Does money buy happiness? Few of us would agree that it does. But would a little more money make us a little happier? Many of us smirk and nod. There is, we believe, some connection between wealth and well-being, between fiscal fitness and emotional fulfillment. Most of us tell Gallup that, yes, we would like to be rich. Three in four entering American collegians—nearly double the 1970 proportion—now consider it “very important” or “essential” that they become “very well off financially.” Money matters.

Think of it as today’s American dream: life, liberty, and the purchase of happiness. “Of course money buys happiness,” writes Andrew Tobias. Wouldn’t anyone be happier with the indulgences promised by the magazine sweepstakes: a forty-foot yacht, deluxe motor home, private housekeeper? “Whoever said money can’t buy happiness isn’t spending it right,” proclaimed a Lexus ad.

Well, are rich people happier? Researchers have found that 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 better not to be desperately poor. We need food, rest, shelter, social contact.

But in countries where nearly everyone can afford life’s necessities, increasing affluence matters surprisingly little. The correlation between income and happiness is “surprisingly weak,” as the University of Michigan researcher Ronald Inglehart observed in a sixteen-nation study of 170,000 people. Once a person is comfortable, more money provides diminishing returns. The second piece of pie, or the second $100,000, never tastes as good as the first.

Even very rich people—including the Forbes’s one hundred wealthi-
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The least Americans surveyed by the University of Illinois psychologist Ed Diener—are only slightly happier than the average American. Those whose income has increased over a ten-year period are not happier than those on stable incomes. And lottery winners typically gain but a temporary jolt of joy. Wealth, it seems, is like health: although its utter absence can breed misery, possessing it fails to guarantee happiness. Happiness seems less a matter of getting what we want than of wanting what we have.

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 tub, heat often meant feeding wood or coal into a furnace, and 35 percent of homes had no toilet? Or consider 1957, when economist John Kenneth Galbraith was about to describe the United States as the affluent society. Americans’ per person income, expressed in today’s dollars, was $8,700. Today it is $20,000. Compared to 1957, we are now “the doubly affluent society”—with double what money buys. We have twice as many cars per person. We eat out two and a half times as often. And, compared to the late 1950s, when few Americans had dishwashers, clothes dryers, or air conditioning, most do today.

So, believing that a little more money would make us a little happier and that it’s important to be very well off, are we in fact—after four decades of gradually rising affluence—now happier?

We are not. Since 1957, the number of Americans telling the University of Chicago’s National Opinion Research Center that they are “very happy” has declined from 35 to 30 percent. Meanwhile, the divorce rate has doubled, the teen suicide rate has tripled, the violent crime rate
has quadrupled, and rates of depression have mushroomed, especially among teens and younger adults. These are the best of times materially, “a time of elephantine vanity and greed,” observed Garrison Keillor. But they are not the best of times for the human spirit. Our becoming much better off over the past four decades has not been accompanied by one iota of increased psychological well-being.

The same is true of the European countries and Japan. In Britain, for example, sharp increases in the percentage of households with cars, central heating, and telephones have not been accompanied by increased happiness. This fact of life explodes a bombshell underneath our society’s materialism: economic growth in affluent countries has provided no boost to human morale. When it comes to psychological well-being, it is not “the economy, stupid.”

We know it, sort of. In a nationally representative survey, the Princeton sociologist Robert Wuthnow found that 89 percent of people felt “our society is much too materialistic.” Other people are too materialistic, that is. For 84 percent also wished they had more money, and 78 percent said it was “very or fairly important” to have “a beautiful home, a new car and other nice things.”

But one has to wonder, what’s the point? “Why,” asked the prophet Isaiah, “do you spend your money for that which is not bread, and your labor for that which does not satisfy?” What’s the point of accumulating stacks of unplayed CDs, closets full of seldom-worn clothes, garages with luxury cars—all purchased in a vain quest for an elusive joy?

A Newsweek cover story on Ted Turner’s billion-dollar pledge to the United Nations reported that “eighty percent of all estates of more than $1 million leave nothing to charity.” But again, one has to wonder: what’s
the point of leaving huge estates for one’s heirs, as if inherited wealth could buy them happiness, when that wealth could do so much good in a hurting world?

Ted Turner, give him credit, seems to understand the modest connection between wealth and well-being, and he seems to have found liberation from envying those who have more. So have at least a few other billionaires, such as George Soros and John Templeton. Perhaps their example can inspire their peers, and all of us, to an alms race—or at least to rethink our stewardship of wealth.

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