

More wealth, less
happiness



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More Wealth, Less Happiness Most people want and aim to be wealthy. But one of the key findings of happiness research is: Although more money delivers big increases in happiness when you are poor, each extra dollar makes less difference once your basic needs have been met. Having more income may not necessarily bring more happiness. Studies show that when incomes rise for everybody, well-being doesn't change much. Surveys have found virtually the same level of happiness between the very rich Americans on the Forbes 400 and the Masai herdsman of East Africa.

Research shows that people in rich countries are not happier than those in poorer ones. University of Illinois psychologist Edward Diener (who made the Masai discovery) has been studying what makes people happy for more than 25 years. One of his more compelling findings is that the wealthiest nations aren't necessarily the happiest. Diener, and many other social scientists, say that once people's basic needs are met, an increase in income has little, if any, effect on their sense of well-being.

According to British economist Richard Layard, who has written one of the most celebrated works about this, *Happiness: Lessons from a New Science* (2005), growth in the rich countries since the 1950s has not contributed to more happiness. After a national income of \$20, 000 a year, Layard says, “additional income is not associated with extra happiness”. According to psychologist Oliver James, author of *They F*** You Up*, most people in the developed world were no happier than people were in the 1950s when they were less affluent. A typical 25-year-old today is between 3 and 10 times more likely to suffer major depression compared to the 1950s. It seems that once you reach a certain level of income, an annual salary of around ? 15,

000, increasing affluence has no impact on whether you are likely to be happier. In fact, the more you earn, the less likely you are to be happy”, he cautions. Japan’s Experience The same is true of Japan, which was a very poor country in 1960.

Between then and the late 1980s, its per capita income rose almost 4-fold, placing it among the highest in the industrialised world. Yet the average happiness level reported by the Japanese was no higher in 1987 than in 1960 (Happiness in Nations, 1993 – as cited by Robert H. Frank in “ How Not to Buy Happiness” in *Daedalus*, Journal of the American Academy of Arts & Sciences, Vol. 133, Issue 2, Spring 2004). People there had many more washing machines, cars, cameras, and other things than they used to, but they did not register significant gains on the happiness scale.

Similar conclusions were also made by the economist Richard Easterlin in a study about Japan (“ Does Economic Growth Improve the Human Lot? Some Empirical Evidence”, as cited in the book, *Nations and Households in Economic Growth*, 1974). He pointed out that since the 1950s, income in Japan increased almost 10-fold, but the Japanese are no happier today than they were then. Germany’s Experience In the west today, increases in economic output and consumption are also no longer being matched by increases in people’s reported levels of happiness.

This was noted in Germany, although “(during) the 1980s, the West Germans had double the incomes of the poor Irish, who year after year reported more satisfaction with their lives,” said David Myers, a sociologist at Hope College in Michigan who authored the 1993 book *The Pursuit of Happiness*. Similarly,

IN BRITAIN, incomes have trebled since 1950 but happiness has not increased at all, Britain's The Sunday Times (2 October 2005) reports.

America's Experience

In the US, social scientists report that that after attaining a certain earnings level of about \$40, 000, increased affluence hardly affects happiness. “

Compared with their grandparents, today's young adults have grown up with much more affluence, slightly less happiness and a much greater risk of depression and assorted social pathology,” notes Hope College psychologist David G. Myers, PhD, author of an article, which appeared in the American Psychologist (Vol. 55, No. 1). “ Our becoming much better off over the last 4 decades has not been accompanied by one iota of increased subjective well-being. ”