

INTRODUCTORY NOTE: Award-winning journalist Sharon Begley is a senior writer for Newsweek specializing in science stories. The following passage is adapted from an article she wrote that appeared on Newsweek's Web site in October 2007.

WHY MONEY DOESN'T BUY HAPPINESS

All in all, it was probably a mistake to look for the answer to the eternal question "Does money buy happiness?"—from economists. For when economists tackled the question, they started from the observation that when people put something up for sale they try to get as much for it as they can, and when people buy something they try to pay as little for it as they can. Both sides in the transaction, the economists noticed, are therefore behaving as if they would be more satisfied (happier, dare we say) if they wound up receiving more money (the seller) or holding on to more money (the buyer). Hence, more money must be better than less, and the only way more of something can be better than less of it is if it brings you greater contentment. The economists' conclusion: the more money you have, the happier you must be.

Depressed debutantes, suicidal CEOs, miserable magnates and other unhappy rich folks aren't the only ones giving the lie to this. "Psychologists have spent decades studying the relation between wealth and happiness," writes Harvard University psychologist Daniel Gilbert, "and they have generally concluded that wealth increases human happiness when it lifts people out of abject poverty and into the middle class but that it does little to increase happiness thereafter."

That flies in the face of intuition, not to mention economic theory. According to standard economics, the most important commodity you can buy with additional wealth is choice. If you have \$20 in your pocket, you can decide between steak and peanut butter for dinner, but if you have only \$1 you'd better hope you already have a jar of jelly at home. Additional wealth also lets you satisfy additional needs and wants, and the more of those you satisfy the happier you are supposed to be.

The trouble is, choice is not all it's cracked up to be. Studies show that people like selecting from among maybe half a dozen kinds of pasta at the grocery store but find 27 choices overwhelming, leaving them chronically on edge that they could have chosen a better one than they did. And wants, which are nice to be able to afford, have a bad habit of becoming needs, of which an advertising and media-saturated culture create endless numbers. The nonlinear nature of how much happiness money can buy—lots more happiness when it moves you out of penury and into middle-class comfort, hardly any more when it lifts you from millionaire to decamillionaire—comes through clearly in global surveys that ask people how content they feel with their lives. In a typical survey people are asked to rank their sense of well-being or happiness on a scale of 1 to 7, where 1 means "not at all satisfied with my life" and 7 means "completely satisfied." Of the American multimillionaires who responded, the average happiness score was 5.8. Homeless people in Calcutta came in at 2.9. But consider who else rated themselves around 5.8: the Inuit of northern Greenland, who do not exactly lead a life of luxury, and the cattle-herding Masai of Kenya, whose dung huts have no electricity or running water.

Studies tracking changes in a population's reported level of happiness over time have also dealt a death blow to the money-buys-happiness claim. Since World War II the gross domestic product per capita has tripled in the United States. But people's sense of well-being, as measured by surveys asking some variation of "Overall, how satisfied are you with your life?," has barely budged. Japan has had an even more meteoric rise in GDP per capita since its postwar misery, but measures of national happiness have been flat, as they have also been in Western Europe during its long postwar boom. According to psychologists Ed Diener of the University of Illinois, Urbana-Champaign and Martin E. P. Seligman of the University of Pennsylvania "Although economic output has risen steeply over the past decades, there has been no rise in life satisfaction ... and there has been a substantial increase in depression and distrust."

That's partly because in an expanding economy, in which former luxuries such as washing machines become necessities, the newly affluent don't feel the same joy in having a machine do the laundry that their grandparents, suddenly freed from washboards, did. "Americans who earn \$50,000 per year are much happier than those who earn \$10,000 per year," writes Gilbert, "but Americans who earn \$5 million per year are not much happier than those who earn \$100,000 per year." Another reason is that an expanding paycheck, especially in an expanding economy, produces expanding aspirations and a sense that there is always one more thing out there that you absolutely have to have. If money doesn't buy happiness, what does? As Diener and Seligman put it, once your basic needs are met "differences in well-being are less frequently due to income, and are more frequently due to factors such as social relationships and enjoyment at work." Other researchers add fulfillment, a sense that life has meaning, belonging to civic and other groups, and living in a democracy that respects individual rights and the rule of law.

If more money doesn't buy more happiness, then the behavior of most Americans looks downright insane, as we work harder and longer, decade after decade. But what is insane for an individual is crucial for a national economy. Gilbert again: "Economies can blossom and grow only if people are deluded into believing that the production of wealth will make them happy."

ESSAY TOPIC

Why, according to Begley, is "the money-buys-happiness claim" false? To what extent do you agree with her views? Write an essay responding to these two questions. To develop your own position, be sure to discuss specific examples; those examples can be drawn from anything you've read, as well as from your observation and experience.