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What makes a Good Society?

Happiness and the Role of Contextual and Psychological Factors

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Abstract

The wellbeing of individuals is one of the biggest aims of our times. If individuals' wellbeing is a fundamental value, then the search for its determinants should be a global moral imperative. Even though it is commonplace today that the wellbeing of individuals in society depends on both individual and societal factors, much of the current research and theorizing has either focused on one or the other level of analysis. The psychological tradition has mostly followed the disease model and focused on individual vulnerabilities and strengths to study subjective wellbeing. Yet, the great evolution of mental health sciences and even pharmacology in the last decades did not bring the overall level of wellbeing that one might expect. Other social scientists emphasized the role of more objective socio-economic or socio-political factors in determining wellbeing. However, this approach suggests a one-for-all recipe in order to improve wellbeing in society. In this paper, we argue that an integration of psychological and contextual factors is necessary in order to arrive at a better understanding of individuals' wellbeing in different societies. We suggest that this integrated perspective should guide policy makers for assessing and benchmarking a good society and for developing interventions in order to improve wellbeing in society. We will focus on the role of income inequality and trust in institutions to illustrate our argument. We will discuss whether enhancing trust and equality should be a moral imperative for democratic societies today.

1. Introduction

Subjective wellbeing (SWB), with one of its main components being happiness, has been considered one of the central elements for the optimal functioning of societies (Huppert, 2009; Diener, Diener & Diener, 1995). In the last decades, we have seen a growing interest in this subject in different areas, especially within social and human sciences, in order to understand the determinants and the impact of society on the wellbeing of individuals (Rivero, d'Araújo & Marujo, 2013). A large body of evidence suggests that promoting the SWB of citizens is not only beneficial for their lives, but also for society in general (Diener & Ryan, 2011; Diener, Kesebir & Tov, 2009; Veenhoven, 2011). The individual's emotional experience and the societal fabric are not disconnected, but rather inseparable when we speak of happiness and civil society (Porta & Scazzieri, 2007).

Philosopher Dan Brock (1993, cit. in Diener, Kesebir & Lucas, 2008) synthesized what philosophers, religious leaders and ordinary people throughout history considered to be a good life and proposed three main characteristics: (1) freedom to choose based on personal preferences; (2) values and ideals, such as equality, security, or self-determination; and (3) satisfaction vs. dissatisfaction or pleasure vs displeasure. Diener et al (2008) argue that the importance that philosophical tradition has attributed to people's own feelings in order to determine a good life *"has been the one most frequently ignored by governments and political leaders"* (idem, p.38).

In a recent study, including 164 nations assessed between 2005 and 2013, Diener and Tay (2015), found that almost 80% of households nowadays have electricity and television, and that longevity is generally increasing. Nevertheless, according to the authors, there are still many issues concerning people's quality of life and SWB: 19% indicate that they have no one they can count on, 49% believe that elections are dishonest, 29% do not feel free to live their lives the way they want, and 19% say they have gone hungry at some time in the past year. Data from the World Health Organization (WHO) also alerts to the burden of depression, that currently affects 350 million of people all over the world (Marcus, Yasamy,..., Saxena, 2012), despite the huge developments in mental health treatments and pharmacology. Even though people in countries like the UK or the USA became richer in the last 50 years, they do not feel happier. On the contrary, depression, as well as crime, are significantly higher than they were some decades ago (Layard, 2010). An improvement in living standards can have a positive impact on people's happiness, yet it looks as if *"this has been offset by negative effects of worsening human relationships – more broken families, more pressure at work and less cohesive communities"* (Layard, 2010, p. 27). Hence, we argue that identifying the societal factors, or enabling conditions, which along with individual factors contribute to greater well-being, or a good life, is a moral imperative of today's democratic societies.

2. What is a Good Society?

If we consider that societies are places where good life can flourish, at both the individual and collective levels, then a good society is one that creates and facilitates conditions that allow individuals to attain more happiness and less misery (Layard, 2010; Flèche & Layard, 2017). As Thomas Jefferson once stated, *"The care of human life and happiness... is the only legitimate object of good government"* (cit in Clark, Flèche, Layard, Powdthavee & Ward, 2017, p.13). In fact, greater happiness is the goal that people consider most important for their societies to

achieve (Halpern, 2010). In a UK poll, 81% of respondents *“felt that the principal objective of the government should be ‘the greater happiness’ for the people, rather than ‘the greater wealth’”* (NOP poll for the BBC, 2006; cit in Halpern, 2010, p. 281). In that sense, democratic societies must prioritize giving people a voice and taking action in order to achieve happiness as guiding principles for a good society. This must also include relief from misery (see Layard, 2010).

Diener et al. (2008) proposed the creation of national indices of wellbeing, in order to inform governments about what kind of interventions have a positive impact on citizens. They also argued that wellbeing should be included in debates about societal developmental goals, since economic factors continue to dominate the discourse when governmental policies are discussed. The authors also suggested that governments, institutions and organizations could use publicly available data on nations’ wellbeing in order to improve their policies. According to Dolan and Metcalfe (2012), a national index of wellbeing should fulfill three general conditions in order to be useful: (1) theoretical rigor; (2) policy relevance; and (3) empirical robustness. These three conditions can already be found in the most dominant wellbeing assessment approaches (Dolan & Metcalfe, 2012): (i) an objective assessment in terms of basic human needs and rights; (ii) a preference assessment in terms of fulfilment of people’s desires (as generally approached by economists); and (iii) a subjective assessment in terms of mental states or SWB (with its components pleasure, pain and life satisfaction). SWB is, in this case, a “newcomer” that adds crucial information about the human development of a nation (Abdallah, Mahony, Marks, Michaelson, Seaford, Stoll & Thompson, 2011). It has the potential to *“craft better policies because the accounts would reveal aspects of quality of life in societies that influence people’s SWB, but which the economic accounts do not fully reflect”* (Diener et al, 2015, p.147). Using empirical data on wellbeing, we can therefore identify inequalities in human wellbeing and better intervene in particular groups or regions as it happened, for example, in the U.K. data from National Accounts to Wellbeing by the New Economist Foundation (NEF). The data revealed that the lowest level of trust and belonging in the U.K. occurred in young people aged 16-24 years (Abdallah et al, 2011). These kinds of accounts provide an opportunity to better understand a nation and whether all of its citizens are flourishing, so that policies can be developed to fit the needs of specific groups, by going beyond the economic dimension.

Fortunately, SWB has already entered in public policies goals as a measure of social progress. The OECD commitment from June 2016 encourages governments to focus on people’s wellbeing. The importance of SWB in governments’ agendas has also been voiced in the OECD

Guidelines on Measuring Subjective Well-being (from 2013) or in the speech of the head of the UN Development Program (UNDP), who spoke out against the “tyranny of GDP” and in favor of focusing on the quality of growth (Helliwell, Layard and Sachs, 2017). In 2009, French President Nicolas Sarkozy convened the Commission on the Measurement of Economic Performance and Social Progress and defended that it should focus on wellbeing (Helliwell et al, 2017; Stiglitz, Sen & Fitoussi, 2009). A year later, in 2010, David Cameron, the United Kingdom (UK) prime minister, called for the Office for National Statistics to initiate a debate on wellbeing and to start measuring it (Abdallah et al, 2011). These initiatives are consistent with the state-of-the-art research on happiness and wellbeing: Veenhoven (2011) suggested that 80% of the variation in happiness can nowadays be explained by the quality of society. And Helliwell (2006) states that the quality of governments is one significant influence when explaining international differences in SWB.

3. Why does subjective wellbeing matters?

SWB is usually conceptualized as consisting of a cognitive component (life satisfaction) and an emotional component (happiness or emotional wellbeing), and how individuals think they are doing on these two components (Diener, Oishi & Ryan, 2013; Diener, Kesebir & Tov, 2009). Although life satisfaction and happiness tap into different components, they also highly correlate with each other (Helliwell et al, 2016). As Veenhoven (2011, p. 401) states, *“we appraise life on the basis of affective information in the first place. We experience positive as well as negative affects; in appraising how much we like the life we live, we assess to what extent the former outbalances the latter”*. From the research of the last decades, we can conclude that people score high on SWB when they experience many pleasant (positive affect) and few unpleasant (negative affect) emotions (Diener et al, 2013).

Higher subjective wellbeing leads to both individual gains and societal gains (Halpern, 2010; Diener et al, 2008). At an individual level, we can observe benefits in different domains such as health and longevity, income, and productivity (Quick, 2015; De Neve, Tay & Xuereb, 2013; Halpern, 2010; Diener et al, 2008). Research also suggests that people who score high on SWB have more pro-social behaviors and more engagement in social activities (De Neve et al, 2013; Halpern, 2010; Diener et al, 2008), democratic attitudes (Tov & Diener, 2008) and are more likely to endorse pro-peace attitudes (Tov, Diener, Ng, Kesebir & Harter, 2009). At the societal level, studies have shown that societies with higher levels of SWB are conducive to the survival of democratic institutions and social and political systems (Inglehart et al, 2000), and go hand

in hand with more economic activity, less social conflict and political democratization (Veenhoven, 2014).

According to Quick (2015, p.5), *“by putting people’s own experiences centre stage, wellbeing has the potential to reconnect people with policy, helping to overcome the high levels of citizens’ disengagement with the political process”*. To conclude, higher levels of SWB within a given country should be related to better health (mental and physical), higher income, greater productivity at work, better relationships and greater willingness to engage with politics. Consequently, citizens of a country with high levels of SWB not only feel good, but they also want to do good for the sake of the community and society in general, therefore perpetuating SWB in their community.

3.1. Drivers of Subjective Wellbeing

Considering the importance of wellbeing, both at the individual and the societal levels, it is crucial to understand what exactly makes people happy. The most consensual predictors or drivers of subjective wellbeing are biological (genetic make-up) (Diener et al, 2009; Helliwell & Putnam, 2004) and psychological factors such as personality traits - namely extroversion (Diener, Kesebir & Tov, 2009) and optimism (Helliwell & Putnam, 2004) -, physical health (Halpern, 2010; Helliwell et al, 2004), mental health (Layard, 2010); income (Halpern, 2010; Diener et al, 2009), and how much time individuals spend on work, leisure and relationships with the latter being a crucial driver of SWB (Halpern, 2010; Stiglitz et al, 2009; Diener, Kesebir & Tov, 2009; Blanchflower, 2009; Helliwell et al, 2004). Socio-demographic factors that have been shown as predictive of SWB are marital status (married individuals are happier) (Halpern, 2010; Diener, Kesebir & Tov, 2009; Blanchflower, 2009; Helliwell et al, 2004), education (although perhaps via an indirect effect) (Halpern, 2010; Blanchflower, 2009; Helliwell et al, 2004), employment (unemployment correlates negatively with happiness) (Halpern, 2010; Blanchflower, 2009; Helliwell et al, 2004), age (with a curvilinear effect showing that the young and elderly report higher SWB than middle-aged individuals) (Blanchflower, 2009; Helliwell et al, 2004), and religiosity (with considerable debate about whether it is believing or belonging that drives the effect) (Halpern, 2010; Diener et al, 2009; Helliwell et al, 2004).

Besides the need of having a comprehensive understanding of the drivers of happiness, Flèche and Layard (2017) posit that it is also essential to understand what causes misery or the lack of wellbeing or happiness (roughly the bottom 10% of the SWB scale). According to the authors, the main predictor of misery is mental illness, over and above poverty, unemployment, or

physical illness. If it were possible to abolish depression and anxiety, currently affecting 22% of the American population, and cure all the affected people, it would be possible to reduce by 2,4% the proportion of people feeling miserable (5,6% of the global population) (Clark et al, 2017). Hence, treating mental illness effectively could be a way to contribute to more life satisfaction and happiness (Flèche et al, 2017).

3.1.2. The Contextual Factors of Subjective Wellbeing

There are also several contextual factors that we must not underestimate when explaining country differences in SWB, such as violent climatic events, crime rates, inflation, and political instability (Halpern, 2010), as well as the degree of political freedom and civil liberties (Layard, 2010). Lopes, Palma & Alves (2013) state that some action is required at the institutional and political levels in order to ensure public participation, direct democracy, as well as a minimum of safety and equality to improve people's wellbeing. Helliwell, Huang and Wang (2017) consider that the social foundations of happiness are social support, freedom to make choices, generosity, and the absence of corruption both in government and businesses.

One of the most studied societal factors of wellbeing is, however, economic development (usually measured by Gross Domestic Product, GDP), but it is not as linear as some authors initially posited: GDP can predict SWB mainly in developing countries, but not as much in countries with already high levels of economic development (Helliwell et al, 2004). Research shows that GDP is related to SWB in OECD and developing countries, but has a much larger impact on SWB for the latter (Helliwell, 2006). Several longitudinal studies that compared levels of happiness between countries suggest that, in fact, an increase in purchasing power is not proportional to an increase in happiness, even with a huge increase in income (Easterlin, 1974; Easterlin & Sawangfa; 2010). Individual level studies have shown that an increase of income in OECD countries has little impact once the income of families rises above the median (Helliwell, 2006). As Halpern (2010) states, both across and within countries there is a solid relationship between wealth and SWB, but it is a curvilinear relationship: *"at lower levels of income, small increases in income are associated with large increases in satisfaction, but at higher levels of income, increases have much less impact"* (idem, pp 19-20). It seems, then, that GDP is a limited parameter, especially when we intend to analyze and understand people and societies (Lopes et al, 2013; OECD, 2011).

An increase in GDP can even be positively influenced by negative aspects of societies such as terrorist activities or road accidents with negative implications on people's wellbeing (Lopes, et

al., 2013). Traffic jams are another manifestation of developments that are good for stimulating GDP by promoting the use of gasoline, but negative for people's wellbeing (Stiglitz et al, 2009). There are also phenomena that are not captured by this kind of economic benchmarking, such as air pollution, which impairs people's health and wellbeing (Stiglitz, 2009). Lopes et al. (2013) also remind us that when a person gives something to another, based on generosity and social support, they are directly penalizing GDP by reducing the need for consumption. The same happens with a "*sustainable use of environment and nature*" (van den Bergh, 2008, p.133). Nonetheless, these pro-social and pro-environmental actions may contribute positively to wellbeing and progress.

Regarding the effect of wealth, it is relative income, rather than absolute income, that plays a role in people's wellbeing (Helliwell et al, 2004). The literature suggests that people tend to compare their incomes to those of others, or to what they used to earn (Layard, 2010). According to Wilkinson and Pickett (2009), more income inequality in a society leads to less wellbeing in nations.

Another important aspect at the societal level concerns the degree of democracy. Inglehart found that SWB is related to democracy and the literature suggests that that relation works in two directions: more wellbeing leads to more democracy and more democracy leads to more wellbeing, by providing a wider range of free choices (Inglehart, Foa, Peterson & Welzel, 2008). Even if democracy plays only a minor role in people's SWB – as concluded in some studies –, that role becomes more important when accompanied by rising standards of living and an improved quality of life (Inglehart, 1999). Dorn, Fischer, Kirchgässner and Sousa-Poza (2007) suggest, based on an analysis of 28 countries, that democratic countries implement policies that correspond more closely to the preferences of their citizens - the decision-making process is based also in citizens' participation, and there is a perceived procedural fairness - which leads to more happiness. Although transition countries (as former communist countries) tend not to show the same impact of democracy on wellbeing immediately after the introduction of democratic processes (and with a low level of wellbeing even before the transition), we can conclude that democracy is not a decisive factor, but an important contributor to wellbeing (Inglehart & Klingemann, 2000). On the other hand, "*high levels of well-being contribute to the survival and flourishing of democratic institutions*" (Inglehart et al, 2000, p.182).

3.1.2.1. Trust in Institutions

One of the basic foundations of a good society, with a democratic system that aims to foster people's wellbeing, is trust in institutions. Public support for democracy and its institutions is essential to the functioning of any democratic country (Marozzi, 2015; Bjørnskov & Méon, 2013; OECD, 2011). Even the OECD states that every policy *"contributes to building the trustworthiness of governments: as a result, good governance and credible policies have a significant impact on trust in institutions"* (OECD, 2011, p.193). Moreover, trust in institutions *"promotes democracy, ensures effective governance, facilitates social interactions and optimizes organizational productivity"* (Bornstein & Tomkins, 2015, p.4), in addition to contributing to people's wellbeing, as mentioned above (Helliwell et al, 2017).

Trust in institutions, or institutional trust, has been defined in many ways and there is still no consensus. Mishler & Rose (2001, quoted in Hudson, 2006, p.47) define it as *"an expected utility of functional institutions in a satisfactory way"*. Another very common perspective in the literature includes the perception of justice and effectiveness in state institutions (Sønderskov, & Dinesen, 2016). Halapuu et al. (2013, p.4) define trust in institutions as *"people's belief that a country's institutions will not, at worst, knowingly or willingly do them harm, and will, at best, act in everybody's interest"*. The OECD (2017) proposes, as a definition, *"a citizen's belief that [the institutions of government] fulfil their mandates with competence and integrity, acting in pursuit of the broader benefit of society"*.

The importance of promoting trust in institutions became even more relevant after the economic crisis of 2007, since when trust in institutions declined substantially (OECD, 2017). In fact, between 2007 and 2015, we witnessed a decline in trust in government (more evident in Slovenia, Portugal, Spain, Finland and Mexico), political parties in OECD/EU countries, parliaments, financial institutions and the *media* (OECD, 2017). Governments are concerned that this downtrend in trust can lead to less engagement in civic activities, tax evasion, less governmental legitimacy and can ultimately also threaten democracy (Marozzi, 2015). Research can help to identify the ways to improve trust in institutions.

Recent research clearly shows that good governance, manifested in fair processes and outcomes, generates trust (OECD, 2017). Corruption is a major obstacle to trust in institutions (Cole & Cohn, 2016; Marozzi, 2015; Halapuu et al, 2013; OECD, 2011), threatening the relation between governments and its citizens (OECD, 2011). However, an important point to consider is that perception of corruption may vary greatly across cultural contexts (Cole, et al., 2016). According to the OECD (2011, cit. in Marozzi, 2015), informing and engaging citizens in decision-making plays a key role in improving trust in public institutions. Two main

components are considered fundamental: (1) competence (the ability to fulfill citizens' expectations with responsiveness and reliability); and (2) values (integrity, openness, and fairness as well as good intentions) (OECD, 2017).

Trust in institutions can be improved by direct and indirect experiences. Direct experiences cannot occur with all kind of institutions, such as the United Nations (Hudson, 2016), but with the legal system in general, as in a situation of divorce in which a decision that is perceived as unfair can impact future trust in the legal system or even in government (Hudson, 2006). At an indirect level, the most common means of experience is through information that the media transmits (Theiss-Morse, Barton & Wagner, 2015). For instance, Theiss-Morse et al. (2015) noted that *"if the only knowledge people gain about the government through the media is negative, then it is no wonder that people distrust their government"* (idem, p.171). According to Ladd (2012, cit. in Theiss-Morse et al, 2015), the media have a variable impact in trust in institutions, given the decline in citizen's trust in the media during the last decades. Halapuu et al. (2013) emphasize that people's trust in institutions can change during their life cycle due to personal experiences, political circumstances or even political propaganda. Hence, trust in institutions can be molded by people in power.

As Zmerlli, Newton and Montero (2007) state, democracy and good government *"create the conditions in which social trust and political confidence can flourish, enabling citizens to develop their sense of citizenship and encouraging community involvement, civic engagement, and democratic participation, so completing the virtuous circle"* (p.61). Trust in institutions is then, as pointed out by several studies, an important factor for the prosperity of societies, with lower levels of corruption and crime contributing to higher levels of trust and, through this, to higher wellbeing (Veenhoven, 2011; Inglehart et al, 2008).

3.1.2.2. Income Inequality

Income inequality has once again become a central topic on governments' agendas after the most recent economic downturn (OECD, 2015). In fact, low income inequality is a central pillar when thinking of a good society that is democratic and inclusive regarding everyone's wellbeing. Ferrin et al (2014) developed a multidimensional concept of democracy which shows how it is intertwined with income inequality. According to this multidimensional conceptualization, socio-economic outcomes, such as a reduction in income inequality, are essential to a democratic government (Ferrin et al, 2014).

There are distinct ways to assess the level of income inequality in nations. The most prevalent measures of income inequality are the Gini Index and the inter-decile income share ratio (S90/S10). The Gini Index (or Gini coefficient) is considered to be more sensitive to the middle of the income distribution. It ranges between zero (when full equality is achieved) and one (when all the income would go to the richest person only) (OECD, 2015a). The inter-decile income share ratio (S90/S10) is more sensitive to changes on the extremes of the income distribution, by considering the share of income of the 10% richest of the population of a given nation, divided by the share of income of the 10% poorest (OECD, 2015a). According to the OECD (2015), in the 80's the 10% richest of the population earned seven times more than the poorer 10%. In 2015, the 10% richest earned ten times more. Even in good times, with economic growth and little poverty, income inequality can be high when the richest earn much more, but the poorer earn the same or even less as it is happening in some emerging economies (OECD, 2015). This also happened in the recent economic crisis when Austria, Denmark, France and the United States had huge increases in the richest incomes, while incomes fell at the bottom of the income distribution (OECD, 2015). On the other hand, despite the recent decades of economic growth, 40% of the population of the lower end of the income distribution has not benefited much from it and in some cases low earners even saw their incomes decrease (OECD, 2015). These kinds of developments hamper the opportunities of that 40% of the population to improve their lives and to provide a better future for their children (OECD, 2015).

Several authors warn about the impact that income inequality has on citizens' wellbeing. However, the research community is somewhat divided about this topic. Ruth Veenhoven (2011) states that there is no evidence that income inequality is harming people's happiness. He even says that inequality may be positively related to happiness when taking into account the wealth of a nation. Helliwell, Huang, and Wang (2016) conclude in the World Happiness Report 2016 that a broader approach to the study of inequality is to consider the distributions of life evaluations or the inequality of subjective wellbeing. This measure, according to the authors, would be a more inclusive and meaningful one: *"provide a parallel and better measure of the consequences of any inequalities in the distribution of key variables, e.g. incomes, health, education, freedom and justice, that underpin the levels and distribution of human happiness"* (p. 30).

However, Wilkinson and Pickett (2009) advocate that income inequality is at the heart of multiple emerging social problems in contemporary societies, such as level of trust, mental illness (including drug and alcohol addiction), life expectancy, infant mortality, obesity,

children's educational performance, teenage births, homicides, imprisonment rates and social mobility. According to the authors, there is clear evidence of a relationship between more egalitarian societies and more wellbeing and better outcomes on all of these dimensions. Wilkinson (2006) states that health and longevity are better in societies with more income equality and Vaclair et al. (2015) corroborated this by showing that older people report better subjective health in more equal societies. Cooper, McClausland and Theodossiou (2013) state that the negative impact of income inequality is evident not only on the lowest level of the income distribution (as proposed earlier by Oishi, Kesebir and Diener, 2011), but it is also negative for everyone's wellbeing. Alesina, Di Tella and MacCulloch (2004) agree that individuals tend to have low scores in SWB evaluations when income inequality is high, but argue that there are important differences between Europe and United States. In Europe, the poor and those on the left side of the political spectrum suffer the most from high income inequality (contrary to the rich or right-wingers). In the U.S., the SWB of the poor or the left-wingers does not seem to be affected by income inequality, but the rich are negatively affected by it. The authors explain these results with the different perceptions of society in terms of social mobility. Europeans believe that they live in less socially mobile societies and that the poor are stuck in poverty, but worthy to help. Americans consider their society to be socially mobile and that with hard work a person can escape poverty. This is consistent with the result from the World Values Survey in which 60% of Americans believed that the poor are lazy while less than 30% of Europeans had the same beliefs (Alesina et al, 2004). On the other hand, there is an evident increase in depression rates and anxiety between the 70s and the 90s which may have been aggravated by rising income inequality (Wilkinson et al, 2009). Vaclair and Bratanova (2016) also found, in a study with 28 countries in the European region, that individuals who live in more unequal societies are more fearful of crime. It is noteworthy that ethnic majority and not ethnic minority members reported greater fear of crime in more unequal countries. The authors discuss that this may indicate a disguised form of prejudice against foreigners who are seen as responsible for crime. Vaclair et al. (2015) also argued that unequal societies are more prejudiced. Using data from the European Social Survey, they found indeed that older people reported more instances of age discrimination in more unequal countries compared to more equal ones.

In sum, reducing income inequality would affect several domains, from democracy to social problems over to physical and mental health and SWB. If the goal of a good society is more subjective wellbeing for all, then reducing inequality should be a priority: we tend to feel better in more equal societies and inequality can stir distrust and anxiety as found by Delhey

and Dragolov (2014) in a study with Europeans. In this study, distrust is the mediator among affluent countries, and status anxiety among the well-off countries. Oishi et al (2011), in a study in the US, over 37 years, found evidence for the relation between low income inequality and SWB among the low earners, but not the high earners. The authors consider that the results are explained by psychological mechanisms such as perceived fairness and trust, contributing to deepen the comprehension of the psychological impact of income inequality, at an individual level as well.

3.2 Conclusions

A good society can be defined as a community that creates and facilitates conditions that allow individuals to flourish, i.e. attain high levels of SWB and low levels of misery (Layard, 2010; Flèche et al, 2017). We argue that it is a moral imperative for democratic societies to strive for such a society and that it is a crucial milestone for the optimal functioning of societies (Huppert, 2009; Diener, Diener & Diener, 1995). People want to be happy and expect to be heard and considered within a democratic society. Happier people also tend to better contribute to the sustainability of democratic institutions, therefore creating a virtuous cycle of SWB and civic engagement. Consequently, democratic governments should care about the SWB of their citizens and consider how it can be increased in regard to both its cognitive dimension (evaluation of life satisfaction) and its emotional dimension (more positive emotions and less negative emotions) which are also correlated with each other.

If policy makers aim to promote national wellbeing, they need to address the individual and collective predictors of SWB. In the present chapter, we addressed the role of contextual and psychological factors for SWB and showed how they are also interconnected. The level of SWB in a given country is then a result of multiple factors where both individual and contextual elements matter. Trust in institutions and income inequality are two examples of how individual and contextual factors may interact and have implications on individuals' wellbeing.

According to Tov et al (2009, p.236), *"when people are able to meet their needs and feel like the social and economic state of their society is adequate, they should experience increased wellbeing as well as more confidence in the performance of their government"*. In that sense, subjective wellbeing is not only dependent on genetics, personality, health and/or relationships of the individuals, but also on the quality of society. Thus, governments' agendas play a crucial role in citizens' wellbeing and a lot could be done to improve the lives of many, namely by reducing income inequality and fostering institutional trust. The moral imperative of democratic societies is to take responsibility for their citizens' wellbeing and to reduce their

feelings of misery. This should be considered in policy directives in order to achieve a good society for all.

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