



Press Release, November 23, 2010

## **Does Money Matter? Evidence Shows that Mental and Physical Health, Stress, and Sense of Belonging Trump Income as Determinants of the Happiness of Canadians**

The Centre for the Study of Living Standards (CSLS) released today a [major study](#) on factors influencing the happiness or life satisfaction of Canadians. The report, prepared in partnership with the Institute for Competitiveness and Prosperity (ICP), was based on data for 70,000 Canadians from Statistics Canada's Community Health Survey. It provides a comprehensive analysis of the happiness landscape in Canada, quantifies the many variables that determine happiness, and explains the variation in happiness across provinces, CMAs and health regions.

The key findings of the study are highlighted below.

- There is relatively little variation in average happiness in Canada both over time and across space. In 2009, 92.1 per cent of the population 12 and over reported that they were either satisfied or very satisfied with their lives, compared to 91.4 per cent in 2008, 91.9 per cent in 2007, 91.8 per cent in 2005, and 91.3 per cent in 2003. Based on a scale of 1 to 5, the average level of happiness of the Canadian population 20 and over in 2007-8 was 4.26.
- At the provincial level, life satisfaction ranged from a high of 4.33 in Prince Edward Island to a low of 4.23 in Ontario, a total range of 0.10 points (2.5 per cent) out of a potential maximum variation of four points. At the level of the 32 CMAs, average happiness ranged from a high of 4.37 in Sherbrooke, Quebec, to a low of 4.15 in Toronto, Ontario, a range of 0.22 points or 5.5 per cent. At the level of the 121 health regions, average happiness ranged from a high of 4.42 in Kings County, Prince Edward Island to a low of 4.12 in the City of Toronto Health Unit, a range of 0.30 points or 7.5 per cent.
- A one-unit increase in perceived mental health (measured on a scale from 1 to 5, where 1 is poor mental health and 5 is excellent mental health) raises the proportion of individuals that are very satisfied with life by 17.0 percentage points. Said another way, the effect for the average person of a one-unit increase in mental health on happiness is equivalent to the effect a 309 per cent increase in household income on happiness.
- Perceived health status was also an economically significant determinant of happiness. A one-unit increase in health status increases the proportion of individuals that are very

satisfied with life by 8.8 percentage points. Such a change is equivalent to a 157 per cent increase in household income.

- High levels of stress level were associated with lower life satisfaction. Specifically, a one-unit increase in stress (measured on a 5-point scale) decreases the proportion of individuals that are very satisfied by 7.7 percentage points. In terms of household income, this is equivalent to the effect of a 136 per cent decrease on happiness for the average person.
- An individual's sense of belonging to their local community was also an important determinant of individual life satisfaction. A one-unit increase in sense of belonging (measured on a 4-point scale) increases the proportion of individuals that are very satisfied with life by 6.5 percentage points. Relative to the effect of household income, such a change is equivalent to a 116 per cent increase in income for the average person.
- Unemployment had a negative impact on people's happiness. Relative to household income, moving from unemployment to employment has the same impact on happiness as a 151 per cent increase in income for the average person.
- Although household income was statistically significant at the one per cent level, it carries less economic significance for happiness than the variables highlighted above. Specifically, a ten per cent increase in household income from the mean increases the proportion of individuals that are very satisfied with life by only 0.6 percentage points.
- Geographical variation in happiness in Canada arises for two main sources: differences in the means of variables associated with life satisfaction and the importance of those variables in the life satisfaction regressions. Although sense of belonging was not the most economically significant variable in our models of life satisfaction, the variation in this variable across geographical units was quite large and this factor was key to explaining regional differences in happiness.

The report provides strong support for the 2009 Stiglitz report commissioned by French President Nicholas Sarkozy that recommended greater emphasis be placed on happiness relative to GDP in the development of public policy. To address this emerging issue of the role of happiness in public policy, the CSLS and the ICP are organizing a conference on this topic in Ottawa on December 1, 2010. The program is posted [here](#). To register, click [here](#).

The [Centre for the Study of Living Standards](#) (CSLS) is a national, independent, not-for-profit research organization which began operations in August 1995. Its objectives are twofold. First, the goal is to contribute to a better understanding of trends and determinants of productivity, living standards, and economic well-being in Canada through research, and second to contribute to public debate by developing and advocating specific policies to improve the living standard of Canadians. Further information/interviews: contact Andrew Sharpe, 613-233-8891, [andrew.sharpe@csls.ca](mailto:andrew.sharpe@csls.ca)