

Does Economic Growth Improve Human Morale?

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During the mid-1980s my family and I spent a sabbatical year in the historic town of St. Andrews, Scotland. Comparing life there with life in America, we were impressed by a seeming disconnection between national wealth and well-being. To most Americans, Scottish life would have seemed Spartan. Incomes were about half that in the U.S. Among families in the Kingdom of Fife surrounding St. Andrews, 44 percent did not own a car, and we never met a family that owned two. Central heating in this place not far south of Iceland was, at that time, still a luxury.

In hundreds of conversations during our year there and during three half-summer stays since, we repeatedly noticed that, despite their simpler living, the Scots appeared no less joyful than Americans. We heard complaints about Margaret Thatcher, but never about being underpaid or unable to afford wants. With less money there was no less satisfaction with living, no less warmth of spirit, no less pleasure in one another's company.

Are rich Americans happier?

Within any country, such as our own, are rich people happier? In poor countries, such as Bangladesh and India, being relatively well off does make for somewhat greater well-being. Psychologically as well as materially, it is much better to be high caste than low caste. We humans need food, rest, warmth, and social contact.

But in affluent countries, where nearly everyone can afford life's necessities, increasing affluence matters surprisingly little. In the USA, Canada, and Europe, the correlation between income and happiness is, as University of Michigan researcher Ronald Inglehart noted in 1980s 16-nation study, "surprisingly weak (indeed, virtually negligible.)" Happiness is lower among the very poor. But once comfortable, more money provides diminishing returns. The second piece of pie, or the second \$50,000, never tastes as good as the first. So far as happiness is concerned, it hardly matters whether one drives a BMW or, like so many of the Scots, walks or rides a bus.

Even very rich people—the Forbes' 100 wealthiest Americans surveyed by University of Illinois psychologist Ed Diener—are only slightly happier than average. With net worths all exceeding \$100 million, providing ample money to buy things they don't need and hardly care about, 4 in 5 of the 49 people responding to the survey agreed that "Money can increase OR decrease happiness, depending on how it is used." And some were indeed unhappy. One fabulously wealthy man said he could never remember being happy. One woman reported that money could not undo misery caused by her children's problems. Examples of the wretched wealthy are not hard to come by: Howard Hughes, Christina Onassis, J. Paul Getty.

Adapting to fame, fortune, and affliction

At the other end of life's circumstances are most victims of disabling tragedies. With exceptions—vicious child abuse or rape, for example—most people who suffer negative life

events do not exhibit long-term emotional devastation. People who become blind or paralyzed, perhaps after a car accident, thereafter suffer the frustrations imposed by their limitations. Daily, they must cope with the challenges imposed by their disabilities. Yet, remarkably, most eventually recover a near-normal level of day-to-day happiness. Thus, university students who must cope with disabilities are as likely as able-bodied students to report themselves happy, and their friends agree with their self-perceptions. “Weeping may linger for the night” observed the Psalmist, “but joy comes with the morning.”

These findings underlie an astonishing conclusion from the new scientific pursuit of happiness. As the late New Zealand researcher Richard Kammann put it, “Objective life circumstances have a negligible role to play in the theory of happiness.” A society in where everyone lived in 4,000 square foot houses, people would likely be no happier than in a society in which everyone lived in 2,000 square foot houses. Good events—a pay hike, winning a big game, an A on an important exam—make us happy, until we adapt. And bad events—an argument with one’s mate, a work failure, a social rejection—deject us, but seldom for more than a few days.

Feeling the short-run influence of events, people use such events to explain their happiness, all the while missing subtler but bigger influences on their long-run well-being. Noticing that an influx of cash feels good, they may accept the Hollywood, Robin Leach image of who is happy—the rich and famous. In reality, we humans have an enormous capacity to adapt to fame, fortune, and affliction.

We adapt by recalibrating our “adaptation levels”—the neutral points at which sounds seem neither loud nor soft, lights neither bright nor dim, experiences neither pleasant nor unpleasant. Here in Michigan on a winter’s day, 60 degrees would feel warm, but not when we are adapted to summer’s heat. So it is with things. Our first desktop computer, with information loaded from a cassette tape, seemed remarkable, until we got that speedier hard-drive machine, which itself became pokey once we got a faster, more powerful machine. So it happens that yesterday’s luxuries become today’s necessities and tomorrow’s relics.

Does economic growth improve human morale?

We have scrutinized the American dream of achieved wealth and well-being by comparing rich and unrich countries, and rich and unrich people. That leaves the final question: Over time, does happiness rise with affluence?

Typically not. Lottery winners appear to gain but a temporary jolt of joy from their winnings. Looking back, they feel delighted to have won. Yet the euphoria doesn’t last. In fact, previously enjoyed activities such as reading may become less pleasurable. Compared to the high of winning a million dollars, ordinary pleasures pale.

On a smaller scale, a jump in our income can boost our morale, for a while. “But in the long run,” notes Inglehart, “neither an ice cream cone nor a new car nor becoming rich and famous produces the same feelings of delight that it initially did... Happiness is not the result of being rich, but a temporary consequence of having recently become richer.” Ed Diener’s research confirms that those whose incomes have increased over a 10-year period are not happier than

those whose income has not increased. Wealth, it therefore seems, is like health: Although its utter absence can breed misery, having it does not guarantee happiness. Happiness is less a matter of getting what we want than of wanting what we have. For that matter, the pain of simplification may also be short-lived. Cornell University economist Robert Frank experienced this when:

As a young man fresh out of college, I served as a Peace Corps Volunteer in rural Nepal. My one-room house had no electricity, no heat, no indoor toilet, no running water. The local diet offered little variety and virtually no meat... Yet, although my living conditions in Nepal were a bit startling at first, the most salient feature of my experience was how quickly they came to seem normal. Within a matter of weeks, I lost all sense of impoverishment. Indeed, my \$40 monthly stipend was more than most others had in my village, and with it I experienced a feeling of prosperity that I have recaptured only in recent years.

Our human capacity for adaptation helps explain why, despite the elation of triumph and the anguish of tragedy, lottery winners and paraplegics usually return to their preexisting happiness. And it explains why material wants can prove insatiable—why Imelda Marcos, living in splendor amid privation in The Philippines, could buy more shoes that she could ever conceivably wear. When the possessor becomes possessed by accumulating ever-more possessions, the adaptation-level phenomenon has run wild.

Are we happier today?

We can also ask whether, over time, our collective happiness has floated upward with the rising economic tide. Are we happier today than in 1940, when two out of five homes lacked a shower or bathtub, heat often meant feeding a furnace wood or coal, and 35 percent of homes had no toilet? Or consider 1957, when economist John Galbraith was about to describe the United States as The Affluent Society. Americans' per person income, expressed in today's dollars, was less than \$8000. Today it is more than \$16,000, thanks to increased real wages into the 1970s, increased nonwage income, and the doubling of married women's employment. Compared to 1957, we are therefore "the doubly affluent society"—with double what money buys including twice as many cars per person, not to mention microwave ovens, big screen color TVs, home computers, and \$200 billion a year spent in restaurants and bars—two and a half times our 1960 inflation-adjusted restaurant spending per person. From 1960 to 1990, the percentage of us with dishwashers zoomed from 7 to 45 percent, clothes dryers rose from 20 to 69 percent, air conditioners soared from 15 to 70 percent.

Looking through unsolicited mail order catalogs recently, my wife, Carol, remarked, "You know what's becoming big business? It's stuff to put your stuff in." Such storage systems sell well in our neighborhood of century old homes, built presuming less need for closets and shelving to store one's accumulated possessions. And to store that shelving we're building bigger houses. In 1966, 22 percent of new homes had more than 2,000 square feet; in 1994, 47 percent did. Not the best of times for the human spirit.

So, believing that a little more money would make us a little happier, and having seen our affluence ratchet upward little by little over nearly four decades, are we now happier?

We are not. Since 1957, the number telling the University of Chicago's National Opinion Research Center that they are "very happy" has declined from 35 to 30 percent. Twice as rich, and a little less happy. In fact, between 1956 and 1988, the percentage of Americans saying they were "pretty well satisfied with your present financial situation" dropped from 42 to 30 percent.

We are also more often downright miserable. Among Americans born since World War II, depression has increased dramatically—tenfold, reports University of Pennsylvania clinical researcher Martin Seligman. Today's twenty-five year olds are much more likely to recall a time in their life when they were despondent and despairing than are their 75-year-old grandparents, despite the grandparents having had many more years to suffer all kinds of disorder, from broken legs to the anguish of depression. Researchers debate the actual extent of rising depression...but no matter how we define depression, the findings persist: Today's youth and young adults have grown up with much more affluence, slightly less overall happiness, and much greater risk of depression, not to mention tripled teen suicide and all the other social pathologies we have considered. Never has a culture experienced such physical comfort combined with such psychological misery. Never have we felt so free, or had our prisons so overstuffed. Never have we been so sophisticated about pleasure, or so likely to suffer broken relationships.

These are the best of times materially, "a time of elephantine vanity and greed" observes Garrison Keillor, but they are not the best times for the human spirit. William Bennett, no critic of free market economies, is among those who recognize the futility of economics without ethics and money without a mission: "If we have full employment and greater economic growth—if we have cities of gold and alabaster—but our children have not learned how to walk in goodness, justice, and mercy, then the American experiment, not matter how gilded, will have failed."

The conclusion is provocative

How, then, can we avoid a startling conclusion: Our becoming much better off over the last four decades has not been accompanied by one iota of increased psychological well-being. The same is true of the European countries and Japan, reports economist Richard Easterlin. In Britain, for example, sharp increases in the percent of households with cars, central heating, and telephones have not been accompanied by increased happiness. The conclusion is provocative, because it explodes a bombshell underneath our society's materialism: Economic growth in affluent countries provides no apparent boost to human morale.