



## LIES & STATISTICS

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*We may be happier but we're not having so much fun, write Andrew Leigh and Justin Wolfers.*

Are Australians happy? Judging by the tone of our economic and social commentators, the rapidly increasing pace of modern life, the changes wrought by globalisation, fundamental changes in family values and the pressure to keep up have left us overworked, alienated and morose.

Some go further, arguing that rising incomes have made us more materialistic and therefore caused us to become less happy.

Could it be that despite our protests that "she'll be right", she really isn't?

To answer this question, we turned to the World Values Survey, the largest survey of happiness, covering 78 nations and 83 per cent of the world's population.

Countering the sad sceptics, we found that Australians are more chipper than most people.

On happiness, Australians ranked 12th; on life satisfaction, we ranked 19th. In both cases, the differences between Australia and the handful of countries ahead of us were not statistically significant. Indeed, only one country beats Australia by a statistically significant margin for both happiness and life satisfaction. (And perhaps the answer will surprise you: it's Iceland).

We also reviewed all the available cross-national surveys of happiness and life satisfaction conducted since 1948 and found that Australia has consistently ranked among the top tier of nations. Over time, our happiness levels have been stable and high. In the Melbourne Institute's most recent Household, Income and Labour Dynamics in Australia survey, the average respondent rated their life satisfaction as eight on a scale of zero to 10.

Systematic analyses of happiness data across countries have shown some clear patterns. Rafael di Tella, Robert MacCulloch and Andrew Oswald have found that countries with

lower unemployment and lower inflation tend to be happier. Justin Wolfers has shown that countries with less volatile business cycles tend to be happier.

And our latest research suggests that countries that do well on the usual yardstick employed in cross-country comparison gross domestic product also tend to report higher levels of happiness.

Indeed, Australians are a little happier and more satisfied with life than our national income would lead one to predict. Within Australia, the most important economic driver of unhappiness appears to be joblessness. Research by Australian National University doctoral student Nick Carroll shows that unemployment causes a degree of unhappiness that one can't explain simply by the resulting fall in income.

If there's a cloud on our national happiness horizon, it is that employed Australians report relatively low levels of job satisfaction, which may reflect our long working hours.

This may also explain why the 2004 Durex Global Sex Survey found that Australians have sex less often than the citizens of most other nations. Now there's two good reasons to leave work early.

Andrew Leigh and Justin Wolfers

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