CHAPTER 3

Will Money Buy Happiness?

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Does fiscal fitness foster feeling fine? Does wealth promote well-being? Let's personalize this: Could money buy your happiness? If that sounds to gross, let's moderate the question: Would a little more money make you a little happier?

MONEY MATTERS

If only we had more money. A quarter century ago, when University of Michigan interviewers asked Americans what hampered their search for the good life, the most common answer was, "We're short of money" (A. Campbell, 1981, p. 41). What would improve their life quality? "More money" was the most frequent answer.

In 2006, such sentiments still prevailed when Gallup (Carroll, 2006) asked employed Americans, "Would you be happier if you made more money?" The answer, by a three to one margin: Yes. Indeed, the more the better. In an earlier Gallup Poll (Gallup & Newport, 1990), one in three women, two in three men, and four in five people earning more than $75,000 a year say they would like to be rich.

More evidence of the "greasing of America" comes from the annual UCLA/American Council on Education survey of entering American collegians-more than 13 million between 1966 and 2007 (see Figure 3.1). From 1970 through the mid-1980s, students assigned decreasing importance to developing a meaningful philosophy of life and increasing importance to being very well off financially (which for most years of the last decade has remained the highest ranked of some 20 life goals, even
out ranking "helping others who are in difficulty" and "raising a family").
It's today's American dream: Life, liberty, and the purchase of happiness.

Economist Thomas Naylor (1990) sensed this intense materialism during his 6 years of teaching corporate strategy courses at Duke University. After asking students to write their personal strategic plan, he observed that "With few exceptions, what they wanted fell into three categories: Money, power and things—very big things, including vacation homes, expensive foreign automobiles, yachts and even airplanes... Their request to the faculty was: Teach me how to be a moneymaking machine." Few expressed concern for ethics, family, spirituality, or social responsibilities.

In *Luxury Fever*, the Cornell economist, Robert Frank (1999) reported that, at the 20th century's end, spending on luxury goods was outpacing the growth in overall spending four to one. Sales of luxury cars, private jets, cruise liners, and private mega yachts had soared. High-end Aspen hotel suites were booked months ahead. Malcolm Forbes, Jr., appealed to the modern sages in marketing his magazine: "I want to make one thing very clear about FORBES, namely—we are all about success and money. Period."

Are Gallup's Americans, today's collegians, Thomas Naylor's business students, and *Forbes* readers on to an important truth? Does being well off indeed produce—or at least correlate with—psychological well-being? Would people be happier if they could exchange their struggling middle class lives for palatial surroundings, Aspen ski vacations, and executive class travel? Would we be happier had we won the publishers' sweepstakes that...
allowed winners to choose a 40-foot yacht, a deluxe motor home, a designer wardrobe, a luxury car, and a private housekeeper? Would we be happier having the power and respect that accompanies affluence? "Whoever said money can't buy happiness isn't spending it right," proclaimed a Lexus ad.

WEALTH AND WELL-BEING

As people's money goes up does their misery go down? Does money enable "the good life"? We can triangulate on this by asking three focused questions:

- Are people happier in rich countries?
- In any given country, are richer people happier?
- Over time is economic growth accompanied by rising happiness?

Are Rich Countries Happy Countries?

In surveys of several hundred thousand people—from 16 nations in one 1980s study and from 82 nations in the most recent World Values Survey—there are striking national differences. In one 16-nation survey of 170,000 people, one in ten people in Portugal said they were "very happy," as did four in ten people in the Netherlands (Inglehart, 1990). These appear to be genuine national differences and not merely the result of translation differences. For example, regardless of whether they are German-, French-, or Italian-speaking, the Swiss reported greater well-being than their German, French, and Italian neighbors.

Comparing countries, we do see in Figure 3.2 (R. Inglehart, personal communication, April 18, 2006) a positive but curvilinear relationship between national wealth (indexed as Gross National Product per person) and well-being (a composite of self-rated happiness and life satisfaction). The curvilinear relationship replicates earlier World Values Survey data from 40 countries (Inglehart, 1997). In both data sets, the Scandinavians are generally prosperous and happy. Yet in both we also see a diminishing utility of increasing national wealth. As one moves from the very poor eastern European nations to the moderately well-off countries, national well-being rises. Ronald Inglehart (1997, p. 64) explains: "The transition from a society of scarcity to a society of security brings a dramatic increase in subjective well-being."

But further increases in wealth pay few additional dividends. Inglehart (1997, p. 64) reasons that, "at this level starvation is no longer a real concern for most people. Survival begins to be taken for granted." And in both waves of the survey, there are curious reversals: The Irish, for example, have reported greater happiness and life satisfaction than the better off Germans. Moreover, the Latin American countries are "over achievers" (Inglehart, in press), with Puerto Rico and Mexico exhibiting the highest well-being among 83 countries in the latest available data.
Of course, national wealth is confounded with other happiness predictors, such as civil rights, literacy, and the number of continuous years of democracy. The Scandinavians and Swiss enjoy not just abundant wealth but also a history of stable freedom.

The bottom-line conclusion—that national poverty and insecurity demoralizes but that national wealth beyond a certain point implies no greater happiness—became real for me during the year in the mid-1980s that my family and I spent in St. Andrews, Scotland. To most Americans, Scottish life then would have seemed Spartan. Incomes were about half those in the United States. Among families in our region, 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 a luxury.

During our year there we enjoyed hundreds of conversations over daily morning coffees at my university department, in church groups, and over dinner or tea in many homes. Our repeated impression was that, despite their simpler living, the Scots appeared no less joyful than our American
neighbors back home. We heard complaints about Margaret Thatcher, but never about being underpaid or unable to afford one's desires. There was less money and less consumption, but apparently no less satisfaction with living, no less warmth of spirit, no less pleasure in one another's company.

Within Countries, Are Rich People Happier?

We have seen that national wealth and well-being do correlate, up to a point. But the correlation is entangled with other happiness predictors, such as stable democracy and personal empowerment. So let's ask a second question: Within any country, are higher income people happier?

In historically poor countries, such as Bangladesh and India, being relatively well off has made for greater well-being (Argyle, 1999). In places where being relatively poor means living with unmet needs for food, clean water, secure rest, and warmth, relative affluence predicts happier lives.

In more economically developed Western countries, noted Inglehart (1990, p. 242), the income-happiness correlation is "surprisingly weak." As Figures 3.3 and 3.4 illustrate, happiness and life satisfaction are lower among the poor. But just as economic growth provides diminishing returns for national well-being, so, once comfortable, more money provides diminishing returns for individuals. The second $50,000, like the second piece of pie, seldom tastes as good as the first. To say that we "cannot live by bread alone" acknowledges that we do need bread, but that, having bread, other needs come to the fore (as Abraham Maslow recognized in his famous hierarchy of needs). Tell me someone's income and you haven't given me much clue as to their satisfaction with their marriage, their family, their friendships, or themselves—all of which do predict happiness. Thus, noted David Lykken (1999, p. 17) from his happiness studies, "People who go to work in their overalls ... are just as happy, on average, as those in suits."

![Figure 3.3. Personal income decile and life satisfaction in Australian Living Standards Survey, 1991-1992 (percent reporting high life satisfaction).](image-url)
Even in Calcutta and Pakistani slums, people "are more satisfied than one might expect" (Biswas-Diener & Diener, 2001; Subtelny & Chaudhry, 2003). And though growing up poor puts children at risk for some social pathologies, growing up rich puts them at risk for other pathologies. Children of affluence are at elevated risk for substance abuse, eating disorders, anxiety, and depression (Luther & Lazendicse, 2005). And among nearly 1,000 American teens whose experience was periodically sampled by Mihaly Csikszentmihalyi (1999), those from upper middle-class backgrounds reported less happiness than those from the lowest socioeconomic class. One possible explanation, suggested Csikszentmihalyi, is that children of professional and executive parents tend to spend less time with their parents than do children of middle and working class parents.

Ergo, wealth is like health: Its utter absence can breed misery, yet having it is no guarantee of happiness. What matters more than money (assuming one can afford life's necessities with a sense of security) is how you feel about what you have. Those who live with a sense of gratitude—or who cultivate their gratitude by each day writing down what they are grateful for—enjoy greater happiness (McCullough, Tsang, Emmons, 2004; Watkins, 2004).

Even very rich people—the Forbes 100 wealthiest Americans surveyed by Ed Diener and his colleagues (1985)—are only slightly happier than the average person. With net worths providing ample money to buy things they don't need and hardly care about, four in five 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. When sailing on the Titanic, even first class cannot get you where you want to go.
Will Money Buy Happiness?

Warren Buffett (1997) reported that Diener's findings are consistent with his own observation of billionaires. Indeed, examples of the wretched wealthy are not hard to come by: Howard Hughes, Christina Onassis, and J. Paul Getty and his heirs (Pearson, 1995). "If you were a jerk before, you'll be a bigger jerk with a billion dollars," added Buffett.

There is a progressive implication of the diminishing utility of income increases at high income levels, notes Robert Cummins (2006) from his analysis of Australian data. Beyond a certain point, further income loses its power to increase happiness. Said differently, more money will buy more happiness for the poor than for the rich. This implies that people's happiness could most effectively be raised "by providing additional financial resources to the lowest income groups" (p. 9).

At the other end of life's circumstances are many victims of disabling tragedies. Apart from prolonged grief over the loss of a loved one or lingering anxiety after a trauma (such as child abuse, rape, or the terrors of war), even tragedy usually is not permanently depressing. Learning that one is HIV-positive is devastating. Yet after 5 weeks of adapting to the grim news, those who tested positive felt less emotionally distraught than they had expected (Sief, Dawes, & Loewenstein, 1999). Kidney dialysis patients recognize that their health is relatively poor, yet in their moment-to-moment experiences they report being just as happy as healthy nonpatients (Riis et al., 2005). People who become blind or paralyzed also usually recover near-normal levels of day-to-day happiness (Gerhart, Kozial-McLain, Loewenstein, & Whitehead, 1994; Myers, 1993).

Among a sample of Germans incapacitated by ALS (amyotrophic lateral sclerosis or Lou Gehrig's disease, a progressive neurological disease that leads to paralysis), a striking 85 percent rated their quality of life as "satisfactory," "good," or "very good." Moreover, their ratings were not much affected by whether they were on ventilators or tube fed or not (Kübler, Winter, Ludolph, Hautzinger, & Birbaumer, 2005). "If you are a paraplegic," explains Daniel Kahneman (2005), "you will gradually start thinking of other things, and the more time you spend thinking of other things the less miserable you are going to be." Thus, most ALS patients, despite their tragic illness, gradually accommodate to their paralysis. Although somewhat less happy than the average person, they express considerably more happiness than able-bodied people with depression (Schwartz & Estrin, 2004).

These findings underlie an astonishing conclusion from the scientific pursuit of happiness. As the late New Zealand researcher Richard Kinnell (1983) put it, "Objective life circumstances have a negligible role to play in a theory of happiness."

Over Time, Does Happiness Rise with Affluence?

Having compared rich with not-rich countries, and rich with not-rich individuals, we come to our third question: Over decades,does our happiness grow with our paychecks? For example, are Americans happier today than in 1940, when two out of five homes lacked a shower or bathtub, heat
often meant hand-feeding a furnace, and more than a third of homes had no toilet? Or than in 1957, when economist John Galbraith was about to describe the United States as *The Affluent Society*?

Since 1957, our average per person income, expressed in inflation- and tax-adjusted dollars, has more than doubled, thanks partly to increased wages during the 15 or so years following 1957. Thus, compared with 1957, we now are the “doubly affluent society.”

A caveat: The rising economic tide has lifted the yachts faster than the dinghies. In constant dollars, production workers’ hourly earnings were no higher in 2006 than in 1973 (Bureau of Labor Statistics, 2007). Still, with increased nonwage income, increased working hours, and the doubling of married women’s employment, most boats have risen. Compared to 1957, today’s Americans have twice as many cars per person. We eat two and a half times as often. We build vastly bigger houses. We are five times as likely to enjoy home air conditioning. And we (even many at lower income levels) relish the technology—the laptops, iPods, Playstations, and camera cell phones—that enriches our lives.

So, believing that more money would make us a little happier, and having seen our affluence ratchet upward little by little over the last half century, are we now happier? Now that we can dial pleasant room temperatures with our fingertips, eat fresh fruit in winter, sip skinny lattés, and travel by jet airliner with our handy suitcase on wheels, are we happier? Has our collective happiness floated upward with the rising economic tide and all the cool stuff it has given us?

It most definitely has not. Since 1957, when National Opinion Research Center interviewers first queried Americans, the number of “very happy” Americans has slightly declined, from 35 to 32 percent (see Figure 3.5). Twice as rich, and slightly 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 (Niemi, Mueller, & Smith, 1989).

Meanwhile, various misery indexes were increasing during the third of a century after 1960, as the divorce rate doubled, the teen suicide rate more than doubled, and more people than ever (especially teens and young adults) became depressed (Myers, 2000a). Asked “Have you ever felt that you were going to have a nervous breakdown?” 17 percent of Americans said “yes” in 1957. This number rose to 24 percent in 1996 (Swindle, Heller, Bescotolito, & Kikuzawa, 2000). Similar increased depression has been observed in Canada, Sweden, Germany, and New Zealand (Klerman & Weissman, 1989; Cross-National Collaborative Group, 1992). At the very least, increased physical comfort has not been accompanied by increased psychological comfort.

We might call this soaring wealth and shrinking spirit “the American paradox.” More than ever, we have big houses and broken homes, high incomes and low morale, more comfortable cars and more road rage. We excel at making a living but often fail at making a life. We celebrate our prosperity but yearn for purpose. We cherish our freedoms but long for connection. In an age of plenty, we feel spiritual hunger (Myers, 2000a).
It is hard to avoid a startling conclusion: Our becoming much better off over the last 5 decades has not been accompanied by one iota of increased subjective well-being. The same is true of the European countries, Australia, and Japan (Diener & Biswas-Diener, 2002; Easterlin, 1995; Eckersley, 2000). In these countries, people enjoy better nutrition, health care, education, and science, and they are somewhat happier than those in very poor countries. Yet their increasing real incomes have not produced increasing happiness. In Britain, for example, great increases in the percent of households with cars, central heating, and telephones have not been accompanied by increased well-being. And after a decade of extraordinary economic growth in China—from few owning a phone and 40 percent owning a color television to most people now having such things—Gallup surveys revealed a decreasing proportion of people satisfied “with the way things are going in your life today” (Burkholder, 2005).

The findings are startling because they challenge modern materialism: *Economic growth has provided no apparent boost to human morale.* Having been told over and again that “it’s the economy, stupid,” believing in the American version of “the good life,” these results come as a shock. Yet in study after study and country after country we see much the same result: Once we have enough income to afford our needs and feel control over our lives, piling on more and more money and consumption entails thinning increases in our happiness. To modern materialists the conclusion may be shocking, but it is not original. Seneca (c. 4 B.C. to A.D. 65) observed nearly 2,000 years ago that...
Our forefathers ... lived every jot as well as we, when they provided and
dressed their own meat with their own hands; lodged upon the ground, and
were not as yet come to the vanity of gold and gems... which may serve to
show us, that it is the mind, and not the sun, that makes any person rich....
No one can be poor that has enough, nor rich that covets more than he has.

Without romanticizing the struggles of oppression and poverty, Seneca
would say that to be rich is less an ample bank balance than a state of mind.
To be rich is to have wants that are simpler than our incomes can afford.

WHY RICHES, CONSUMPTION, AND MATERIALISM FAIL TO SATISFY

If his government achieves its 4 percent economic growth-rate goal, noted
Australian researcher Richard Eckersley (2001), its people will be
twice as rich in 20 years, “and 10 times richer than we were 100 years ago.
Can we be sure that this increasing wealth creation is beneficial to personal
and social well-being?” As we have seen, the psychological benefits will likely
be limited, especially for those already at higher income levels. Why is this?

Materialism

Materialism minimizes morale. This finding—that individuals who strive
most for wealth tend to live with lower well-being—“comes through very
strongly in every culture I’ve looked at,” reports Richard Ryan (1999).
Seek extrinsic goals, such as wealth, beauty, and popularity, and you may
instead find anxiety, depression, and psychosomatic ills (Eckersley, 2005;
Sheldon, Ryan, Deci, & Kasser, 2004). Strive for intrinsic goals such as
“intimacy, personal growth, and contribution to the community” and you
likely will experience greater quality of life, notes Tim Kasser (2000, 2002).
Ryan and Kasser’s research echoes an earlier finding by H. W. Perkins
(1991): Among 800 college alumni surveyed, those with “Yuppie values”—who preferred a high income and occupational success and prestige
to having very close friends and a close marriage—were twice as likely as
their former classmates to describe themselves as “fairly” or “very”
unhappy.

Imagine yourself as a participant in a study by Sheldon, Elliot, Kim, and
Kasser (2001). Pause and think: “What were the most satisfying events that
you have experienced in the last month? And to what extent did those
events meet your desires for self-esteem, relatedness to others, and
autonomy? And your desires for money and luxury?” For most people, the
truly satisfying happenings in life are often involve money than feelings of
connection, control, and self-worth. In a study of university students, Ed
Diener and Martin Seligman (2002) confirmed that the best things in life
are not things; very happy university students are distinguished not by their
money but by their “rich and satisfying close relationships.”

Moreover, materialists—people who identify themselves with expensive
possessions—experience fewer positive moods (Solberg, Diener, & Robinson,
2003). Materialists also report a relatively large gap between what they want and what they have, and they enjoy fewer close, fulfilling relationships. And for most of us, just thinking about money diminishes volunteerism, generosity, and feelings of connection. That’s what Kathleen Vohs, Nicole Mead, and Miranda Goode (2006) observed when, in nine experiments, they primed people’s thinking about money, as when asking them to unscramble phrases that were either about money (“high a salary paying”) or not (“cold it outside is”). With money on their minds, university students became less willing to ask for help on a task, to help someone with dropped pencils, and to donate money.

Economist Robert Frank and his Cornell psychology colleagues Thomas Gilovich and Dennis Regan (1993) surveyed money-minded economics professors. Despite having relatively high salaries, economists were more than twice as likely as those in other disciplines to contribute no money to private charities. In responding to public television appeals, their median (and most common) gift was nothing. Moreover, in laboratory monetary games, students behave more selfishly after taking economics courses.

If, as research indicates (Myers, 1993, 2000b), happiness is mostly a matter of positive traits, close relationships, engaging work and leisure, and a faith that entails meaning, hope, and social support, then why is making more money so often our consuming passion? And why do yesterday’s luxuries so quickly become today’s necessities? Two principles drive this psychology of wealth and consumption.

Adaptation: Happiness and Prior Experience

Perhaps you have noticed. Bad events—an argument, a rejection, a setback—put you in the dumps. And good events—winning a big game, an A on a test, falling in love—trigger joy. But only for a while. “We are never happy for a thousand days, a flower never blooms for a hundred” says a Chinese proverb. Within a day or two, our moods settle back toward normal, with our ups and downs reflecting the day’s events.

Thus dejection and elation are both hard to sustain. When in a funk, we know we will rebound. Stung by criticism, we wallow in gloom, but not for long. Delighted by acclaim, we relish the success, but then discover that Seneca again was right: “No happiness lasts for long.”

Our emotional resilience illustrates the “adaptation level” phenomenon, which is our tendency to adapt to any given experience and then notice variations from that level. Based on our experience we adjust our neutral levels—the points at which sounds seem neither loud nor soft, temperatures neither hot nor cold, events neither pleasant nor unpleasant. We then notice and react to changes from these levels. Where I live in Michigan, a 50-degree morning feels distinctly cold in July and warm in January.

So, when our achievements rise (or when our income, prestige, or technology improves) we feel successful and satisfied. Before long, however, we adapt. What once felt good—that first color television, which I recall—comes to register as neutral, and what formerly was neutral (the black and
white TV it replaced) now feels like deprivation. Having adapted upward, what once felt positive now feels negative. Satisfaction, as Richard Ryan (1993) has said, "has a short half-life." Or as Dutch psychologist Nic Frijda (1986) recognized, "Continued pleasures wear off... Pleasure is always contingent upon change and disappears with continuous satisfaction."

Indeed, observed Donald Campbell (1975), a permanent social paradise on earth is impossible. If you awoke tomorrow to your utopia—no bills, no ills, basking in love—you would be ecstatic, for a time. But then you would begin recalibrating your adaptation level, and before long your emotions would again be a mix of gratification (when achievements surpass expectations) and frustration (when they fall below).

Richard Solomon (1980) documented a corollary "opponent-process" principle: Emotions trigger opposing emotions. Thus for many pleasures we pay a later price, and for much suffering we receive a later reward. For the euphoria of a drug high, we pay the price of craving and depression when the drug wears off. For enduring hard exercise or even the pain of childbirth, we afterward enjoy a well-earned glow.

As Solomon wisely noted, the opponent-process principle is bad news for hedonists. Those who seek artificial pleasures will pay for them later (and, as his experiments showed, repetition diminishes the pleasure's intensity). There is no free lunch. With every kick comes a kickback. "Take what you want," said God in an old Spanish proverb. "Take it and pay for it."

But the good news is that suffering or simplified living can lower our adaptation level, paving the way for an emotional rebound. Biblical wisdom anticipated the point. "Weeping may linger for the night, but joy comes with the morning" (Psalm 30:5). "Blessed are those who mourn, for they will be comforted" (Matthew 5:4). For pain endured and remembered, we gain a sweeter joy.

Our intuition tends to ignore the reality of adaptation. We assume a sequence: We want. We get. We are happy. In actuality, as Daniel Gilbert and Timothy Wilson (2000, p. 182) have shown, we often "miswant." Those who fantasize a desert island holiday with sun, surf, and sand may discover "how much they require daily structure, intellectual stimulation, or regular infusions of Pop Tarts." We are, they say, vulnerable to "impact bias"—overestimating the durability of emotions. In reality, our emotions are attached to elastic bands that pull us back from highs and lows.

Impact bias is important, say Wilson and Gilbert (2005) because our predictions of our future emotions influence our decisions. If we overestimate the intensity and duration of the pleasure we will gain from purchasing a new car or undergoing cosmetic surgery, then we make ill-advised investments in that new SUV or extreme makeover.

But then we can thank the adaptation-level phenomenon for fueling our ambition. Without it, we would dwell contentedly on our first plateau of success, feeling no further upward drive. Because every desirable experience, from passionate love to the pleasure of a new possession, is transitory, achievement breeds happiness only as new plateaus are followed by higher highs.

C. S. Lewis (1956/1984, p. 228) recognized this in his Narnia tales, which conclude as its creatures, with their world collapsing behind them,
step into a joyous never-ending story. "All their life in this world and all their adventures in Narnia had only been the cover and the title page: Now at last they were beginning Chapter One of the Great Story which no one on earth has read: Which goes on forever: In which every chapter is better than the one before."

Social Comparison: Happiness and Others’ Attainments

Happiness is relative not only to the past experiences to which we have adapted, but also to our observations of others’ experiences. We compare ourselves and our outcomes with others. And we feel good or bad depending on whom we compare with. We feel agile when others seem clumsy, smart when others seem slow-witted, and rich when others seem poor. As Karl Marx wrote in *Wage-Labor and Capital* (1847/1976), “A house may be large or small; as long as the surrounding houses are equally small, it satisfies all social demands for a dwelling. But let a palace arise beside the little house, and it shrinks from a little house into a hut.” In *Brother to a Dragoneye*, Will Campbell (1980) recalls experiencing the phenomenon: “Our poverty became a reality. Not because of our having less, but by our neighbors having more.”

World War II Air Corps soldiers offered a classic example of such “relative deprivation”—the sense of being relatively worse off than one’s comparisons. Although the Corps soldiers enjoyed a rapid rate of promotion, many were frustrated with their own promotion rates (Merton & Kitt, 1950). Seeing others promoted inflated their expectations. And when expectations fly above attainments, the result is frustration.

Further feeding our dissatisfaction is the tendency to compare upward. As we climb the success ladder, or gain affluence, we mostly compare with peers who are a rung or two above our current level. Bertrand Russell (1930/1985) saw no end to upward comparison: “Napoleon envied Caesar, Caesar envied Alexander, and Alexander, I daresay, envied Hercules, who never existed. You cannot, therefore get away from envy by means of success alone, for there will always be in history or legend some person even more successful than you are.”

Such social comparison finds a modern expression in today’s reports of rich Silicon Valley entrepreneurs feeling envy for their super rich counterparts (Hafner, 2006). When a multimillionaire early executive of PayPal compares himself with the mega-millionaire YouTube creators, or when the wealthy founder of an Internet dating site compares himself with his best friend, who was a founder of PayPal, they feel wistful rather than wealthy.

Where inequality exists, comparisons are more likely to breed dissatisfaction. With the yachts rising faster than the dinghies over the last third of a century, American inequality has exacerbated. For example, the U.S. Census Bureau reports that the percentage of household income earned by the top fifth has increased from 43 percent to 50 percent. Across locations and over time, income inequality makes for more people who have rich neighbors, and thus more people at risk for diminished satisfaction with their
own existence (Hagerty, 2000). Television’s modeling of the lifestyles of the wealthy also serves to accentuate relative deprivation (Schor, 1998). Both these factors surely help explain why Chinese satisfaction has decreased since 1994 even while visible attainments have increased, though unequally so.

Managing our Adaptations and Comparisons in a Sustainable World

There is a bright side to the malleability of our happiness and life satisfaction. As increasing consumption and population combine to exceed the earth’s carrying capacity and change the climate, we have the potential to respond not only with ecologically responsible technologies but also simplified living. With pricier petrol, Americans will follow Europeans by electing more fuel-efficient cars. Such simplification will at first cause dissatisfaction. But if the sacrifices are shared, we will adapt. And in time we will recover our normal mix of discontent, joy, and neutrality.

Positive psychology’s contribution to a sustainable future will come from its consciousness-transforming insights into what makes for the genuinely good life. With echoes of the Old Testament prophet Isaiah (55:2), positive psychology invites us to consider: “Why 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, three-car garages with luxury cars—all purchased in a vain quest for an elusive joy? And what’s the point of leaving significant inherited wealth to one’s heirs, as if it could bring them happiness, rather than applying it to a hurting world?

Ronald Inglehart, a social scientist who follows world values surveys, has discerned the beginnings of a subsiding of materialism and signs of a new generation maturing with increasing concern for personal relationships, the integrity of nature, and the meaning of life. Happily, those things that make for the genuinely good life—close relationships, a hope-filled faith, positive traits, engaging activity—are enduringly sustainable. As Jigme Singye Wangchuk, King of Bhutan (quoted by Mancall, 2004), has observed, “Gross national happiness is more important than gross national product.”

Envisioning a new American dream need not romanticize poverty or destroy our market economy. But it will require our seasoning prosperity with purpose, capital with compassion, and enterprise with equity. Such a transformation in consciousness has happened before; today’s thinking about race, gender, and the environment differs radically from a half century ago. If it is to happen again, as a new kind of satisfaction untethered from materialism, these practical principles may help.

Restraining Nostalgia-Feed Expectations

In Royal Institution lectures two centuries ago (later published as Elementary Sketches of Moral Philosophy), Sydney Smith advised that we “are always happier for having been happy; so that if you make them happy
now, you make them happy twenty years hence, by the memory of it.’ Actual, despite our enjoyment of happy memories, dwelling on our past Camelot moments can make our present seem pedestrian. If we use our happiest memories, or our images of most ecstatic love, as our yardstick for assessing the present, we may doom ourselves to disappointment. In one German experiment, adults felt better about their present lives after recalling and writing down a significant low rather than high moment from their past (Strack, Schwarz, & Gschneidinger, 1985). Although magnificent memories are pleasant, nostalgia can breed discontent.

Indeed, noted Allen Farducci (1984), remembered ecstasies exact a price. Because the range of our prior experiences colors our assessments of our current experience, yesterday’s highs often dull today’s ordinary pleasures. Raise the top of your range—with an idyllic holiday from your everyday poverty, earning twice your previous high commission, sharing unbridled sexual passion—and you may discover, back in the real world, that your ordinary weekends, your regular commission, your routine love-making, now feel mundane.

Ed Diener and his colleagues (Diener, Colvin, Pavot, & Allman 1991; Smith, Diener, & Wedell, 1989) have confirmed the lesson: If super high points are rare, we’re better off without them. Better not to expose ourselves to luxury, if its rarity only serves to diminish our daily quiet joys.

Experience Occasional Reminders of How Bad Things Can Be

Given time to fully recover, people report greater happiness after hospitalization for a health problem (Schwarz & Strack, 1990). Contrasts help define contentment. The pangs of hunger make food delicious. Tiredness makes the bed feel heavenly. Loneliness makes a friendship cherished.

In more routine ways we can give ourselves reminders of our blessings. The ground under the sleeping bag makes the bed, when back home, feel softer. The Lenten bowls of rice make the roast chicken tastier. The temporary separation from our loved one makes the union sweeter; the person less taken for granted. Such experiences help reframe our attitude and renew our gratitude.

Shelley Taylor (1989, pp. 167–168) illustrates the principle with a Jewish fable about a farmer who seeks a rabbi’s counsel because his wife nags him, his children fight, and his surroundings are in chaos. The good rabbi tells him to go home and move the chickens into the house. “Into the house!” cries the farmer. “But what good will that do?” Nevertheless, he compiles, and two days later returns, more frantic than before. “Now my wife nags me, the children fight, and the chickens are everywhere, laying eggs, dropping feathers, and eating our food. What am I to do?” The rabbi tells him to go home and bring the cow into the house. “The cow!” cries the distraught man. “That can only worsen things!” Again, the rabbi insists, the man compiles, and then returns a few days later more harried than ever. “Nothing is helping. The chickens are into everything and the cow is knocking over the furniture. Rabbi, you have made things worse.”
The rabbi sends the frantic man home to bring in the horse as well. The next day the man returns in despair. "Every thing is knocked over. There is no room for my family. Our lives are in shambles. What shall we do?"

Now the rabbi instructs, "Go home and take out the horse and chickens." The man does so and returns the next day smiling. "Rabbi, our lives are now so calm and peaceful. With the animals gone, we are a family again. How can I thank you?" The rabbi smiles.

Choose Comparisons that Will Breed Gratitude

Two of my children work at the opposite ends of the economic spectrum. One provides personal technology services in the homes and yachts of one of the world's mega billionaires. The other currently is living in South Africa, and doing volunteer work in impoverished townships. Although the second child is poorer, I wouldn’t be surprised if she felt as rich as her sibling. As Abraham Maslow (1972, p. 108) noted, "All you have to do is to go to a hospital and hear all the simple blessings that people never before realized were blessings—being able to urinate, to sleep on your side, to be able to swallow, to scratch an itch, etc. Could exercises in deprivation educate us faster about all our blessings?"

Short of engaging the sick and the poor, even imagining others' misfortunes can trigger greater contentment with one's own fortune. Marshall Dermer, Cohen, Jacobson, and Anderson (1979) experimented with the phenomenon by inviting University of Wisconsin, Milwaukee, women to view grim depictions of Milwaukee life in 1900, with its sickening hygiene, hunger, unemployment, crime, and despair. Or they imagined and wrote about personal tragedies such as being burned and disfigured. After these experiences, the women expressed a greater sense of satisfaction with their own lives, which now seemed not so bad.

In another experiment, Jennifer Crocker and Lisa Gallo (1985) tested the wisdom of an old song, "Count your blessings, name them one by one." After five times completing the sentence, "I'm glad I'm not a ..." people felt relatively happy and satisfied with their lives. Those who instead counted their unfulfilled desires, by completing sentences beginning with "I wish I were a ..." then felt worse about their lives. "I cried because I had no shoes," says a Persian proverb, "until I met a man who had no feet."

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**PERSONAL MINI-EXPERIMENT**

**Thinking about Money Matters**

In this chapter we have seen that national income correlates with national subjective well-being (but only to a point), that personal income correlates with personal well-being (but only to a point), and that economic growth over time has not been accompanied by increased well-being. We have also seen that the materialist values that prevail in modern America are not predictive of happiness. Two principles help explain why wealth and materialism fall
to satisfy the adaptation-level phenomenon and social comparison. As incomes and consumption rise, we at first feel good but then soon adapt. Comparing with others, we may even feel relatively deprived.

This being so, how would you—or will you in the future—answer these questions:

- What are your deeply felt aspirations? How important is it to make lots of money? Is that a significant goal for you, what motivates you—a desire for more possessions and comfort? For status? For the chance to leave a legacy?
- If you have or were to have significant wealth, what would you do with it while alive? Would you leave most of it to your heirs? If not, how would you distribute it?
- What sort of "ecological footprint" does your lifestyle demand? Is this what you intend?
- To influence consumption, would you favor changed incentives or regulations? For example, would you support or oppose higher fuel-efficiency requirements for cars and trucks? Higher fuel taxes to motivate smaller cars and fewer carbon dioxide emissions?


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Will Money Buy Happiness?


