

# CONTENTS

<i>List of Figures</i>	<i>xiv</i>
<i>List of Tables</i>	<i>xv</i>
<i>Abbreviations</i>	<i>xvii</i>
Introduction	I
CHAPTER 1	
The Economics of Happiness	6
The Approach	8
The Easterlin Paradox	12
Selected Applications of Happiness Economics	16
Policy Implications	20
CHAPTER 2	
The Happiness and Income Debate: Substance, Methodology, and the Easterlin Paradox	24
Question Framing Issues	28
Country Selection Issues	39
Conclusions	41
Appendix 2.1	46

## CONTENTS

CHAPTER 3	
The Determinants of Happiness around the World	47
Comparing Latin America, Russia, and the OECD	51
A Bird's Eye View of Happiness in Transition: Central Asia, Cuba, and Eastern Europe	57
'Happiness' in Africa	66
Happiness in Afghanistan: Insights on Human Well-Being in the midst of Turmoil	74
Conclusions	84
CHAPTER 4	
Does Happiness Matter?	88
Russia in the 1990s	92
Changes in Happiness in Russia, 1995–2000	95
Does Happiness Matter to Future Outcomes?	101
Conclusions	113
CHAPTER 5	
Happiness and Health across Countries and Cultures	116
Happiness and Health	118
Variance in the Health–Happiness Relationship: The Example of Obesity	124
Poverty, Health, and Happiness	129
Inequality	132
How Different Illnesses Affect Your Life: Some Evidence from Well-Being Surveys and EQ-5D Scores for Latin America	133
Relevance to Policy?	142
CHAPTER 6	
Economic Growth, Crises, Inequality, and More	145
Economic Growth: An Unhappy Paradox	146
The Happy Peasants and Frustrated Achievers	151

## CONTENTS

The Aspirations Paradox	155
Relative Incomes and Inequality—Part of the Paradox?	158
Much Unhappier than Growth: Financial Crises and Well-Being	166
The Misery Index: Inflation versus Unemployment	173
Conclusions	184
CHAPTER 7	
Adapting to Good and Bad Fortune: How Friends, Freedom, Crime, and Corruption affect Happiness	187
Social Capital and Friendships	189
Political Freedom, Political Participation, and Happiness	193
Adapting to Bad Equilibrium: Crime and Corruption	202
Conclusions	210
CHAPTER 8	
Happiness around the World: Lessons—and Questions—for Policy	213
Treading—Carefully—in the Policy Arena	218
Happiness and Policy Going Forward	227
<i>References</i>	232
<i>Index</i>	241