

**Carol Graham: *Happiness around the World: The Paradox of Happy Peasants and Miserable Millionaires***  
Oxford 2009: Oxford University Press, 249 pp.

The last few decades have seen a rapid proliferation of research into happiness and well-being in the social sciences. In particular, this has been so for economics, whereby scholars have acknowledged a need for happiness measures at the national or international level as indicators of well-being that can complement the more traditional economic indicators of social progress—which well-being is seen to represent—such as income and GNP. Carol Graham's *Happiness around the World*, a concise, but nonetheless comprehensive book, provides an excellent review of this research and draws together the diverse ideas, theories, and concepts around which such studies have centred.

The book begins with a short introduction, in which Graham acknowledges the recent rise of happiness research in economics, particularly studies that seek to uncover the determinants of happiness for individuals, countries, and cultures around the world. The study of happiness has started to be recognised as a science, and emphasis is increasingly being placed upon the need for measures of happiness that can act as national well-being indicators with which GNP data can be complemented.

The book seeks to answer a number of questions and draws on Graham's own research as well as that undertaken by other scholars in economics and psychology: Why all the interest in happiness? Can we really answer the question of what makes people happy? Can it really be proved with credible methods and data? Is there consistency in the determinants of happiness across cohorts, countries, and cultures? Are happiness levels innate to individuals or can policy and the environment people live

in make a difference? How is happiness affected by poverty or progress? Is happiness a viable objective for policy? If so, how do we define happiness in a way that is meaningful to policy but still is general enough to compare across cohorts, cultures, and countries? (p. 2) In other words, the book is largely concerned with the ways in which happiness can be effectively measured and monitored, what its causes are, and whether and how information on this can be incorporated into public policy decisions.

The book proceeds, in Chapter 1, to review the theory and concepts on which the economics of happiness rest, and how these have evolved historically. Graham charts the way in which economics traditionally associated utility with income, but how over time this association began to be challenged. Broader notions of utility and welfare came to the fore with the establishment of behavioural economics, and scholars began to take account of non-rational factors alongside their employment of rational choice theories of behaviour. The book also introduces Richard Easterlin's [1974] work in which the idea of the 'Easterlin Paradox' was coined. Within countries, wealthier people are, on average, happier than poorer people, but across countries and over time, there only exists a weak relationship at best between increases in income and happiness levels. This was thus one of the first studies to suggest a need for happiness measures as a complement to—though not a replacement of—GDP and other income-based indicators of well-being. Work of this nature by economists has continued, and happiness has been studied with regard to its relationship to variables such as income, socio-demographic variables and employment status, the nature of political regimes, the level of economic development and so on. Happiness measures that are employed in such studies are derived from questions posed in large-scale surveys in which people are asked to report their own levels of happiness on a scale, which

usually ranges between three and eleven points. Graham highlights a number of methodological challenges that exist in relation to these measures and the data that they generate—in particular, bias with regard to both question order and unobserved events that could influence people's ratings. Nevertheless, consistent patterns in the determinants of happiness have been found in large samples across countries and over time.

The book's second chapter addresses the widely debated question of the relationship between happiness and income. It reviews a number of different conclusions that have been drawn in relation to this; results have been shown to differ according to the methods that studies have used. For example, in international studies of this relationship, the countries that are in the sample can impact upon conclusions drawn. A stronger link between income and well-being has existed for poorer countries in which people are seeking to meet basic needs, than for richer countries, in which other factors may also be important for people's well-being, such as rising aspirations and relative (rather than absolute) differences in income. Many poorer countries also now have better access to a range of technologies and better health care. Other studies, however, have shown a stronger relationship in *wealthier* countries, and it has been suggested that individuals here may be better placed to enjoy their wealth and may have a stronger awareness of how their living conditions compare to that of those in poor countries. In short, the income-happiness relationship is far from straightforward, particularly for wealthier countries. Cultural and normative differences may be reasons for this, in addition to those factors outlined here. Chapter 3 then highlights the correlates of happiness in large population samples around the world, which have, by and large, been very consistent across countries at all levels of economic development. Graham examined

each of these determinants with regard to Latin America and Russia, and the United States and Europe. Those that had the most impact on happiness—or unhappiness—across these countries were: the nature of people's employment (that is, whether they are employed, self-employed, retired, and so on), minority and gender rights in each country, age, income, education, health, and unemployment.

The question 'does happiness matter?' is addressed in the fourth chapter. Effects on labour market and health outcomes are explored. Graham, in undertaking an analysis of data from an over-time dataset for Russia, explores the effects of happiness on future incomes, on health, and on the probabilities of being married, employed, and of quitting or starting smoking. Although it is not found to matter for some of these outcomes, it does matter for higher income and better health. If these patterns hold for other countries as well as for Russia—which Graham has not yet explored, and indeed, she highlights this as a caveat—it could be suggested that well-being data such as these could be used to inform public policy decisions relating to these outcomes.

Chapter 5 is concerned more specifically with health, which Graham sees as one of the most important determinants of happiness; indeed, the two variables have been shown to be very highly correlated in a number of studies. As an example, a recent study of OECD countries finds that hypertension prevalence and average country-level happiness rankings are negatively correlated. The direction of causality is unclear here, however. This may be demonstrative of happier people being less disposed to hypertension, or of hypertension leading to unhappiness. It is in this way that Graham illustrates the way in which happiness surveys can offer an alternative method for valuing different health states in relation to happiness and well-being equations.

A discussion of the effects of macro- and socio-economic trends and patterns on happiness features in the sixth chapter. More precisely, how do factors such as economic growth, financial market crises, inequality, inflation, and unemployment impact upon national levels of well-being? In sum, financial market crises have a negative effect; however, the effect of rapid economic growth is similar, because of concerns about inequality. Unemployment has also been shown to lead to a fall in well-being levels, and has a particularly strong effect in contexts where it is less prevalent and people are less accustomed to it. Inequality has been shown to lead to both a rise and fall in levels of happiness; in Latin America, where it is seen as a sign of persistent advantage for the rich and disadvantage for the poor, it has a negative effect. However, in countries where it is seen as a sign of opportunity, it can go either way. Chapter 7 in turn explores the role of different institutional arrangements such as political regimes and social networks, as well as that of phenomena such as crime and corruption. In the same way that increases in income over time are not necessarily paralleled with increases in well-being, high levels of crime and corruption may not necessarily lead to commensurate decreases in well-being, as in many cases, individuals adapt to such phenomena.

The final chapter provides a discussion of the usefulness of happiness surveys for the formulation of public policy, and re-emphasises what was stated at the start of the book: such surveys can contribute to a broader picture of human welfare and well-being than that which is provided by income-based measures. Graham also highlights a number of conceptual and empirical caveats here, some of which must always be acknowledged when studying 'subjective' phenomena such as happiness, and which should be addressed if we are to consider an application of the findings of happiness studies to public policy. One,

which is also raised earlier in the book, is concerned with cultural and normative differences that exist in different countries, which should be borne in mind when comparing results from self-report happiness surveys; the idea of 'happiness' may be thought about differently across cultures in this way. Caution should also be taken when dealing with variance in innate happiness levels and in human capacity to adapt to both prosperity and adversity.

Overall, Graham's book offers a timely and comprehensive review of many of the debates that underpin the economics of happiness. Although sociologists may study the topic through a different, and perhaps more social and cultural lens, the book is nevertheless an invaluable resource with which such social scientific debates can be understood. However, it should be borne in mind that Graham's book may only be of limited use to sociologists; written from the standpoint of economics, it overlooks a number of sociological questions about happiness (which are, incidentally, also largely unexplored in the sociological literature). For instance, it is largely considered as a measurable variable that is monitored at a national or international level. How might *individuals* experience happiness? And how might culture and self-identity play a role in this experience? Could the individual experience of happiness be researched via qualitative methods? Sociology as a discipline has been slow to follow suit with regard to studying happiness, but as literature slowly emerges, these are the questions that sociologists of happiness should be concerning themselves with. In the meantime, the economics of happiness provides a good grounding for social scientific inquiry, and Graham's book is an excellent resource in which debates around happiness are explored.

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