Does Government Make People Happier?: Comparative Studies of Politics, Economy, Health, and Government's Roles in Quality of Life

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Our studies empirically analyze whether or not and how government can make people happier. Generally the economic, political and health conditions are often referred as the determinants for quality of life. Although governments have influenced to the largest extent general people’s quality of life, there have been very few studies over their roles, effectiveness and conditions for the sake of increasing the happiness.

Hence, it needs to answer the questions as follows: “What’s relative power of government, compared to economic, political and health factors, in determining QOL?”, “What’s role of quality or quantity of government in QOL?” “What’s conditions for government to do something for quality of life?”

We try to answer those questions by doing comparative empirical data analysis at the national level. The studies consist of two parts: First, we tests which factors including economic, political health and government relatively contribute to increasing the subjective wellbeing of nation. We confirm their relative explanation power between four factors by making the regression test.

Second, we find out the role of quality or quantity of government, the conditions by which government influences the quality of life. Those conditions include not only government’s visible capacity factors (quantity side of government) such as government size, but also invisible one (quality side of government) such as government effectiveness.
Introduction: Does Government Matter in QOL?

1) Basic Research Questions
   (1) “What’s relative explanation power of government, compared to economic, political and health factors, in determining QOL?”
   (2) “What’s role of quality or quantity of government in QOL?”
   (3) “What are conditions for government to increase the QOL?”

☞ Our research goal is to suggest a possible research topics related with government variables in QOL studies?

2) Three Main Approaches in Comparative QOL Studies
   (1) Political approaches
      -Political factor (including the party control of government, the quality and extant of welfare provision) affect a nation’s aggregate level of satisfaction (Radcliff, 2001, APSR)

   (2) Economic approaches
      -Richer countries display no greater mean happiness than poor ones (Easterlin, 1974, 1995)

   (3) Cultural Approaches
      -Individualism (collectivism) was s strong predictor of SWB when other predictors were controlled (Diener, Diener & Diener, 1995, JPSP)

3) Governments in Comparative Studies
   ☞ Government factors have disregarded because
      (1) They are regarded as being dependent on politics, economy, culture
      (2) They are considered as not important factor more than politics, economy and culture
1) Government matters in QOL because
   (1) Real acting operator to make QOL improvement
   (2) Common actor appeared in every countries
   (3) Actor to actively mobilize and implement the larger resources to enhance the QOL

2) Suggest the Five New Research Topics for Comparative Government Studies in QOL
   (1) Compare the relative explanation power of different government factors with macro-variables such as politics, economy and health
   (2) Consider not only quantitative sides of governments but also qualitative ones
       - Relative explanation power between quantity and quality of government
       - Different roles of qualitative and quantitative government variables
       - The mixed explanation power of quantity and quality of government
       - Variations within quality of government
   (3) Analyze the contexts or antecedents to influence government’s impact on QOL
   (4) Highlight the different dependent QOL variables
   (5) Specify the non-linear relationships between government factors and QOL
## Key Variables for Empirical Data Analysis

<table>
<thead>
<tr>
<th>Key Variables</th>
<th>Conceptual Components</th>
<th>Original Scale</th>
<th>Year</th>
<th>N</th>
<th>Composite Meth.</th>
<th>Data Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality of Life (Life Satisfaction)</td>
<td>General Life Satisfaction (measured by Survey Question like “All things considered, how satisfied are you with your life as whole these days?”)</td>
<td>0-10</td>
<td>2000-2008</td>
<td>131</td>
<td>-</td>
<td>WDH (World Database of Happiness)</td>
</tr>
<tr>
<td>Quality of Government</td>
<td>Government Share of CGDP (current price)</td>
<td>0-100%</td>
<td>1999-2003</td>
<td>195</td>
<td>Mean</td>
<td>Penn World Table</td>
</tr>
<tr>
<td>Quality of Government Effectiveness</td>
<td>Quality of Public Service, Quality of the Civic Service, Quality of Policy, Credibility of Government</td>
<td>-3 to +3</td>
<td>2007-2002</td>
<td>188</td>
<td>Mean</td>
<td>World Bank (based on mainly survey method)</td>
</tr>
<tr>
<td>Regulatory Quality</td>
<td>The ability of government for sound regulation</td>
<td>-3 to +3</td>
<td>2007-2002</td>
<td>188</td>
<td>Mean</td>
<td>World Bank (based on mainly survey method)</td>
</tr>
<tr>
<td>Control of Corruption</td>
<td>Public power of controlling corruption</td>
<td>-3 to +3</td>
<td>2007-2002</td>
<td>188</td>
<td>Mean</td>
<td>World Bank (based on mainly survey method)</td>
</tr>
<tr>
<td>Politics</td>
<td>Civil liberties, Political Rights</td>
<td>0-10</td>
<td>2002</td>
<td>157</td>
<td>-</td>
<td>QOG (Freedom House)</td>
</tr>
<tr>
<td>Economy</td>
<td>Gross Domestic Product per Capita</td>
<td>-</td>
<td>1999-2003</td>
<td>185</td>
<td>Mean</td>
<td>Penn World Table</td>
</tr>
<tr>
<td>Health</td>
<td>Life Expectancy</td>
<td>-</td>
<td>2000-2008</td>
<td>131</td>
<td>-</td>
<td>WDH</td>
</tr>
</tbody>
</table>
1) To find out meaningful government’s role in QOL, first, we explore the relative explanation power of government variables by comparing them with other key variables in QOL studies such as politics, economy and health factors.

*Table 2* Regression analysis: the life satisfaction (QOL) as independent Variables

<table>
<thead>
<tr>
<th></th>
<th>Column 1 (n=112)</th>
<th>Column 2 (n=112)</th>
<th>Column 3 (n=111)</th>
<th>Column 4 (n=112)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B (Std. Error)</td>
<td>Beta</td>
<td>B (Std. Error)</td>
<td>Beta</td>
</tr>
<tr>
<td>Constant</td>
<td>3.350 (.564)***</td>
<td></td>
<td>3.645 (.573)***</td>
<td></td>
</tr>
<tr>
<td>Politics</td>
<td>0.036 (.022)*</td>
<td>.104</td>
<td>0.040 (.021)**</td>
<td>.115</td>
</tr>
<tr>
<td>Economy</td>
<td>0.000 (.000)**</td>
<td>.420</td>
<td>0.000 (.000)</td>
<td>.206</td>
</tr>
<tr>
<td>Health</td>
<td>0.033 (.009)**</td>
<td>.335</td>
<td>0.027 (.009)***</td>
<td>.270</td>
</tr>
<tr>
<td>Four Gov Factors</td>
<td>-0.014 (.008)*</td>
<td>-.114</td>
<td>0.363 (.136)***</td>
<td>.342</td>
</tr>
<tr>
<td>Government Size</td>
<td></td>
<td></td>
<td>0.252 (.129)**</td>
<td>.219</td>
</tr>
<tr>
<td>F-Value</td>
<td>41.549***</td>
<td></td>
<td>41.649**</td>
<td></td>
</tr>
<tr>
<td>R2</td>
<td>.606</td>
<td></td>
<td>.609</td>
<td></td>
</tr>
</tbody>
</table>

*\*p< 0.1; ** p<0.05; *** p<0.01

2) From *Table 2*

(1) Four government factors explain larger variance of QOL more than political variables do
(2) Government effectiveness is factor to have the powerful explanation more than any other key-macro-variables (politics, economy and health factor) do

THUS we recognize the significant role of government factors in QOL
A lot of researches have narrowly stressed quantitative side of government. However, we must consider qualitative side of government or account of both of two sides. 

(1) Relative explanation power between quantity and quality of government 

(2) Different roles of qualitative and quantitative government variables 

**Table 3**

<table>
<thead>
<tr>
<th></th>
<th>B (Std. Error)</th>
<th>Beta</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>4.084(.600)***</td>
<td></td>
</tr>
<tr>
<td>Politics</td>
<td>0.038 (.021)*</td>
<td>.104</td>
</tr>
<tr>
<td>Economy</td>
<td>0.000 (.000)</td>
<td>.127</td>
</tr>
<tr>
<td>Health</td>
<td>0.027 (.009)***</td>
<td>.275</td>
</tr>
<tr>
<td>Government Size</td>
<td>-0.016 (.008)**</td>
<td>-.135</td>
</tr>
<tr>
<td>Government Effectiveness</td>
<td>0.396 (.135)***</td>
<td>373</td>
</tr>
<tr>
<td>F–Value</td>
<td>37.296***</td>
<td></td>
</tr>
<tr>
<td>R2</td>
<td>.635</td>
<td></td>
</tr>
</tbody>
</table>

*<Table 3> shows that the qualitative variable (government effectiveness) has higher explanation power more than quantitative one (government size) does*
(3) The mixed explanation power of quality & quantity of government

To test mixed impact of quality & quantity sides of government, based on quantity and quality, we make four types of government by using 2 by 2 matrix.

*<Table 4> four types of government*

- **Quality : Three Qualitative Variable**
  - Low
  - High

<table>
<thead>
<tr>
<th>Quality : Three Qualitative Variable</th>
<th>Quantity: Government Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>Small</td>
</tr>
<tr>
<td>1. High Quality &amp; Small Gov.</td>
<td></td>
</tr>
<tr>
<td>2. High Quality &amp; Big Gov.</td>
<td></td>
</tr>
<tr>
<td>3. Low Quality &amp; Small Gov.</td>
<td></td>
</tr>
<tr>
<td>4. Low Quality &amp; Big Gov.</td>
<td></td>
</tr>
</tbody>
</table>

*<Figure 3> government type and life satisfaction*

- From <Figure 3>
  - In enhancing QOL, government with high quality and small size is best one.
  - Second choice government has attributes of high quality and big government, followed by low quality and small government.
Topic 2: Quantity and Quality of Government

(4) Variations within qualities of government

From <Figure 4> to <Figure 6>, the different qualities of government (Government Effectiveness, Regulatory Quality, Control of Corruption) produce different impacts on QOL.

→ At simple regression line, government effectiveness has largest coefficients than other two variables do.
As contexts (i.e., politics, economy, or health variables) as negative or positive antecedents influence the impact of government factor on QOL, we try to find out those contexts or antecedents’ roles.

To test the context effects, after controlling variable of government effectiveness, we divide the countries into less democratic or more democratic country group as shown in Figure 7 and, poor or rich country group as shown in Figure 8.

☞ Figure 7 and Figure 8 show that even if there are the same levels of government effectiveness, gap in degree of democracy or economic state bring out difference in QOL. Those imply that there are some conditions to facilitate the government’s role in QOL.
In setting the dependent variables, since a lot of researches tend to focus only on the subjective wellbeing, it did not show other possible impacts or by-products of government on QOL. Hence we should try to find out other variables except subjective QOL.

**Topic 4: The Different Dependent QOL Variables**

- **Objective QOL:**
  
  Objective QOL is 005 Economist QOL Index based on 9 variable

- **Subjective QOL:**

  Subjective QOL = 5.87 + 0.80 * Goveffect
  R-Square = 0.51

- **Cf.)**

  Objective QOL = 5.92 + 0.85 * Goveffect
  R-Square = 0.74

**<Figure 9>**

Subjective QOL vs. Objective QOL through government effectiveness.

**<Figure 10>**

Subjective QOL vs. Objective QOL through government effectiveness.

**<Figure 9>** and **<Figure 10>** show that even if there is the same government effectiveness as independent variable, there are gaps between subjective QOL and objective QOL as dependent variables. There are more rapidly changes in objective QOL than one in subjective QOL. It means that effective government increases the objective QOL at first more than subjective QOL.
Although there are different relationships between government’s role and QOL, since we heavily depend on linear functions, we can’t say more than increasing or decreasing patterns of QOL. However, there are diverse possibilities of non-linear relationships.

Smoothing two lines in Figure 11 and Figure 12 between government size/effectiveness and QOL suggest such non-linear and other possibility of relationships.

→ First, the possibility of non-linear relationships between government fact and QOL.
→ Second, differences in slopes--rapidly change or slow change.
→ Third, no increasing area despite of advances in QOL government effectiveness, shown in RED CIRCLE.
→ Fourth, threshold points in YELLOW TRIANGLE or inflection points in RED TRIANGLE.
1) Basic Questions: Does Government Make People Happier? YES

2) Five Research Topics for Comparative Government Studies in QOL
   (1) Compare the relative explanation power of different government factors with macro variables such as politics, economy and health
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