MOVING TOWARDS HAPPINESS

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SUMMARY HAIKU

People think of fun
when migrating, not just jobs.
Happiness is key.

INTRODUCTION

Why do people migrate from one country to another? People may move not just to increase their income but also for their broader wellbeing, e.g. to enjoy a better lifestyle. Prior research has established that income differences between destination and origin countries of prospective migrants play a part in decisions to move. Our research looks at how 'happiness' (i.e. subjective wellbeing) factors into the decision to migrate.

We look at how 'happy' a country is on average and what this explains about migration between origin and destination countries. Happiness here reflects the mean level of surveyed life satisfaction in a country.

We also look at the standard deviation of happiness to see whether inequality in happiness within a country has an impact on migration decisions. The study indicates the need to incorporate broader measures of wellbeing, including both pecuniary and non-pecuniary factors, when modelling migration choices.

METHODOLOGY

We use a bilateral panel dataset of international migration flows. The dataset contains the flows of migrants between 14 destination countries and 102 origin countries observed over eight years: 2006 to 2013. We also have data for the mean and standard deviation of life satisfaction, and of GDP per capita, for each country. Period and country choice are dictated by data availability for happiness and migration.

RESULTS

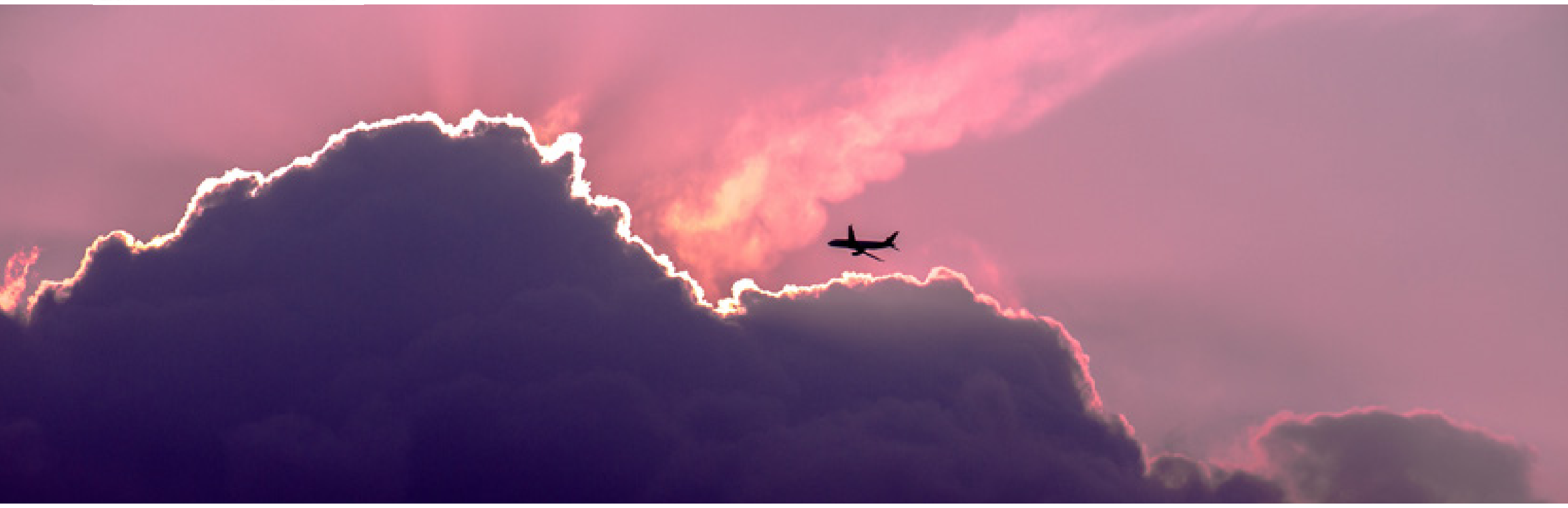
GDP per capita at destination is significant as a 'pull' factor, while GDP per capita at origin does not significantly affect the migration decision. We find a 10% increase in GDP per capita at destination increases migration by 20%. Other elements affecting migration include distance, common language and colonial ties.

Turning to happiness, our results show that a country's mean level of happiness significantly affects the decision to migrate, even after controlling for factors such as income and migration costs.

Happiness at destination increases migration flows and is an additional pull factor, while a lack of happiness at origin is a push factor. We find a 10% increase in happiness at the destination location increases migration by 14%. The effect at origin is slightly smaller: a 10% increase in happiness reduces migration by 7%.

INEQUALITY IN HAPPINESS

We extend our analysis to include the standard deviation of happiness at both destination and origin. We find that the standard deviation of happiness at both destination and origin are significant - and both increase migration.



Happiness inequality in the origin country may lead to greater emigration either because relatively unhappy people wish to migrate or because of a 'frustrated achievers' effect for those nearer the top of the happiness distribution. The positive effect of happiness in the destination country may reflect the potential for a 'better fit' for potential migrants in a more diverse destination country. Alternatively, it may reflect an optimism bias in which migrants expect to reach the upper echelons of happiness in the chosen country.

IMPACT OF THE GLOBAL FINANCIAL CRISIS

We analyse whether the relationship between happiness and migration has changed over the GFC or remained stable. The pull effect of mean happiness at destination is found to be significant in both periods, although it is reduced after the GFC.

In contrast, the effect of mean origin country happiness is not significantly different from zero prior to the crisis, but is significant following the crisis. Post-GFC, a 10 percent increase in mean happiness at origin reduces migration flows by around 10 percent.

Consistent with the findings regarding the effects of mean happiness, we find that happiness inequality in destination countries has positive effects on migration both before and after the GFC. For origin countries, the (positive) effects of happiness inequality on migration are observed only post-GFC.

The income measures at origin and destination have significant effects on migration both before and after the GFC, although the effect of income at destination becomes a little less important for the migration decision post-GFC.

CONCLUSION

Our findings substantiate prior findings that incomes, as well as moving costs, have an important effect on migration flows. However, 'fun' (life satisfaction) matters too. Even after accounting for income and migration costs, migrants from a relatively unhappy country are more likely to emigrate and to choose to locate in a happy country.

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