categories is very modest. This is most easily seen by noting that the effective slopes for the policy variables actually remain positive for even the highest income category (except for economic regulation, which becomes zero near the very top of the income distribution). Thus, while the effect of liberal policies does seem to decline somewhat with income, even those at the top of the income distribution still benefit from such policies.

### On the Possibility of Reverse Causation

It is of course possible that the causal relationship between liberal policies and life satisfaction is reversed, i.e., that individuals with high levels of life satisfaction are more inclined to be liberal, so a concentration of liberals within a state produces liberal governments that pursue liberal policies. In this view, liberal citizens are happy citizens, and the apparent connection between liberal policies and happiness reflects merely this. Pacek and Radcliff (2008) explicitly consider this possibility in a cross-national context by modeling support for the left as a function of satisfaction and a set of individual- and national-level controls. They find that "that greater [subjective] well-being does not seem to foster greater support" for the left. When applying this approach to the present data, similar results obtain: regressing ideological self-identification on satisfaction plus the individual- and state-level controls reported in Table 3 produces a coefficient that is wrongly signed and completely lacking in statistical significance, suggesting again that liberalism is not associated with greater life satisfaction. That is also the conclusion of a study by the Pew Research Center (2006), which found that self-identified conservatives in the United States are

<sup>12</sup>By using OLS we implicitly assume a constant distance between response categories, and thus treat the dependent variable as interval rather than ordinal. This is the approach typical of the satisfaction literature. However, the models reported below produce substantively identical results when using ordered probit; the principle effect of using this method is to further improve the statistical significance of the variables of interest. We report the results of the simpler estimation technique as they are more readily interpretable.

TABLE 2 Political Outcomes and Life Satisfaction Aggregate-Level Results Robust Regression

	(a)	(b)	(c)	(d)
Transfer payments	.185*** (.048)	n/a	n/a	n/a
Economic Regulation	n/a	.036* (.021)	n/a	n/a
Government Ideology	n/a	n/a	.018*** (.004)	n/a
Democratic Party Control	n/a	n/a	n/a	.024*** (.007)
State population	-.000** (.000)	-.000 (.000)	-.000** (.000)	-.000** (.000)
State income	.000 (.000)	-.000* (.000)	.000 (.000)	.000** (.000)
Racial diversity	.249** (.103)	.159 (.129)	.276*** (.080)	.240*** (.089)
Social capital	.038** (.021)	.016 (.025)	.032** (.016)	.062*** (.019)
Constant	-.338*** (.127)	-.029 (.165)	.097* (.072)	-.248*** (.089)
Observations	48	48	48	47
R-squared	n/a	n/a	n/a	n/a

Entries are unstandardized regression coefficients (standard errors in parentheses). Table omits regional dummy variables. \*significant at .10; \*\*significant at .05 level; \*\*\*significant at .01 level.

consistently happier than liberals (in every year since 1972), even when controlling for income. As a final check, we replicated the results in Table 3 when including as a control the respondent's ideological self-identification. There were no material effects on the reported results, nor do these items themselves approach statistical significance. Given, thus, that the relationship between opinion liberalism and satisfaction is actually negative, and that, in any case, the inclusion of the individual ideology as a control do not affect the reported results, we feel comfortable in concluding that it is unlikely that our findings could be driven by reverse causality.<sup>13</sup>

## Discussion

The principal empirical conclusions emerging from the analysis are clear: life satisfaction varies directly with the ideological complexion of state policies and governments. This conclusion obtains when control-

ling for individual level characteristics, economic conditions, racial diversity, social capital, and culture.

In elaborating on the implications of these results it may be helpful to begin by noting what they do *not* imply. First, they do not provide any overall judgment on whether generous welfare policies are good or bad; whether liberal or conservative, Democratic or Republican, governments are superior; or whether, in sum, human life is best served by the state taking an expansive or minimal role in economic management. These questions are inherently both normative and ideological. As such, they do not have empirical "answers." We make no pretense of offering any.

That said, our results, taken on their face, certainly do have implications for our empirical understanding of subjective well-being. It is perhaps most instructive to note that they obtain within the highly limited context of the variation in the extent of regulation and public spending that exist across the states. Radcliff (2001, 2005) has argued that the vastly larger differences in policy regimes across the industrial democracies affect subjective appreciation of life in much the same way as we have found for the American states: the greater the role of the political versus the market in the production and distribution of well-being, the greater satisfaction with life is. Such a contention is easily understood when considering countries as disparate as the social democracies of Scandinavia, at one extreme, and the liberal democracies, such as the United States at the other. To find, as we have, that similar differences emerge when considering the comparatively modest variation in the political intervention in the economy that exist across the American states is more startling, suggesting as it does that even very small differences in the ideological orientations of governments can have

<sup>13</sup>We also considered the possibility, suggested by some economists, that individual ideology (more than income or status) conditions the effect of political variables on satisfaction—so that liberals are happier when policies are more liberal—by substituting an interaction between ideology and the political variables for their interactions with income. In three of the four models, the political variables remain correctly signed and significant (and in the fourth, correctly signed), while the interaction is in each case both totally lacking in statistical significance and of the wrong sign. This suggests, at least, that the fulfillment of mere political preferences does not affect satisfaction with life in the same way that the provision of actual human needs (through political regulation of the economy, the welfare state, etc.) do. A conservative whose life is made better by liberal public policies she does not abstractly endorse may still have a better life because of those policies.

TABLE 3 Political Outcomes and Life Satisfaction Individual-Level Analysis

	(a)	(b)	(c)	(d)
<b>Political variables</b>				
Transfer Payments	.149*** (.040)	n/a	n/a	n/a
Economic Regulation	n/a	.050*** (.016)		n/a
Government Ideology	n/a	n/a	.022*** (.006)	n/a
Democratic Party Control	n/a	n/a	n/a	.015** (.007)
<b>Interaction Terms with Income</b>				
Transfer payments	-.008** (.004)	n/a	n/a	n/a
Economic Regulation	n/a	-.004*** (.001)	n/a	n/a
Government Ideology	n/a	n/a	-.002*** (.000)	n/a
Democratic Party Control	n/a	n/a	n/a	-.001** (.000)
<b>Individual Level Factors</b>				
Income	.019** (.009)	.024*** (.008)	.014*** (.004)	.011*** (.004)
Financial Satisfaction	.394*** (.005)	.394*** (.005)	.394*** (.005)	.394*** (.005)
Education Respondent unemployed	-.019*** (.005)	-.019*** (.005)	-.019*** (.005)	-.018*** (.005)
Sex	-.311*** (.043)	-.311*** (.043)	-.311*** (.043)	-.310*** (.043)
Children	.087*** (.013)	.087*** (.013)	.088*** (.013)	.088*** (.014)
African-American	-.109*** (.015)	-.109*** (.015)	-.109*** (.015)	-.111*** (.015)
Other-non white	-.198*** (.031)	-.197*** (.031)	-.199*** (.031)	-.203*** (.031)
Age	.002 (.015)	.002 (.016)	-.000 (.015)	.001 (.015)
Age squared	-.042*** (.003)	-.042*** (.003)	-.042*** (.003)	-.043*** (.003)
Widowed	.000*** (.000)	.000*** (.000)	.000*** (.000)	.000*** (.000)
Divorced	.216*** (.038)	.216*** (.038)	.218*** (.038)	.218*** (.038)
Married	.049 (.040)	.048 (.040)	.049 (.040)	.052 (.041)
Church attendance	.292*** (.029)	.292*** (.029)	.293*** (.029)	.296*** (.029)
Trust	.031*** (.003)	.030*** (.003)	.030*** (.003)	.030*** (.003)
Health of respondent	.105*** (.004)	.105*** (.004)	.105*** (.004)	.106*** (.004)
	.148*** (.005)	.148*** (.005)	.148*** (.005)	.148*** (.005)
<b>State Level Variables</b>				
State population	-.000*** (.000)	-.000*** (.000)	-.000*** (.000)	-.000** (.000)
State income	.000 (.000)	.000 (.000)	.000 (.000)	.000 (.000)
Racial diversity	.261*** (.088)	.200** (.100)	.221** (.101)	.177* (.117)
Social capital	.045*** (.018)	.024 (.024)	.031* (.022)	.043** (.022)
Constant	1.934*** (.143)	1.983*** (.114)	2.141*** (.110)	2.125*** (.117)
Observations	47636	47636	47636	47228
R-squared	0.2996	0.2995	0.2996	0.2995

Entries are unstandardized regression coefficients (state clustered robust standard errors in parentheses). Table omits regional and year dummy variables.

\*significant at .10; \*\*significant at .05 level; \*\*\*significant at .01 level.

profound impacts on the degree to which citizens evaluate their lives positively. Thus our fundamental conclusion is that politics emphatically does matter

for what is arguably the most fundamental issue in social science: identifying the conditions that make human life rewarding.

Such a contention must be considered good news for proponents of democracy, whatever their ideological preferences. The choices made by voters in choosing governments, and the subsequent policy decisions those governments undertake, do have important consequences. Democracy, then, matters.

Our findings may also be welcome in the professional sense by vindicating, in at least some small way, mainstream “behavioral” research in political science from the familiar, if tiresome, complaint that what we study is without significant relevance to the world and its problems. Thus, to return to the issue with which the paper began, our results suggest that the usual suspects in the empirical study of democratic theory and practice—public policies and electoral outcomes, and thus all the factors which in turn determine them (such as mass participation, party politics, public opinion, interest groups, legislative behavior, etc.)—do indeed matter, in the most basic sense of affecting meaningfully the lives of ordinary people.

The present study may also have implications for the academic study of subjective well-being. Most obviously, we offer further evidence in support of the disputed contention that welfare policies and the general ideological complexion of governments affect quality of life. This fact, in turn, has consequences for our theoretical understanding of what determines well-being. By demonstrating that public (i.e., democratic) “intrusion” into the market improves life satisfaction, we hope to focus scholarly attention on the theoretical understanding of human well-being. The conventional approach in psychology and economics is implicitly, and perhaps unconsciously, to assume that society is composed only of individual persons, who happen to vary in their many individual-level characteristics but who remain largely undifferentiated by macrolevel conditions aside from (a) the level of affluence and (b) culture. Thus, in the much cited, nearly encyclopedic review of the “Three Decades of Progress” in the study of subjective well-being by Diener et al. (1999) these are the only two societal factors discussed. To be sure, more recent work, reviewed previously, has touched upon macroconditions in general (e.g., social capital), and political conditions in particular (e.g., democratic institutions). But the fact remains that far too little attention has been devoted to theorizing about how sociopolitical conditions determine quality of life. In demonstrating the importance of political outcomes, we highlight the need for richer theories that incorporate such factors. More generally still, our analysis vindicates the contention that life satisfaction is

affected by the extent to which human needs are satisfied, which in turn may suggest the profitability of tying empirical work on the correlates to happiness more rigorously to that theoretical perspective.

The present study may also point toward the direction such theorizing might take. By illustrating that welfare spending, labor market regulation, and other political interventions into the economy affect well-being, we also suggest the centrality of the market economy itself. As Lindblom (1977) has persuasively argued, we tend as social theorists to take the market for granted, in the sense of considering it to be a fixed characteristic—almost a natural force of nature, akin to gravity. Instead, we need to be cognizant of the fact that the market is a variable, in the sense that it varies both in its existence but also in its character. There are, as is commonly accepted, different “flavors” of capitalist democracy. Variations in the nature of the market system across time and space would appear to be essential elements in any understanding of life satisfaction.

Similarly, it maybe the market system itself, in its defining characteristics, that also warrants attention as *the* central institution of contemporary society. Whatever their ultimate judgment on capitalism, from advocates (such as Adam Smith or Milton Friedman) to opponents (e.g., Marx or Bourdieu) to those who are both (say, J.S. Mill or even Rawls), social theorists widely agree that once introduced, the market ultimately comes to permeate the entire social order (for extensive and insightful reviews, see Lane 1991, 2000). Thus, as Heilbroner succinctly expresses this point, the market has become society’s “central organizing principle” so 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” (1985, 79). It consequently takes no great insight to suggest that any theory of human well-being should include the nature and logic of the market as explanatory factors. Our understanding of quality of life and the mechanisms that enhance or diminish it must be based upon an understanding of how the market system, as the principal institution structuring the modern world, affects the happiness of the people whose lives it defines.

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