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Abstract

There is widespread concern, especially in certain feminist circles, that a market-oriented economic system, or capitalism, disfavors women. This could take many forms, such as lower wages for the same type of work, reduced career opportunities, disparities in ownership and the upholding of traditional gender roles. In all, this could influence overall life satisfaction such that capitalism confers more life satisfaction on men than on women. We test empirically whether this concern is justified. Using the epidemiological approach to rule out reverse causality, we first confirm previous findings that most areas of economic freedom (legal quality in particular, but also monetary stability, openness and regulation) are beneficial for general life satisfaction. When looking at women and men separately, we find virtually no statistically significant differences, and in the cases we do, the estimates reveal a more *beneficial* outcome for women. Hence, we conclude that capitalism does not seem to favor men more than women in terms of life satisfaction.

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Online Appendix at https://www.dropbox.com/scl/fi/4k9h7xqvc4lxpbrufgzwa/Online-Appendix.docx?rlkey=82gzx9vi93mrv9rwlo0up4ngk&dl=0

1 Introduction

The market economy, sometimes referred to as capitalism, has been a topic of intense debate for centuries.[1] Its proponents, such as Friedman (1962) and Baumol (2002), tend to praise its ability to generate wealth while retaining individual freedom, whereas its detractors, such as Piketty (2014) and Stiglitz (2015), often point at its tendency to create inequalities in income, wealth, power, etc. One area of contention concerns the situation of women, which is the focus of this paper. Are they less favored or more disfavored than men by a market-economic system? Quite a few people, not least a number of feminist scholars, seem to think so, making them strongly critical of such an economic system. For example, Nancy Fraser, a leading feminist theoretician, expresses such a view (Fraser, 2019):

> [A]ny feminism aimed at liberating *all* women must itself be anti-capitalist — liberal, pro-capitalist feminisms can at best empower a small, privileged stratum of professional-managerial women, while leaving the vast majority vulnerable to abuses of every stripe.

The claim is that the market-economic system, such as it manifests itself in the real world, is not advantageous, at a very basic level, to the quality of life of women.[2]

[1] By a market economy, or capitalism, we mean an economic system characterized by predominantly private ownership of the means of production, the rule of law, a small size of government (and thus low taxation), stable monetary value, openness to trade and capital movements and easy regulation.

[2] For similar critiques of the market economy, see, e.g., Gimenez (2005: 11), Song (2014), Bargu and Batici (2017), Fraser and Jaeggi (2018), Aschoff (2019), Comanne (2020), Shukla (2021) and Khoury (2022)

Still, there are some, such as Cudd (2015), who argue that women benefit from capitalism (at least from a form she calls "controlled capitalism", which entails political measures to reduce economic, social and political inequalities).[3] She brings forth two arguments in particular (p. 762):

> First, capitalism promotes innovation: it promotes technical innovation that tends to improve quality and length of life for everyone, but particularly for women. But more importantly for the feminist defense of capitalism, it promotes social innovation, in particular the destruction of harmful, patriarchal traditions. Thus, the second defense I will make of capitalism is that it opposes tradition fetishism and reduces the oppression of traditional societies that impose hierarchies of gender and caste.

We propose that this heated debate needs to be informed by more empirical analysis and therefore offer an attempt to clarify whether the market-critical feminists have a point or not: Do women fare worse (or benefit less) than men in market economies? We try to answer this question by relating the degree to which an economy is market-oriented, as indicated by the Economic Freedom of the World index by Gwartney et al. (2022) and its five constituent areas, to the individual life satisfaction of women and men, with data provided by the European Social Survey (ESS). We use life satisfaction as our outcome variable because it reflects the cognitive evaluation of women (and men) themselves of how they experience their lives, taking "everything" into account.[4] If one instead, as is more common, uses various objective indicators of how women (and men) fare, e.g., in terms of income, health or rights, one does not really capture how those aspects of life are evaluated and prioritized by the people who experience them – and one especially misses unobserved or unobservable aspects. When evaluating a system like an economy as a whole, it therefore makes *particular* sense to use a "total" indicator of well-being, as there is a multitude of factors within the system that arguably affects people (Dluhosh, 2021).

To investigate this, we use the epidemiological method (Fernández, 2011), using a sample of first- and second-generation immigrants in 33 mostly European countries, stemming

[3] Cudd and Holmstrom (2011) offer a debate about capitalism from feminist perspectives.

[4] Following Diener et al. (2002), subjective well-being is the more general term, and it encompasses "a person's cognitive and affective evaluations of his or her life" (p. 63). The former component is called life satisfaction, while the latter is called happiness.

from around 200 countries all over the world. The level of economic freedom at the time of migration in their countries of origin is related to the individual life satisfaction of the immigrants, the key advantage of which is to avoid a problem plaguing previous studies on economic freedom and life satisfaction, viz., the risk of reverse causality. If people in a country are satisfied with their lives, it is conceivable that this constitutes a kind of social capital that facilitates the implementation of economic-legal institutions of a kind that characterizes the market economy (cf. Kenny, 1999). By severing the link between general life satisfaction in the country of residence and its level of economic freedom, since the individual life satisfaction of people living in another country arguably cannot determine the institutions in the country of origin, we alleviate the reverse-causality problem, and arguably more successfully than previous work.[5] An assumption of this method is that there is a degree of persistence in how institutions affect people's life satisfaction and that there is vertical transmission in the family. Of course, the extent to which this holds is for the empirical analysis to demonstrate.

Our findings first of all largely confirm previous results in (non-epidemiological) studies relating economic freedom to life satisfaction, as summarized in Berggren and Bjørnskov (2020), by identifying positive, but small, point estimates for economic freedom.

When dividing the sample into women and men and running all regressions separately, we find almost no statistically significant differences. In the few cases where such differences appear – e.g., when using a measure of legal quality that is adjusted for the degree to which women are legally discriminated against and removing respondents from a suspected outlier country of residence (Israel) – women fare *better* than men. We therefore conclude that judged by the subjective, cognitive evaluations of life, capitalism does not benefit men more than women. Both sexes appear to be slightly more satisfied with life the more economic freedom there was in their countries of origin when they or their parents migrated.

Our work mostly relates and contributes to two research fields. The clearest connection is to the field studying the association between economic freedom and life satisfaction (see Graafland, forthcoming, for an overview). For example, Rode (2013) finds that sound money and the freedom to trade internationally are positively related to average life satisfaction in

[5] More generally, the literature relating immigration to economic freedom shows mostly insignificant or very small effects (see Padilla, forthcoming, for an overview), lending credence to the idea that immigrants do not affect institutions in their countries of origin either.

developing countries, while legal quality exhibits such a relation in developed countries; and Gehring (2013) reports similar results, also using the national average of life satisfaction, in particular that legal quality, sound money and freedom from regulation are positively related to the outcome measure, with the legal indicator being more important in developed, and the regulatory indicator being more important in developing, countries.

However, most of these studies do not have a gender perspective. As far as we know, Gehring (2013) is the only one with such a perspective using the full Economic Freedom of the World index. He reports only one gender difference, for Freedom to trade internationally, which is only positive and statistically significant for men. Another study analyzes gender differences but uses only some parts of the index or other (albeit closely related) institutional measures. Bjørnskov et al. (2008) find a gender difference with regard to legal quality: it is negative and statistically significant for men but not statistically significant for women.[6] We contribute to this field by being one of the few focusing on gender, by using individual-level life-satisfaction data and by being the only one applying the epidemiological method.

The second field is the one relating economic freedom to objective gender differences. As examples, there is Peksen's (2019) finding that economic freedom is associated with higher female employment but also with less respect for women's economic rights. Apergis and Lynch (2022) show a positive relation between economic freedom (especially smaller government and freer trade) in the United Kingdom and the gender pay gap, while Zweimüller et al. (2008) find that more economic freedom leads to lower gender wage gaps across countries and time periods. Grier (2023) concludes, from an analysis of large and sustained increases in economic freedom, that it benefits women's labor force opportunities and female primary education.[7] As argued above, we contribute by instead using an overall subjective outcome variable, which, even though it is most probably affected by the studied objective gender differences, also encompasses

[6] Cf. Stroup (2008), who relates economic freedom to quality-of-life indicators for women and finds positive relations overall, Nikolaev (2014), who relates economic freedom to the OECD's Better Life index and finds small or no gender differences, and Potrafke and Ursprung (2008), who relate the KOF index of globalization to an indicator of gender equality and finds a positive connection.

[7] On the more general analysis of gender inequality, see, e.g., Ponthieux and Meurs (2015). There are also studies of how competition, *enabled by* economic freedom, affects the gender wage gap (negatively; Weichselbaumer and Winter-Ebmer, 2007) and the relative top incomes of women (positively; Heyman et al., 2017).

many other unobserved and unobservable factors. In addition, it entails an internalization of trade-offs of this kind of objective indicators – if economic freedom, say, increases chances for women to get a job and weakens their economic rights, it is the individual's assessment of how those effects should be weighted that should arguably matter for policy decisions. It is thus, in our view, a very suitable basis on which to assess gendered effects of capitalism. This is not to say that the identification of areas in which women are disfavored in the market-economic system is not valuable – arguably, by combatting such unfavorable treatment, life satisfaction could be made to increase.[8]

2 Theoretical Considerations

From a theoretical point of view, we start with economic-legal institutions and policies as defining characteristics of the economic system. As argued by North (1990), economic institutions affect human behavior by providing incentives, through the content of the rules, stipulating whether certain courses of action are allowed (e.g., trade across borders) or prohibited (e.g., the taking of the property of others) and whether they come with "rewards" (e.g., government support) or "costs" (e.g., a tax or a regulation). Legal institutions, defining the character and quality of the legal system, in turn provide predictability by upholding and enforcing economic institutions through courts, prosecutors, a police force, etc. The economic-legal institutions and the incentives they entail in turn affect various socioeconomic outcomes. The rules themselves (through normative procedural considerations) as well as the outcomes (through normative consequentialist considerations) in turn affect life satisfaction.

In our case, the starting point is the degree of economic freedom, as indicated by a set of economic-legal institutions and policies (size of government, legal quality, sound money, freedom to trade internationally and regulation). Following Gehring (2013, p. 77), there are competing hypotheses about the character of the link between economic freedom and life satisfaction:

[8] Another related field contains studies of how gender equality as such is associated with life satisfaction (Audette et al. 2019; Guo et al., forthcoming).

- The relation is positive: because people value the ability to make economic decisions freely and the ensuing feeling of control over their lives (Verme, 2009; Pitlik and Rode, 2016); because people value the outcomes that a competitive market process give rise to (Hall and Lawson, 2014); because people do not appreciate high taxation or strict regulations; because people experience predictability and certainty through the rule of law.
- The relation is negative: because people value the activities and expenditures of a large government; because people are not satisfied with how markets work, e.g., due to "market failures", distributive outcomes or the pressure of competition and risk-taking.
- There is no relation. This could be if either there is no relation between life satisfaction and any of the five areas, or if there are countervailing effects that on average cancel each other out.

For our purposes, there is the further question why the link between economic freedom and life satisfaction can look different for women and men. Many of the feminist scholars we cited in the introduction suggest that women derive less life satisfaction than men from a more market-oriented economic system. In terms of the factors we just listed, some reasons might be that women value freedom of choice less, e.g., by associating it with a weaker locus of control (Nikolaev and Bennett, 2016); they may value materialist benefits less (Teague et al., 2020); they may associate the gender wage gap with economic freedom (Apergis and Lynch, 2022); they may dislike competition more and be more risk-averse (Eckel and Grossman, 2008; Jung et al., 2018); and they may be more pro-government (especially favoring the welfare state and protectionism; Gidengil, 1995; Guisinger, 2016; Hessami and Lopes da Fonseca, 2020). However, there are also some reasons to expect women's life satisfaction to be higher under capitalism, e.g., a lower gender wage gap (Zweimüller et al., 2008), more measures against trafficking under economic freedom (Heller et al., 2018), fewer violations of human rights (Bjørnskov, forthcoming), less gender inequality through a strong rule of law (Barajas-Sandoval et al., 2023) and less materialism (Teague et al., 2020).

In addition to differences in the signs of the relationship for women and men, it could also be that the strength of the relationship differs. For example, Joshanloo (2018) finds that

women and men tend to derive satisfaction from different types of influences. Notably, for men, socio-political, employment-related and education-related variables are more important in determining life satisfaction, while women are more influenced by marital status and interpersonal relationships. Economic freedom thus seems to be of more concern (in either a positive or negative direction) for men. Lastly, there need not be a gender-specific relation.

3 Empirical Strategy and Data

3.1 Empirical Strategy

We use the epidemiological approach (Fernández, 2011) to analyze the link between economic freedom and life satisfaction. By using a sample of first- and second-generation immigrants, we can relate the degree to which the economic system was market-oriented in their countries of origin around the time of their migration to their present-day life individual life satisfaction, as they live in another country (the country of residence for first-generation immigrants; the country of birth and residence for second-generation immigrants). Thereby, we can substantially alleviate problems of reverse causality, although our estimates will be conservative by relying on lasting effects during a past phase of migrants' lives instead of contemporaneous effects of institutions in their present-day country of residence. The method is illustrated in Fig. 1, where blue refers to first-generation immigrants and red to second-generation immigrants.

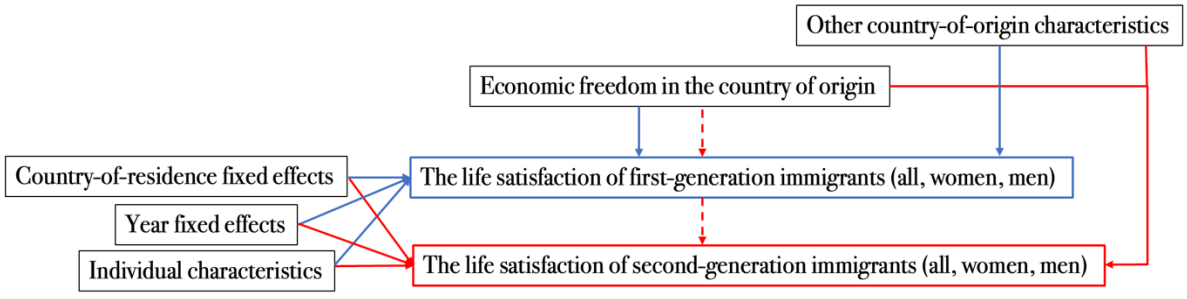

Fig. 1 The epidemiological method. *Note:* Blue arrows and boxes refer to first-generation immigrants and red arrows and boxes to second-generation immigrants. The dashed red arrows illustrate the supposed vertical transmission of life satisfaction from parents to children, but only the fully drawn arrows correspond to the empirical analysis.

Thus, we begin with economic freedom in the country of origin, from where the first-generation immigrants migrated and from where the parents of the second-generation immigrants migrated. These migrants grew up and lived with the economic-legal institutions and policies of their country of origin, and their life satisfaction was arguably influenced by them (as per the theoretical ideas of the preceding section). They then bring that with them to the new country of residence, even though their life satisfaction is also influenced by features of the new country. We therefore apply country-of-residence fixed effects to account for time-invariant aspects, such as culture and institutions; moreover, we use year fixed effects to account for time trends, along with individual controls. To try to combat omitted-variable bias and to explore whether economic freedom has an effect on life satisfaction when other country-of-origin characteristics are controlled for, we add a number of such variables as well. When it comes to the second-generation immigrants, we assume vertical transmission of life satisfaction in the family (Bisin and Verdier, 2011; Augustijn, 2022).[9] Vertical transmission is indicated by the red dashed lines, which indicate that we do not explicitly test whether this transmission occurs. First, there are no data on the life satisfaction of the parents of our second-generation immigrants. Second, using the life satisfaction of parents to predict the life satisfaction of children would introduce a clear risk of reverse causality, since the life satisfaction of parents can be influenced by the life satisfaction of their children. Instead, in line with the right-most arrow, we directly link economic freedom in the country from which their parents migrated to their life satisfaction.

To test whether the effects of economic freedom on life satisfaction is different for women and men, we conduct two exercises. First, we use an interaction between economic freedom and being a woman. Second, we split the sample and conduct the regressions for separate samples by gender.

In line with Fig. 1, we estimate equation (1):

$$\text{Life satisfaction}_{ica} = \beta_0 + \beta_1 F_a + \beta_2 \mathbf{Q}_a + \beta_3 \mathbf{Z}_{ica} + \gamma_c + \delta_c + \varepsilon_{ica}, \quad (1)$$

[9] Such transmission has, e.g., been documented for female labor force participation (Fernández et al., 2004), religion (Bradshaw and Ellison, 2008), cognitive and non-cognitive skills (Coneus et al., 2012), risk attitudes (Dohmen et al., 2012) and social trust (Ljunge, 2014),

where Life satisfaction$_{ica}$ is the level of life satisfaction of first- or second-generation immigrant *i* and where, in the case of first-generation immigrants, *c* is the country of residence and *a* the country of birth; in the case of second-generation immigrants, *c* is the country of birth and residence and *a* is the country of birth of the parents; $a \neq c$. The variable F_a is the Economic Freedom of the World index value in country *a* at around the time of migration. Q_a is a vector of control variables for country *a*, $\boldsymbol{Z}_{ica}$ is a vector of individual controls, γ_c is immigrant *i*'s country-of-residence fixed effects (which control for culture, institutions and other stable, unobserved characteristics of country *c*), where δ_c are year-fixed effects, and ε_{ica} is the error term. Standard errors are clustered at the country level *a* to allow for arbitrary correlations of the error terms among immigrants from that country. In the case of the interaction, we add F_a x Woman to equation (1).

3.2 Data

Our total sample consists of 48,854 individuals, 37,508 of whom are first-generation immigrants residing in 33 primarily European countries (Austria, Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Norway, Poland, Portugal, the Russian Federation, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine and the United Kingdom) and 11,346 of whom are second-generation immigrants born and residing in the same countries. They or their parents originate from about 200 different countries.[10] We cannot use the full sample in all regressions, due to a lack of data availability for the variables used from all 200 countries.

The dependent variable is the individual life satisfaction of the first- or second-generation immigrants. It is the number given in response to this question: "All things considered, how satisfied are you with your life as a whole nowadays? Please answer using this card, where 0 means extremely dissatisfied and 10 means extremely satisfied." It comes from the European Social Survey (ESS), from which we used merged data from waves 2–10 (from 2004 until 2020).

[10] Our definition of a first-generation immigrant is that both parents and the respondent were born in a country different from the one to which the respondent migrated and resides in, while a second-generation immigrant is defined as having two parents born in a different country than the one in which he or she was born and resides in.

The main explanatory variable is economic freedom, or the degree to which an economy is market-oriented, as measured by the Economic Freedom of the World index and its five constituent areas (size of government, legal quality, sound money, freedom to trade internationally and regulation) from Gwartney et al. (2022). Each of the areas is denoted on a scale from 0 to 10, where the overall index is the average of the five areas and the areas are the averages of 42 constituent variables. We have, however, made a change to the published version of the index in our baseline analysis by using the non-gender-adjusted score for legal freedom and property rights (and thus also the overall economic-freedom score containing the non-adjusted legal freedom and property rights). We return to the gender-adjusted version in an extended analysis below, in which the score of legal freedom and property rights (and thus also the overall index score) is reduced if women are legally discriminated against. The values derive from the countries of origin of our immigrant sample from around the time they, or their parents, migrated to the present country of residence.

The individual-level control variables are from the ESS. We use three exogenous individual controls: age, age squared and woman (a dummy variable). In some specifications, we add further (potentially endogenous) individual controls: political confidence, institutional confidence, social trust, income dummies, occupational dummies, employment-status dummies, education-level dummies, subjective health, children living at home, living with partner and self-assessed religiosity. All of these individual-level variables reflect what we see as an emerging a consensus in the empirical literature (e.g., Gehring, 2013; Knoll and Pitlik, 2016; Berggren et al., 2020).

The country-level control variables pertain to the countries of origin, measured as close as possible to the time of migration. We include log real GDP per capita, a dummy variable for electoral democracy, trade share and relative investment price. In a robustness test, we also include the average life satisfaction in the country of origin. The values derive from the countries of origin of our immigrant sample from around the time they, or their parents, migrated to the present country of residence. We also here follow previous literature, although we note that there is less consensus on which control variables one ought to include (cf. Bjørnskov et al., 2008).

Table A1 in the Online Appendix presents data sources and descriptive information for the full sample.

4 Main Results

Our baseline results for the overall Economic Freedom of the World index are presented in Table 1. It includes both first- and second-generation immigrants. The first four columns are for both women and men and thus capture the "general" relationship between economic freedom and life satisfaction. The difference between the columns is that column (1) has no control variables except for the fixed effects; column (2) adds the three exogenous individual controls; column (3) adds the additional country-of-origin controls; and column (4) adds the additional individual controls.

Table 1 Baseline results relating life satisfaction of women and men to economic freedom, first- and second-generation immigrants

Dependent variable	(1) Life satisfaction 1st and 2nd gen. Women and men	(2) Life satisfaction 1st and 2nd gen. Women and men	(3) Life satisfaction 1st and 2nd gen. Women and men	(4) Life satisfaction 1st and 2nd gen. Women and men	(5) Life satisfaction 1st and 2nd gen. Women Model of column (4)	(6) Life satisfaction 1st and 2nd gen. Men Model of column (4)	(7) Life satisfaction 1st and 2nd gen. Women and men Interaction with woman Model of column (4)
Economic freedom (country of origin)	0.0782*** (9.97)	0.0771*** (10.17)	0.0692*** (5.85)	0.0387*** (4.06)	0.0448*** (4.23)	0.0320 (1.59)	0.0338* (2.41)
Age		-0.0206*** (-8.90)	-0.0219*** (-7.07)	-0.0282*** (-7.97)	-0.0237*** (-4.89)	-0.0329*** (-8.25)	-0.0281*** (-7.97)
Age squared		0.000199*** (6.71)	0.000217*** (5.50)	0.000323*** (7.56)	0.000266*** (4.36)	0.000380*** (9.15)	0.000323*** (7.58)
Woman		0.0359** (2.69)	0.0359** (2.69)	0.0684** (2.85)			0.0132 (0.18)
Log real GDP/capita (country of origin)			0.000487 (0.04)	0.0125 (0.98)	0.00386 (0.29)	0.0180 (0.81)	0.0128 (0.99)
Trade share (country of origin)			0.0381 (1.30)	0.0547* (1.99)	0.00666** (2.68)	0.0487 (1.06)	0.0548* (1.99)
Real investment price (country of origin)			-0.00319 (-0.54)	-0.00619 (-0.95)	-0.00494 (-0.82)	-0.0201 (-0.79)	-0.00608 (-0.92)
Democracy (country of origin)			0.0190 (0.89)	0.0107 (0.43)	-0.00127 (-0.04)	0.0214 (0.61)	0.0106 (0.043)
Employment: education				0.0726* (1.97)	-0.0480 (-1.37)	0.209*** (3.59)	0.0724* (1.97)
Employment: unemployed				-0.313*** (-9.70)	-0.291*** (-7.16)	-0.334*** (-7.22)	-0.313*** (-9.68)
Employment: permanently sick or disabled				-0.130*** (-3.61)	-0.233*** (-5.57)	-0.0386 (-0.55)	-0.130*** (-3.62)
Employment: retired				0.0871** (3.03)	0.0765 (1.30)	0.0988* (2.27)	0.0875** (3.05)
Employment: housework				0.0564 (1.20)	0.0554 (1.29)	0.0540 (0.030)	0.0557 (1.17)

Employment: community/military service	0.101 (1.13)	0.00344 (0.03)	0.209* (1.99)	0.101 (1.12)
Education: lower secondary	0.0170 (0.37)	0.0319 (0.42)	0.00979 (0.17)	0.0169 (0.37)
Education: upper secondary	0.0296 (0.67)	-0.0277 (-0.51)	0.0935 (1.45)	0.0295 (0.67)
Education: advanced vocational	0.0268 (0.69)	-0.0301 (-0.46)	0.0854 (1.71)	0.0271 (0.070)
Education: tertiary	-0.0728* (-2.13)	-0.113 (-1.81)	-0.0521 (-0.97)	-0.0732* (-2.14)
Education: other	0.0282 (0.68)	-0.0506 (-0.73)	0.105 (1.79)	0.0284 (0.68)
Children living at home	-0.0506** (-2.93)	-0.0965*** (-5.29)	-0.00278 (-0.08)	-0.0506** (-2.95)
Living with partner	0.238*** (10.75)	0.233*** (8.41)	0.223*** (7.61)	0.238*** (10.66)
Religion	0.0259*** (4.18)	0.264*** (3.63)	0.0258*** (4.33)	0.0259*** (4.16)
Political confidence	0.0155 (1.89)	0.0232*** (3.41)	0.0101 (0.83)	0.0155 (1.89)
Institutional confidence	0.0729*** (11.15)	0.0616*** (6.28)	0.0853*** (14.33)	0.0729*** (11.10)
Social trust	0.0506*** (14.02)	0.0468*** (10.50)	0.0550*** (11.35)	0.0506*** (14.04)
Subjective health	0.287*** (19.34)	0.293*** (17.63)	0.285*** (15.64)	0.287*** (19.34)
Income: decile 2	0.0567 (1.54)	0.0993** (2.67)	0.0137 (0.24)	0.0569 (1.54)
Income: decile 3	0.0772 (1.73)	0.0978 (1.92)	0.0784 (1.28)	0.0774 (1.73)
Income: decile 4	0.0983* (2.16)	0.107 (1.69)	0.0998 (1.76)	0.0984* (2.16)
Income: decile 5	0.159*** (4.47)	0.190*** (4.81)	0.141* (2.55)	0.159*** (4.46)

Income: decile 6				0.172***	0.210***	0.152*	0.172***
				(4.15)	(4.22)	(2.50)	(4.15)
Income: decile 7				0.243***	0.274***	0.232***	0.243***
				(6.01)	(4.69)	(4.92)	(6.00)
Income: decile 8				0.245***	0.251***	0.263**	0.245***
				(5.58)	(5.51)	(3.26)	(5.58)
Income: decile 9				0.366***	0.347***	0.412***	0.366***
				(6.77)	(5.90)	(5.61)	(6.76)
Income: decile 10				0.410***	0.404***	0.440***	0.411***
				(8.02)	(9.94)	(5.53)	(8.02)
Economic freedom x woman							0.00916
							(0.71)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country-of-residence FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Occupational dummies	No	No	No	Yes	Yes	Yes	Yes
Log likelihood	-71,770	-71,295	-64,746	-39,698	-20,311	-19,118	-39,698
Chi-square	4,607; p=0	4,768; p=0	3,165; p=0	6,039; p=0	3,278; p=0	3,201; p=0	6,040; p=0
Observations	35,239	35,063	32,101	20,818	10,678	10,140	20,818

Note: Economic freedom contains values from non-gender-adjusted legal quality. The parentheses contain t-statistics. The standard errors are clustered at the country-of-residence level. The excluded category for employment is paid work. The excluded category for education is less than lower secondary education. The excluded category for income is the decile 1. Occupational dummies control for occupation but are not reported for reasons of space (results including those are available on request). For the Chi-square calculation only, we could not cluster the standard errors.

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Starting with our individual-level control variables, the estimates suggest that being a woman is positively related to life satisfaction (cf. Hessami, 2011; Knoll and Pitlik, 2016; Nikolova, 2016). The effect of age is negative but decreasing as one ages, indicating the well-known U-shaped association (Blanchflower, 2021). Compared to paid work, being in education and being retired brings more life satisfaction, while the reverse holds true for being unemployed, permanently sick or disabled. Education is no panacea: compared to less than lower secondary education, tertiary education is associated with less life satisfaction. Having children living at home is negative, and living with a partner, positive. Being religious, having institutional confidence, having social trust and considering oneself to be in good health is positive. Having more income, lastly, brings more life satisfaction. As for the country-level control variables, only the trade share is related to our outcome variable in a statistically significant way.

Turning to effects of economic freedom, the point estimates are statistically significant at the 0.1% level in all the first four columns, but the size is about cut in half when all controls have been added. These results confirm previous findings in the literature using other approaches, the results of which might have been prone to display reverse causality. These results suggest that they were not: Economic freedom does seem to stand in a positive relation to individual life satisfaction – the more market-oriented, or capitalist, a society is, the more satisfied people appear to be with their lives.

The next step in the analysis introduces the gender perspective. Columns (5) and (6) use the same model as column (4), except for dropping the individual dummy variable indicating whether the respondent is a woman, and applies it to samples of women and men separately. The results indicate that economic freedom is only related to the life satisfaction of women, and that the point estimate is larger than for men. However, this difference is not statistically significant, as the point estimate for women is well within the 95% confidence interval for men. This is illustrated in Fig. 2, furthest to the left, which shows the point estimates for women and men and the confidence interval for men. As such, there is no reason to think that capitalism benefits men more than women. This conclusion is reinforced when considering column (7), with an interaction effect between economic freedom and being a woman, where the interaction effect is far from statistical significance.

Regarding the size of the effect, one way to illustrate it is to see what happens if (assuming causality) one goes from a country with low economic freedom, say, Tunisia with a score of 6.09 (ranked 128th), to a country with high economic freedom, say, Australia with a score of 8.04 (ranked 6th). The estimates indicate that such a change comes with an increase in life satisfaction of 0.075 on the 11-point scale (using the point estimate of Table 1, column (4)). This approximately corresponds to a one-decile increase in individual income, and thus indicates a sizeable effect. However, considering that actual reforms typically bring about increases in economic freedom that are substantially more limited than the move from Tunisian to Australian levels, the effect size appears moderate. We must also caution against placing too much weight on the size of the effect for two further reasons. First, one might suspect that the "real" effect size is larger than the coefficient of column (4) indicates, since economic freedom can be expected to influence a number of control variables such that there is an indirect effect as well. Second, as we noted above, our approach only allows us to get a causal estimate of the effect of economic freedom prior to migration, i.e., mostly an effect of the level of economic freedom one grows up with. We are therefore unable to assess any effects of contemporaneous changes in economic freedom throughout the rest of our respondents' lives.[11]

[11] For analyses of first- and second-generation immigrants separately, see Tables A2 and A3 in the Online Appendix.

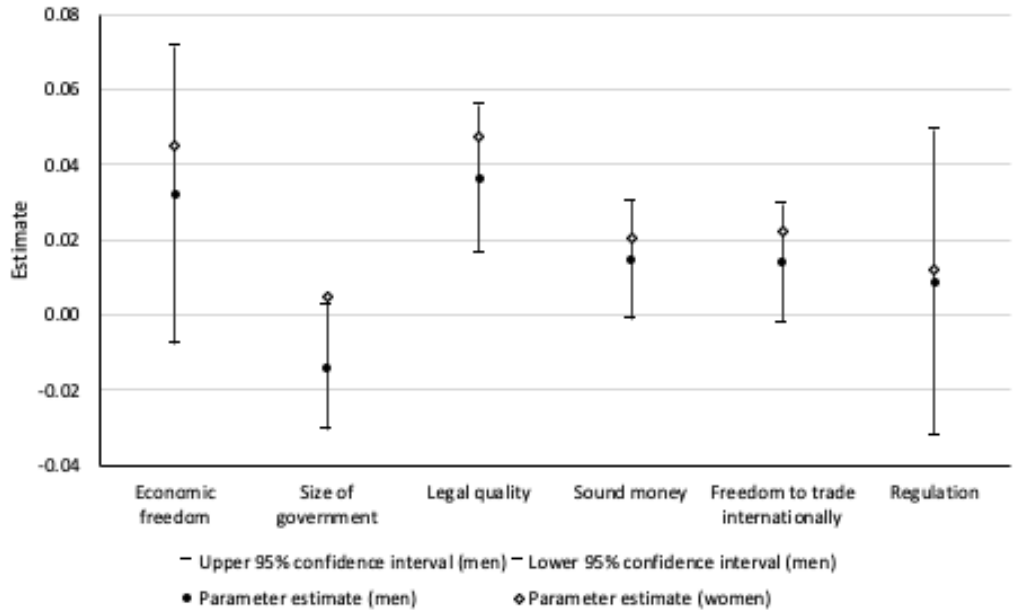

Fig. 2 Comparing the point estimates for women and men. *Note*: The dots denote the male (black) and female (white) point estimates from Tables 1 and 2. The lines denote the 95% confidence intervals for the male point estimates. If the female point estimate is within the confidence interval, we interpret this as there being no statistically significant difference between women and men.

We next move to an analysis of the five areas of economic freedom to see what underlies the positive association with life satisfaction and whether gender differences can be detected for particular areas. Table 2 presents the findings, with results from separate regressions for each area where we replace "economic freedom" in Table 1 with the areas, one at a time. All point estimates in Table 2 are derived from the full model of Table 1, column (4). These are shown in full as Tables A4–A8 in the Online Appendix.

Column (1) of Table 2 indicates that size of government is not related to life satisfaction at all (while one can note that much political conflict derives from different views about how big the state should be – supposedly because pundits *believe* in a connection with life satisfaction). The same non-result holds for regulation. Legal quality (which has not been gender-adjusted), in contrast, stands in a strong and positive relation to life satisfaction. The remaining two areas of economic freedom display weaker statistical significance and smaller point estimates, but are both positively related to the outcome variable. Moving to columns (2)–(4), we see that there seems to be some gender differences, in terms of coefficient size for legal quality and in terms of both significance and size for sound money and freedom to trade internationally, all pointing

towards greater benefits for women than for men. However, formal testing reveals that these differences are themselves not statistically significant; see Fig. 2, illustrating the point estimates for women and men.[12] As indicated by the interaction results as well, we thus conclude that women do not fare worse than men from any of the areas of economic freedom.[13]

5 Extended Analyses

In order to check the robustness of the findings and to derive some further insights, we here discuss a set of extended analyses. In a first test, we make use of a gender-adjusted version of the area capturing legal quality (and hence also of a gender-adjusted version of the overall economic freedom index, since it contains all five areas).[14] If women are treated worse than men in the law, the score is adjusted correspondingly downwards.[15] Are the previously positive point estimates enlarged as a result, and is there a gender aspect to such a change?

[12] The only statistically significant difference is for the size of government (with a larger estimate for women), but none of the estimates for size of government – neither for women, nor for men – are themselves statistically significant.

[13] For analyses of first- and second-generation immigrants separately, see Tables A9 and A10 in the Appendix.

[14] The gender adjustment of this area is nowadays included in the main version of the Economic Freedom of the World index, but elsewhere in this paper, we use the *non-adjusted* version of this area and of the overall index in order to be able to see if different results, in particular with reference to effects for women and men, arise when performing the gender adjustment.

[15] The basis for the adjustment is a dataset produced by the World Bank. If a country treats men and women equally in the written law in all ways considered, there is no adjustment. If women are treated worse legally, the score is reduced through multiplication with x ($0 \leq x < 1$). See Fike (2017) for details. The idea here is to compare how the economic freedom relates to the life satisfaction of women and men with and without the gender adjustment.

Table 2 Baseline results relating life satisfaction of women and men to the five areas of economic freedom (in separate regressions), first- and second-generation immigrants

Dependent variable (right)	(1) Life satisfaction 1st and 2nd gen. Women and men	(2) Life satisfaction 1st and 2nd gen. Women	(3) Life satisfaction 1st and 2nd gen. Men	(4) Life satisfaction 1st and 2nd gen. Women and men
Area of economic freedom (below)	Model of Table 1, column (4)	Model of Table 1, column (5)	Model of Table 1, column (6)	Interaction with woman Model of Table 1, column (7)
Size of government (country of origin)	-0.00311 (-0.60)	0.00504 (0.90)	-0.0139 (-1.66)	-0.0107 (-1.24)
Legal quality (country of origin)	0.0409*** (5.33)	0.0475*** (5.15)	0.0364*** (3.64)	0.0406*** (4.67)
Sound money (country of origin)	0.0171*** (3.84)	0.0203*** (3.57)	0.0147 (1.82)	0.0145* (2.08)
Freedom to trade internationally (country of origin)	0.0176** (2.97)	0.0222*** (3.84)	0.0139 (1.74)	0.0140 (1.87)
Regulation (country of origin)	0.0119 (1.76)	0.0123 (1.14)	0.00875 (0.42)	0.00793 (0.67)

Note: The point estimates for the five areas of economic freedom are derived from regressions using models of Table 2, with economic freedom having been replaced by one area at a time. Thus, they were not included together. Here, only the point estimates for the areas of economic freedom are reported for reasons of space. Legal quality is not gender-adjusted. The parentheses contain t-statistics. The standard errors are clustered at the country-of-residence level. Country-of-origin controls include log real GDP per capita, democracy, trade share and relative investment price. Other individual controls include political confidence, institutional confidence, social trust, income dummies, occupational dummies, employment-status dummies, education-level dummies, subjective health, children living at home, living with partner and self-assessed religiosity. The full results are available as Tables A4–A8 in the Online Appendix.

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

As can be seen in Table A11 in the Online Appendix, we find that the answer is no. Neither the level of statistical significance, nor the point estimates, really change. Formal tests of statistical difference between point estimates confirm that there is no difference between any adjusted and non-adjusted point estimate (neither for economic freedom nor for legal quality).[16] However, we do identify a clear gender difference when using the gender-adjusted legal quality only, with a larger point estimate for women: Women seem to derive more life satisfaction from the rule of law than men when it is measured in a way that directly accounts for the discrimination of women.

A second test concerns a particular risk for omitted variable bias. Even though we control for a number of potential determinants of individual life satisfaction – both at the individual and at the country-of-origin level – we have not so far added the average level of life satisfaction in the country of origin. We do so, matching the measurement year as closely as possible to the year of migration, in Table A11 in the Appendix, where we use global data from the World Values Survey, which includes an identical question. In columns (1)–(4) we run our baseline model of Table 1, but adding the new life-satisfaction measure. However, the country-of-origin controls were chosen as potential determinants of individual life satisfaction (our outcome variable), and by adding the average life satisfaction in the country of origin to these other controls, we most probably overcontrol. Therefore, in columns (5)–(8), we only add log real GDP per capita as the country-of-origin control, in addition to economic freedom and average life satisfaction.

When comparing the baseline results with those of the last four columns of Table A12, it is reassuring to see that the differences are very small. Economic freedom continues to relate positively to individual life satisfaction, also when the average life satisfaction of the countries of origin is controlled for. We interpret that as indicating that we do not experience omitted variable

[16] One may speculate about why life satisfaction (especially that of women) derived from legal quality does not increase when legal discrimination of women goes down. One reason could be that we do not catch the effect by looking at the whole sample of countries, most of which do not discriminate legally very much against women. Another reason could be that life satisfaction, as a subjective outcome variable, behaves quite differently than objective indicators. Maybe women (and men) adapt to discriminatory settings and do not experience clear "utility loss" from them (cf. Sen, 1995)? This points at what should be given weight in policy reforms – objective or subjective outcomes.

bias in the baseline estimates.[17] Two further things are noteworthy. Again, we find no statistical difference between the point estimates for women and men (but individually, only that for women attains statistical significance, which at least goes against the idea that capitalism disfavors women). And the point estimates for average life satisfaction are in all cases strongly statistically significant, indicating that migrants' life satisfaction is positively related to the average life satisfaction in the countries they or their parents migrated from.

A third set of tests looks at different groups of countries in order to try to discern heterogeneous effects. We first distinguish between democracies and non-democracies around the estimated time of migration to see whether the political system affects how economic freedom influences the life satisfaction among women and men; see Table A13 in the Online Appendix for results. The point estimates are slightly larger and more precisely estimated for democracies but the difference is not large. As for gender effects, we cannot identify any statistically significant differences for either country type; see Fig. A1 in the Online Appendix.

Another distinction is between high- and low-income countries (as classified by the World Bank, 2023), where we merge the two categories "low income" and "lower middle income" and call them developing countries, and the categories "upper middle income" and "high income" and call them developed countries. Table A13 in the Online Appendix shows that there is only a positive relation between economic freedom and life satisfaction in developed countries, but there, as well as in developing countries, none of the gender-specific point estimates are statistically significant. Our test of a difference between the point estimates of women and men indicates no gender difference (see Fig. A1 in the Appendix), just like the insignificant interaction estimate. We also check whether a similar difference between developed and developing countries apply when using legal quality; see Table A13 in the Online Appendix. We find that it does: the positive relationship with life satisfaction is only present in developed countries. While there is a gender difference between men and women among developing countries (favoring women), the individual point estimates are not statistically significant.

[17] Berggren et al. (2020) find, with a similar methodological set-up, that for first-generation immigrants, the effect of the average life satisfaction of the country of origin is strong for migrants from developed countries, smaller for migrants from developing countries and zero for migrants from post-communist countries. Moreover, it is zero for second-generation immigrants. In the latter cases, this concern about life satisfaction in the country of origin influencing the life satisfaction of migrants via economic freedom) should therefore be limited.

Yet another distinction is between post-communist and other countries, since the former seem to have shaped their citizens in distinct ways (Necker and Voskort, 2014) and since Berggren et al. (2020) find no transmission of average life satisfaction from post-communist countries of origin to the individual life satisfaction of migrants. As can be seen in Table A13 in the Online Appendix, economic freedom does not stand in a statistically significant relationship to life satisfaction across the 28 post-communist countries in our sample, and with no statistically significant difference between women and men. However, for the non-post-communist countries, the results are very similar to the baseline findings and again with no statistically significant difference between women and men (see Fig. A1 in the Online Appendix).

A final distinction is to separate countries with a high gender legal rights adjustment (indicating substantial *de jure* discrimination of women) of legal quality from countries with low or no such adjustment. The cutoff we apply is a gender disparity index (GDI) of 0.85 (with 1 indicating no legal discrimination of women and 0 legal discrimination of women); see Fig. A2 for the distribution of the index across countries in 1995. The findings, which we report in Table A13 in the Online Appendix, suggest that there is no direct gender difference for either economic freedom or legal quality when comparing point estimates for women and men in countries of origin with a low GDI to each other, and the same holds for countries of origin with a high GDI. The conclusion is the same whether we use the non-GDI-adjusted or GDI-adjusted versions of economic freedom and legal quality. This can be seen in Fig. A3 in the Appendix.[18]

A fourth test is an outlier test in the form of a jackknife analysis, testing what happens to the point estimate of economic freedom in column (4) of Table 1 when removing one country of residence at a time. In Fig. A4, graph (a), in the Appendix, we show that the point estimate is very stable, with the possible exception of excluding Israel. When first- and second-generation immigrants residing in that country are removed from the sample, the point estimate drops from 0.0387 to slightly above 0.03. When looking at women and men separately, in Fig. A4 in the Appendix, excluding migrants to Israel does not affect the estimate for women (graph (b)). We

[18] The only instance where we find statistical differences is when comparing point estimates for legal quality for high-GDI and low-GDI countries of origin. The results indicate, in the case of the GDI-adjusted indicator, higher point estimates under high GDI than under low GDI. In the case of the non-GDI-adjusted indicator, the same result holds for the full sample and for women, implying that stemming from a country with little legal discrimination of women makes the effect of the rule of law on life satisfaction greater.

therefore do not consider this test sufficiently conclusive for calling Israel an outlier. In the rest of the tests for women, the variation is small with a slight dip in the point estimate, from 0.0448 to around 0.04 when removing France, Great Britain or Greece (one at a time). One may interpret this as indicating that the economic freedom/life satisfaction relationship is stronger than average in these countries, and sufficiently so to affect the overall point estimate. For men (graph (c)), the "Israel effect" is more noticeable, but otherwise there are no clear signs of outliers. Removing immigrants in Israel reduces the point estimate of economic freedom from 0.0320 to a bit above 0.01. Here, Israel could be regarded as an outlier that boosts the average point estimate for the male sample (even though we do not wish to push this point too strongly on the basis of a jackknife test, which does not take outlier dynamics into account). However, the original point estimate is not statistically significant in the first place, so this does not affect the qualitative conclusions with regard the effect for men. Importantly, when comparing women and men without the Israeli sample, we now find a statistically significant difference between women and men, such that the relationship between economic freedom and life satisfaction is clearly stronger for women. This provides a final ground for rejecting the hypothesis that capitalism is detrimental, for women in particular. We conclude that the relationship between economic freedom and life satisfaction is more robust for women than for men, as the results for women are not affected by the removal of the Israeli sample.

7 Discussion and Conclusions

We began this paper by highlighting a prominent feminist strand of critique of capitalism, to the effect that it incorporates various forms of structural maltreatment of women. While recognizing that some objective indicators do imply such maltreatment, our idea was to investigate whether one of the most important subjective indicators of well-being, viz., life satisfaction, is affected differently for women and men by market-economic systems.

To that effect, we connect to an existing literature showing a positive relation between economic freedom and general life satisfaction. Unlike previous studies, most of which potentially suffer from bias due to reverse causality, we apply the epidemiological approach by relating the life satisfaction of first- and second-generation immigrants residing in Europe to the

economic freedom of their countries of origin. This is a first in the literature relating economic institutions to life satisfaction.

We confirm a general positive relationship between the degree to which an economy is market-oriented and life satisfaction, although the effect size is modest. We furthermore show that the area of economic freedom most robustly related to life satisfaction is legal quality, even though stable money, freedom to trade internationally and, to some extent, freedom from regulation also contribute. The size of government is not related to life satisfaction.

Almost without exception, we find no statistically significant difference between the point estimates for women and men. In a few cases, we do find a difference – primarily for legal quality when adjusted for discrimination of women and for economic freedom when removing a potential outlier (Israel) – in the direction of women experiencing *more* life satisfaction from legal quality and economic freedom than men. A number of robustness checks show that the general finding of a non-difference is quite solid.

We conclude that capitalism is not generally experienced as detrimental either by women or men. We find the opposite, as the relationship between economic freedom and life satisfaction is generally positive. Moreover, women do not benefit less than men – if anything, more. This makes certain feminist attempts to portray capitalism as an enemy of the welfare of women questionable. That being said, there are objective indicators of features in market economies that other studies have shown disfavor women (e.g., Peksen, 2019, and Apergis and Lynch, 2022). Those findings should be taken seriously, and if they are rectified, we expect the experienced life satisfaction from capitalism among women to become even stronger.

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