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Can Demographics Change Happiness? The Case of Europe

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Abstract

The demographic change is altering the way the countries function. One of the integral parts of any economy is labour force, which has been greatly affected in aging societies. In this paper, the factors influencing the demographic change have been put into the happiness equation. Demographic variables are not a new addition to well-being model, since individual-specific determinants of happiness, such as age, gender and family setting have been long incorporated in the analysis. This paper proposes to analyze the relationship between country-specific demographic variables and individual satisfaction with life. Fertility rates and life expectancy were found to have a non-linear and robust link with well-being, whilst migration portrayed significant linearity with happiness. Despite that, the relationship is even more complicated due to variables that account for interaction between the demographic factors and life satisfaction. The non-homogenous results found in this paper make it more difficult to produce appropriate policy recommendations. It is clear from the robustness of results that the demographic change needs to be articulated in the long-term strategy. But at the same time, the heterogeneity complicates the matter since individual preferences differ greatly across and within different country groups. Therefore, demographic change is significant for life satisfaction, but policy-making should be carried out with scrutiny.

Keywords

Demographic change

Happiness

Fertility rates

Life expectancy

Migration