The International Pursuit of Happiness: A Policymaker’s Guide to Migration and Subjective Well-being

Jeremy L. Neufeld
Immigration Policy Analyst
Niskanen Center

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Executive Summary

Economists have widely touted the large gains in objective, material well-being afforded by migration. But objective well-being is merely a useful proxy for the more elusive subjective well-being. The burgeoning field of happiness studies has brought subjective well-being into the realm of social science, with important lessons for policymakers. While this new field has confirmed that there are large gains to be had from migration — to migrants, the receiving population, and those in the sending country — it provides insights into precisely when objective well-being is a sufficient target and when the consideration of other factors is beneficial.

This paper details how immigration to happier countries improves the subjective well-being of immigrants, those they leave behind in sending countries, and natives in receiving countries — and when it doesn’t. It then examines how happiness research can inform policy decisions, especially those affecting the composition of immigrant origins, tradeoffs between temporary and permanent migration, family sponsorship, and immigrant integration.
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Introduction

Theories of migration — positive and normative — rely to a significant extent on assumptions about the relationship between happiness and material well-being. Positive theories designed to explain how migrants do move usually begin from assumptions about individuals and households making decisions to increase their happiness. Push-pull models of migration describe both those factors which would tend to increase the magnitude of happiness gains from migrating (e.g., better economic opportunities, political freedom, social networks in the receiving country, etc.) and factors constraining the ability of people to access those gains (e.g., distance, immigration laws, etc.).

Neoclassical and human capital models of migration focus on the economic forces that arise from international labor markets allocating labor among areas with different wage levels, but rest on the microfoundations of individuals making decisions in those labor markets to maximize their own happiness. The new economics of labor migration seeks to correct the primacy of wage differentials, and raises the unit of analysis from profit-seeking individuals to risk-sharing families or households, but all in the service of describing migrant choices in terms of people trying to improve their own well-being.¹ The common thread that migration decisions are motivated by migrants’ intention to improve their material well-being may appear obvious or even tautological, but it’s useful to make explicit because as we’ll see, the burgeoning field of happiness studies allows us to investigate how well migrants make these decisions, what spillovers are caused by these decisions, and how immigration policies serve to facilitate or mitigate the potential gains to happiness.

The economics of migration has typically investigated the relationships between immigration and traditional economic measures like income or unemployment. But economics and economic indicators have often been criticized for promulgating too narrow a conception of human flourishing. Robert F. Kennedy’s famous speech at the University of Kansas is the most eloquent formulation of the criticism:

The gross national product does not allow for the health of our children, the quality of their education or the joy of their play. It does not include the beauty of our poetry or the strength of our marriages, the intelligence of our public debate or the integrity of our public officials. It measures neither our wit nor our courage, neither our wisdom nor our learning, neither our compassion nor our devotion to our country, it measures everything in short, except that which makes life worthwhile.²

Economists will be the first to admit that measures of income like gross domestic product and GDP per capita are imperfect indicators of welfare. Over the decades, they have offered alternative ways to investigate human welfare.

One approach has been to devise and use more inclusive and less materialistic indices to supplement the old standard of GDP per capita. For instance, Mahbub ul Haq and Amartya Sen developed the United Nations Human Development Index (HDI), which combines income, life expectancy, and education into a composite index.³ Charles I. Jones and Peter J. Klenow offer a summary statistic of their own that is even more inclusive than the HDI, combining consumption, leisure, mortality, and inequality.⁴ The number of alternative measures has proliferated as dozens of economists have devised and published their own preferred metrics. But all of them show that the criticism of reliance on GDP per capita is misplaced since they all are very strongly correlated with average income.

The correlation between HDI and GDP per capita is .95, indicating a strong relationship.⁵ Jones and Klenow found an even stronger correlation of .98 between their own welfare indicator and GDP per capita.⁶ Perhaps these alternate measures are philosophically preferable to GDP per capita. But they are so

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⁶ Jones and Klenow, “Beyond GDP,” 2427.
similar to GDP per capita that switching to them wouldn’t seem to change any conclusions.

The Happiness Approach

The other approach — called “happiness research,” the “economics of happiness,” or “happiness studies” — has been to ask individuals about their happiness directly. While the approach of deriving new welfare indicators starts from the assumption that we are missing important determinants of human flourishing when we only look at income, happiness studies take the reverse approach, and begin with the assumption that the best way to measure happiness is to ask people how happy they are. Happiness studies is more deeply empirical in this way by not assuming from the outset what factors are important determinants of happiness. It is not without criticism, but for the purposes of this report, we will take the results from happiness research at face value.

Within happiness research, researchers have used a few competing approaches. Experience sampling and day reconstruction methods are intended to capture the hedonic emotional quality — subjective well-being — of a given moment or day, whereas life satisfaction evaluation is intended to capture how people subjectively evaluate their lives upon reflection and introspection. These approaches allow economists and other social scientists to compare the relative importance of various determinants of subjective well-being such as income, employment, social capital, health, inflation, inequality, environmental quality, etc. directly, rather than making arbitrary determinations about relative weights in designing an index.

The table below shows a cross-country regression analysis of Gallup World Poll data. Survey respondents were asked to evaluate their lives on a scale from 0–10. The table summarizes the results from regressing three combinations of

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important determinants of happiness on the average self-reported happiness in 156 countries.

**Cross-country analysis of determinants of happiness, 2005–2017**

<table>
<thead>
<tr>
<th>Country-level variable</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP per capita (log)</td>
<td>0.574*** (0.022)</td>
<td>0.381*** (0.021)</td>
<td>0.270*** (0.031)</td>
</tr>
<tr>
<td>Social support</td>
<td>2.332*** (0.171)</td>
<td>1.946*** (0.202)</td>
<td></td>
</tr>
<tr>
<td>Life expectancy</td>
<td>0.021*** (0.005)</td>
<td>0.018*** (0.006)</td>
<td></td>
</tr>
<tr>
<td>Gini</td>
<td></td>
<td>-0.984*** (0.206)</td>
<td></td>
</tr>
<tr>
<td>Freedom</td>
<td></td>
<td>1.123*** (0.154)</td>
<td></td>
</tr>
<tr>
<td>Corruption</td>
<td></td>
<td>-0.562*** (0.111)</td>
<td></td>
</tr>
<tr>
<td>n</td>
<td>1474</td>
<td>1461</td>
<td>1053</td>
</tr>
<tr>
<td>R²(adj.)</td>
<td>0.738</td>
<td>0.770</td>
<td>0.793</td>
</tr>
</tbody>
</table>

Note: * p<.1, ** p<.05, *** p<.01. Year and region fixed effects are included.

The analysis reveals that average national happiness is associated with higher average income, greater social support (i.e., whether people believe they have friends and family on whom they can count), higher life expectancy, greater equality, higher perceived freedom to make choices, and less perceived corruption. The most powerful explanatory variable is social support, followed closely by average income. After that, freedom, corruption, life expectancy, and inequality follow in descending order.

Much of the literature in happiness research has focused on determinants of individual and national well-being, but it has recently begun to investigate migration specifically.
Migrants and Happiness

The logic of revealed preference would imply that, with the possible exception of forced migrants such as refugees, migrants’ decision to migrate necessarily improves their welfare; if it wouldn’t, they wouldn’t have done so. In addition, the literature on the determinants of welfare outside the subject of migration would also suggest that migration should lead to significant gains in happiness for migrants. Individual well-being is determined to a great degree by material well-being, with subjective measures of well-being increasing (albeit with declining returns) with income, health, and freedom, which are all likely to be improved by migration.10

However, social capital has also been found to contribute to subjective well-being11 and can sometimes be diminished through migration. Nevertheless, immigrants make decisions knowing about their social networks in receiving countries. Family unification is often a motivating factor for migration, so social capital is increased by migrating. Further, the common phenomenon of chain migration means that immigration increases with social capital in a receiving country. In fact, happiness research has suggested migrants find material improvements more satisfying and conducive to their well-being than non-migrants, and income may therefore be a better predictor of happiness in migrants than in other populations, especially if they come from poorer areas.12

This is not to say that migrants cannot overrate how much they themselves value material betterment compared to other aspects of the good life, but when compared to non-migrants, improvements in objective well-being are important. And in fact, we can see from the figure below, the intuition of subjective gains from migration to happier countries (which represent the bulk of migration) is largely borne out in the data. The figure shows that the happiness of the foreign-born population within a country is highly correlated (> .91) with the happiness of the native-born. The trendline is also close to the 45-degree line, indicating that immigrants’ happiness converges quite closely with that of the native population.

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10 Ibid.
11 Ibid.
population. In moving from a less happy country to a more happy country, immigrants can therefore expect generally to see significant improvements in their lives and to evaluate their lives similarly to natives of the country.

Foreign-born and native-born happiness, by country

However, while the trendline in the figure above is close to the 45-degree line, it is not quite there: The slope of the trendline is less than 1, at only about .85. In the figure, it is clearly less steep than the mirror line, implying that immigrants to unhappier countries tend to be slightly happier than natives and immigrants to happier countries tend to be slightly less happy than natives. This can clearly be seen in the table below, which contrasts the countries with the happiest immigrants in absolute terms and countries which have the happiest immigrants relative to natives. The absolute happiest immigrants are in very

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13 Data obtained from the online data supplement to Helliwell, Layard, and Sachs, World Happiness Report 2018.
happy countries, while the relatively happiest immigrants, as compared with the native population, are in very unhappy countries.

### Happiest immigrant populations, absolute and relative

<table>
<thead>
<tr>
<th>Happiest immigrant population (absolute)</th>
<th>Happiest immigrant population (relative to natives)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Country</strong></td>
<td><strong>Average life evaluation, foreign-born</strong></td>
</tr>
<tr>
<td>Finland</td>
<td>7.7</td>
</tr>
<tr>
<td>Denmark</td>
<td>7.5</td>
</tr>
<tr>
<td>Norway</td>
<td>7.4</td>
</tr>
<tr>
<td>Iceland</td>
<td>7.3</td>
</tr>
<tr>
<td>New Zealand</td>
<td>7.3</td>
</tr>
<tr>
<td>Australia</td>
<td>7.2</td>
</tr>
<tr>
<td>Canada</td>
<td>7.2</td>
</tr>
<tr>
<td>Sweden</td>
<td>7.2</td>
</tr>
<tr>
<td>Switzerland</td>
<td>7.2</td>
</tr>
<tr>
<td>Mexico</td>
<td>7.0</td>
</tr>
</tbody>
</table>

This systematic divergence indicates that rather than converging entirely with the life evaluation of natives, the life evaluations of migrants largely converges but retains a small but persisting effect from that of their home countries.

Researchers have put forward a number of possibilities. One possibility is that immigrants misjudge the opportunities available at their destination. Their perceptions of how much better a destination country is may exceed the reality, whether formed by comparisons with natives whose situations and outcomes are not available to an immigrant, or by misinformation about previous migrants.

Another possibility is that migrants overestimate how long happiness gains will last. The so-called “hedonic treadmill” describes a person improving their material well-being but not getting any happier as they quickly assimilate any

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material gains into a new normal and return to a baseline level of happiness. The hedonic treadmill concept is not well supported by the research on the determinants of well-being, which does generally find improvements in subjective well-being from material gains. Indeed, one study on migrants specifically found that of all the potential predictors of subjective well-being among economic immigrants, the one that explained the least was personality — and with it, the idea of some innate set point to which levels of happiness will recalibrate to. Far more important were relative youth, health, and language proficiency.\footnote{Anna Bak-Klimek, Thanos Karatzias, Lawrie Elliott, and Rory MacLean, “The Determinants of Well-Being Among Polish Economic Immigrants: Testing the Sustainable Happiness Model in Migrant Population,” \textit{Journal of Happiness Studies} 6, no. 19 (2017): 1565–1588.}

“Adaptation theory” describes a similar dynamic and is somewhat more realistic than the setpoint theory of the hedonic treadmill. Rather than suggesting that material improvements don’t improve welfare in the long run, it suggests that migrants do not anticipate the fact that while their objective standard of living may improve, their relative situation may decline as they no longer compare themselves to people in their home country and begin to compare themselves more with those in the host country. This possibility is hinted at by research finding that relative income plays a role in determining individual subjective well-being, though not at the exclusion of absolute income.\footnote{Andrew E. Clark, Paul Fritjers, and Michael A. Shields, “Relative Income, Happiness, and Utility: An Explanation for the Easterlin Paradox and Other Puzzles,” \textit{Journal of Economic Literature} 46, no. 1 (2008): 95–144.}

The figure above indicates that such effects do not dominate, but they may play a role in mitigating changes in the subjective well-being of immigrants. An immigrant from a less happy country does tend to improve their own happiness, but as their reference class slowly shifts toward natives and decreasingly towards the conditions of those who remained in their home countries, the improvements are not quite as large as the absolute gains might imply. Still, the gains are significant.

The World Happiness Report 2018 models the self-reported well-being of an immigrant as a function of the average self-reported well-being of the host and home countries, and of how accepting the host country is. After estimating their model, the authors find that the effect of the level of well-being of natives in the
home country is statistically significant, but only about a third as strong as the effect from the host country’s level of well-being.\textsuperscript{17}

Other studies have investigated the role of adaptation in dampening the convergence of levels of happiness. One discussion paper uses European Social Survey data to find that first-generation immigrants do derive an initial bump to their well-being but that it does not keep pace with their continued material improvement after migrating as they habituate to their new home and expand their aspirations enough to compensate. They propose managing immigrants’ expectations before arrival and encouraging immigrants to keep ties in their home counties for the express purpose of maintaining a frame of reference in their less happy origins.\textsuperscript{18} Another study looks at how adaptation and comparison to peers, especially at the low end of the life-satisfaction distribution, can spur return migration, but shows that, in general, migrants are happy with life and desire residing in their new country — all the more if their spouse is with them and if they are more highly educated, well-housed, and better paid, and do not experience hostility from natives.\textsuperscript{19}

However, it is worth pointing out that even migration decisions that are reversed may improve the migrant’s well-being in the long run compared to those who never left. Migration may have provided important opportunities, if only temporarily, fostered valuable skills, engendered deeper ties with home, or even merely given information to the migrant about the truth of migration — even a migrant who determines that migration was a poor choice (or merely no longer worth it) and returns has the certainty and confidence that can’t be enjoyed by someone who reaches old age and regrets never having migrated when young.\textsuperscript{20}

\textsuperscript{17} Helliwell, Layard, and Sachs, \textit{World Happiness}, 34–35.
Natives and Those Left Behind

If the increased happiness of the migrants themselves was self-evident, the effects of migration on natives and those left behind is less clear from intuition alone. Luckily, happiness research has begun to investigate these questions.

Natives, like migrants, stand to benefit from increased objective well-being from migration. The literature on the economic impact of migration on natives is large, but in short, it suggests that on average, natives will benefit, and even those natives in direct competition with immigrants and migrant workers are not likely to see reduced wages (and if they do, the effects are likely to be small).

Natives’ subjective well-being is perhaps most likely to be affected by the cultural and political rather than economic effects of immigration. And the cultural reaction of natives is likely to be mediated by politics. On the one hand, those more open to experience may find immigrants culturally enriching. On the other hand, those less open to experience and more conservative by disposition may feel threatened by the cultural (or political) consequences of immigration.

The literature so far suggests the net effect of all of these factors is a small but positive and statistically significant effect on native welfare. The first study suggested that immigrants have a positive effect on the subjective well-being of natives, with a U-shaped relationship with economic integration: No real effect on natives at the highest or lowest levels of integration but high where there’s a moderate amount of integration. This is an interesting complement to the effect described in the previous section, where immigrants at higher levels of integration saw fewer subjective gains by way of increased aspirations — and would seem to suggest the importance for the subjective well-being of both migrants and natives of migrants keeping up relationships with the home country and preserving dual frames of reference.

The latest study on the subject examined 26 countries and found that immigrants have small but significant positive effects on the life satisfaction of natives, but that these effects were weakest when immigrants were new arrivals.

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and grew to be significantly larger when immigrants had already been there two years.\textsuperscript{23}

The situation for those left behind is more complicated. Where we have so far seen objective well-being and subjective well-being move in generally the same direction, family members left behind are usually made significantly better off materially from receiving remittances.\textsuperscript{24} However, this does not necessarily compensate for missing loved ones working abroad. The earliest study on the question found that the subjective well-being of family members left behind was improved by remittances, but at the cost of stress and depression — though the negative effects were weaker in poorer areas.\textsuperscript{25} Follow-up studies have been even more negative, finding that even happiness levels were reduced.\textsuperscript{26}

United States Admissions Policy and Happiness

The strong correlation between the subjective well-being of immigrants and that of natives allows us to use the national averages derived from the World Gallup Poll in conjunction with DHS data to investigate how well U.S. admissions policy promotes happiness. The table below shows a simple ordinary least squares regression of each country’s average national happiness on the number of visas the United States issues to migrants from that country, by visa category.


\textsuperscript{26} Fernando Borraz, Susan Pozo, and Máximo Rossi, “And What About the Family Back Home?” Universidad de la Republica deCON Working Paper 3/08.
### United States Admissions Policy and Happiness

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>OLS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total immigrants (thousands)</td>
<td>$-3.370$ $(13.624)$</td>
</tr>
<tr>
<td>Immediate Relative</td>
<td>$4.300$ $(8.142)$</td>
</tr>
<tr>
<td>Family-preference</td>
<td>$-0.524$ $(4.018)$</td>
</tr>
<tr>
<td>Employment-based</td>
<td>$1.167$ $(-0.450)$</td>
</tr>
<tr>
<td>Diversity Visa</td>
<td>$-1.526^{***}$ $(0.540)$</td>
</tr>
<tr>
<td>Refugees</td>
<td>$-3.201^{**}$ $(1.352)$</td>
</tr>
<tr>
<td>Total non-immigrants (tens of thousands)</td>
<td>$7.617$ $(7.361)$</td>
</tr>
<tr>
<td>H-1B</td>
<td>$-2.231$ $(2.006)$</td>
</tr>
<tr>
<td>H-2A</td>
<td>$3.371$ $(13.143)$</td>
</tr>
<tr>
<td>H-2B</td>
<td>$1.305$ $(3.292)$</td>
</tr>
<tr>
<td>O</td>
<td>$0.899^{***}$ $(0.271)$</td>
</tr>
<tr>
<td>P-1, P-2, P-3</td>
<td>$0.464$ $(0.314)$</td>
</tr>
<tr>
<td>L</td>
<td>$1.872^{**}$ $(0.835)$</td>
</tr>
<tr>
<td>E-1, E-2, E-3</td>
<td>$3.020^*$ $(1.592)$</td>
</tr>
</tbody>
</table>

Note: * $p<.1$, **$p<.05$, ***$p<.01$.

We can immediately see that refugee resettlement and the diversity visa are conducive to happiness, as U.S. designers would hope. In the category of temporary work, the O visa, L visa, and E visas all were inversely correlated with the happiness gap, implying that these visas are unlikely to generate gains for the migrants themselves. However, this should not be of particular concern to policymakers since these programs are generally designed for the benefit of natives.
The diversity visa’s contribution to well-being could be improved, however, by greater attention to country composition. Countries with low immigration to the United States send immigrants more likely to maintain social links to home, important to maintain dual reference frames. But selecting only on that is likely to sacrifice benefits from countries with larger happiness gaps. In addition, because the United States is so close to Latin America, which is among the happiest regions relative to objective well-being, these results highlight the importance of programs like the diversity visa, which encourages relatively more immigration from distant countries, in counteracting the effects of the “gravity” of immigration — the relative ease of moving to countries closer to one’s own — which may have an inverse relationship with happiness.

Policymakers should also remember that keeping families intact does appear to be significantly more important than the permanence of immigration status for the purposes of integration. One study found that the extent of legal rights to which immigrants are entitled such as voting or eligibility for social programs in the host country is not important but that social climate mattered significantly more.27 The implications of these findings are most notable in light of other research, notably that of Martin Ruhs, showing that countries generally face a tradeoff between the number of migrants they allow in and the extent of rights and permanency of status afforded to migrants.28 In light of this tradeoff, the findings suggest that expansions of status for migrants beyond work authorization and potentially family sponsorship — for instance, a guarantee of full citizenship for guest workers — may lead to a decrease in the happiness gains from migration; the migrants who will benefit from greater status will not be made much happier while the flow of migration can be expected to be tightened over the long run, closing off the bulk of the gains, which accrue merely from working in the receiving country. Lawmakers and advocates therefore are doing migrants and would-be migrants a disservice by a focus on inclusion in social programs and guaranteeing pathways to full citizenship rather than the legal limits on migration itself.

Conclusion

Happiness research does not represent a revolution in our knowledge about migration. While it can offer valuable lessons to policymakers, it largely reinforces what economists have long known about migration: Migration has enormous potential to improve the lives of migrants themselves, natives in receiving countries, and those whom migrants leave behind. Still, happiness research clarifies the limits and conditions of those improvements. It reveals the small but lingering effects of the happiness of migrants’ home countries, the importance of maintaining dual frames of reference for maximizing migrants’ happiness, the importance of family unification on happiness, and the relative unimportance of certain legal rights afforded to migrants beyond work authorization—useful insights in determining how to make the most of the immense opportunities to improve well-being that migration affords.

About the Author

Jeremy L. Neufeld is a Niskanen Center policy analyst where his work focuses on immigration policy, specifically on temporary and immigrant visas. He is a graduate of the University of Maryland, College Park, where he received a B.S. in Economics. Neufeld’s research has been cited by outlets including the Washington Post, Bloomberg, Slate, Vice, MSNBC, and the Economic Times.