3.30pm

Iceland and Australia top happiness poll

Roger Maynard in Sydney
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Guardian

They are as different as two countries can be: one big, the other small; one hot, the other cold; and at opposite ends of the world from each other. But if it's happiness you're after, Iceland and Australia are the best places to live in the world.

A new study that seeks to go beyond the simple measure of GDP and gauge more subtle aspects of wellbeing such as life-expectancy, education and living standards, puts Iceland top of the international happiness scale, with Australia a close second.

At the bottom end, the economists Andrew Leigh, of the Australian National University, and Justin Wolfers, of Wharton University, Pennsylvania, ranked Russians, Ukrainians, Romanians and Bulgarians as the world's most miserable.

Interestingly, happiness was not always dependent on wealth. The study showed that OECD statistics suggested relatively poor countries such as Mexico and Nigeria were happier than some developed nations. The economists decided to study national happiness quotas because they suspected a nation's GDP was not always a reliable measure for gauging well-being.

Using the Human Development Index, which combines life-expectancy, education and GDP, the researchers found that Australians were happier than most other people despite longer hours and a lower level of job satisfaction.

Dr Leigh told the Guardian that Australia's happiness could be due to several factors. "The weather could be part of it, though that flies in the face of the Iceland experience," he acknowledged. "Beyond that, economic growth and democracy also seem to play a role. We enjoy a high standard of living and places that have more sun tend to be happier."

The Australians have featured prominently in cross-national happiness surveys since the 1940s but this is the first time international research has compared such a broad range of data to reach its conclusions.

Money, sun make Aussies a happy bunch

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A truckload of cash, the right to vote and some damn fine weather - this is what researchers say makes Australians some of the happiest people in the world.

New research, led by Dr Andrew Leigh of the Australian National University, has analysed a mass of "happiness" data obtained over the past six decades.

The paper was prepared as a rebuttal to a 2005 claim by British researchers that Australia represented a happiness paradox.

The argument ran that although Australia ranked highly on the United Nations Human Development Index (HDI), its citizens were generally unhappy with their lot.

The Poms claiming Aussies were glum?

Dr Leigh and his associate Dr Justin Wolfers thought this argument sounded a bit fishy, and say they have torpedoed the claim with their own research, titled Happiness and the Human Development Index: Australia is not a Paradox.

Drawing on surveys conducted from 1948 to 2005, the research claims the British paper, led by economists David Blanchflower and Andrew Oswald, was too narrow to make any accurate findings.

"The British economists had just looked at two surveys, in 2001 to 2002, and found that Australians didn't rank so well on those surveys," Dr Leigh said.

"That didn't really accord with our notion of Australians, who are generally a cheerful bunch.

"We found that when we threw a lot more data at the problem it looked like Australians were doing pretty well on the happiness league table."

While exact figures vary from survey to survey, Australia has consistently ranked near the top of the charts.

In the last survey examined, a 2005 Roper Reports Worldwide study released after the British made their claim, Australia blitzed the field and topped the happiness charts.

The report asked respondents to rank how happy they were with the overall quality of their life from 1 to 4, or from very unhappy to very happy.

Australia finished with an aggregate reading of 3.37, surpassing the third placed USA (3.28) and seventh placed United Kingdom (3.23).

Russia languished last of the 30 countries that took part in the survey (2.63), continuing the trend of former Warsaw countries, such as Bulgaria and Latvia, who were wallowing in a post communist depression.

So do these figures mean that money can buy you happiness? Well, not exactly.

While Dr Leigh suggests countries with a higher ranking on the HDI generally outrank their less developed counterparts, he acknowledges there are always exceptions.

For example, the legendary cheer of the less well-off Latinos seems to be confirmed by the mass of statistics in Leigh's report, with Mexico, Brazil and Chile consistently performing well.

Anomalies aside, what seems to make a difference for the charts are stable democracies, wealth and weather - and this is where Australia has been coming up trumps.

"What we do know is that people in richer countries tend to be happier, and people in democracies tend to be happier," Dr Leigh said.

He added that seasonal affective disorder, where people get down during winter months, also impacted significantly on the surveys he studied.

"For example, if you're interviewed in winter you are less likely to be happy than if your interviewed in summer," he said.

"So, given that Australia has a mild winter, you might well think that our better weather helps us get through life a little easier."

So where to from here?

The next step, Dr Leigh says, is determining exactly what it is that makes people happy.

This is where the emerging field of neuro-economics comes into the equation, where participants volunteer to be hooked up to an magnetic resonance imaging (MRI) machine and have their brain waves examined.

Images, sounds and questions are posed to the volunteers, with their brain waves mapped to determine what it is that pushes their buttons.

Enter the market researchers.

Ford, General Motors and the British lottery company Camelot are said to already be using the technology to fine-tune their sales pitches.

This follows the reasoning that emotions, and not reason, determine what we spend our money on, with happiness identified as the most important emotion in the decision-making process.

So next time a market researcher interrupts your dinner with an intrusive phone call, spare a thought for the poor souls wired up to MRI machines, busily watching flashing pictures of consumer goods.

THE AUSTRALIAN

Print this page

Does economic growth cause unhappiness?

Alan Wood

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Fortunately most Australians don't think so - after all, reform leads to prosperity.

IN the early 1990s a plethora of books and papers appeared declaring the failure of Australia's economic reforms of the '70s and '80s. The basis of these claims was the recession that opened the decade.

Typical was Shutdown, edited by John Carroll and Robert Manne. It had a subtitle - The Failure of Economic Rationalism And How to Rescue Australia. The nation was the victim of a failed experiment masterminded by the Australian Treasury.

This failure, it said, "is visible in every city and country town, in collapsing businesses, mounting unemployment, and families in economic crisis". The list went on, and on.

The book was published in 1992 as the economy was coming out of recession and was followed by an extraordinary period of sustained economic growth and prosperity - rising incomes and wealth, falling unemployment and inflation. This expansion is now in its 15th year.

An embarrassing experience for the gloom and doom brigade, but they eventually found an answer. They might have been wrong about the economic outcome of reform, but Australians are unhappy with their new prosperity.

Growth, it seems, is bad for you. The higher incomes it brings only create dissatisfaction. We need a broader measure than GDP, that indicates our national wellbeing. As it happens we have one handy.

Earlier this week the 14th Australian Unity Wellbeing Index was released. It combined the 13 earlier surveys to produce a ranking of Australian electorates according to their level of wellbeing (happiness).

The reporting focused on the nine electorates with the top personal wellbeing ratings and the nine with the lowest ratings.

This has naturally created a great deal of interest, particularly among federal politicians.

Peter Costello's electorate of Higgins in Melbourne, which covers wealthy Toorak, was the only inner urban electorate to rank in the top nine. There must be some satisfaction in being rich after all.

On the whole the bush is a bit happier than the cities. But the most interesting fact to emerge from the survey is how little difference there is across the length and breadth of Australia in the level of our perceived wellbeing. As the survey comments: "Australia is clearly a largely homogenous nation", and one can add, a reasonably happy one.

But how do we rank internationally in terms of wellbeing? Last year two economists, David Blanchflower and Andrew Oswald, published a US National Bureau of Economic Research working paper with the fascinating title Happiness and the Human Development Index: The Paradox of Australia.

Blanchflower and Oswald are also interested in the increasingly popular issue of whether to move away from GDP as a measure and substitute, say, a Gross National Happiness Index. But in looking at alternative measures they discovered their paradox.

One of the best-known attempts to move away from reliance on GDP as a measure of welfare is the UN's Human Development Index. On this measure - which gives a score based on lifespan, educational attainment and real income - Australia ranks third in the world after Norway and Sweden. It ranks above all other English-speaking nations.

But the two economists question whether we should. They look at another survey of happiness by the International Social Survey Program and find quite a different picture. Australia does not show up with notably high levels of wellbeing.

It is close to the bottom in international rankings of job satisfaction. Among English-speaking nations, where a common language should make wellbeing measures more reliable, it performs fairly poorly on a range of happiness indicators.

What do we make of this? Probably not too much. A response to Blanchflower and Oswald by Andrew Leigh, an Australian economist, and Justin Wolfers from the Wharton School in the US, disputes their conclusion.

Using a broader range of data, they find that, if anything, Australians are happier than their ranking in the Human Development Index would predict. For example, in the World Values Survey only one nation, Iceland, has a significantly higher level of both happiness and life satisfaction (a similar concept) than Australia.

Not much sign there that growth and higher incomes are making us unhappy. But what it also tells us is how difficult it is to construct a reliable alternative to GDP. And while growth and income are by no means the only things that matter, growth is crucial to happiness.

However, it is simply wrong to suggest economists think growth is everything. You may not know that the overall government policy objective in the Treasury portfolio, reflected in the department's mission statement, is "strong, sustainable growth and the improved wellbeing of the Australian people".

Treasury has spent a lot of time developing a wellbeing framework as an overlay for its policy advice, which takes account of a range of issues including opportunity and freedom in its broadest sense, social as well as economic.

But achieving strong economic growth is still central to national wellbeing, a point made well by Swedish intellectual Johan Norberg, author of best-seller In Defence of Global Capitalism, when he was in Australia last year as a guest of the Centre for Independent Studies.

"If you are looking for a happy European, try someone who thinks his present situation is better than it was five years ago, or even better, someone who thinks his situation will be better five years from now," he says. "If you want to meet a happy Australian, ask someone who thinks that people like themselves have a good chance of improving their standard of living."

Those expectations are driven by economic growth, and while nobody thinks it is all that matters, or wants a return to the simplistic growthmanship policies of the '60s, it is going to matter more than ever as our population ages.

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Now Australians are whingeing

By Ben Leapman
(Filed: 05/02/2006)

With its climate, living standards and classlessness, Australia has long been the envy of many other countries.

For decades, its citizens finished at or near the top of the cheerfulness table, ahead of Americans or "whingeing Poms".

Now they have been shaken by research which shows that they are more miserable than their comfortable lifestyles suggest they should be. A study by two British professors, Andrew Oswald and David Blanchflower, could not explain why the country has such a high suicide rate - worse than Britain, America, Canada, New Zealand or Ireland - and low job satisfaction.

An attempt by two Australian academics, Justin Leigh and Justin Wolfers, to put the record straight in a paper published last week fell flat. "Our mates are educated, witty and invariably good looking. They live in cosmopolitan cities near beautiful beaches in a wonderful climate and enjoy a strong economy."

Yet, even after statistical adjustments, they could not push Australia into the top 10 cheerful nations. The country still trails Ireland, Canada, the Netherlands, Denmark, Iceland and Mexico in polling carried out even before England recaptured the Ashes.

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