

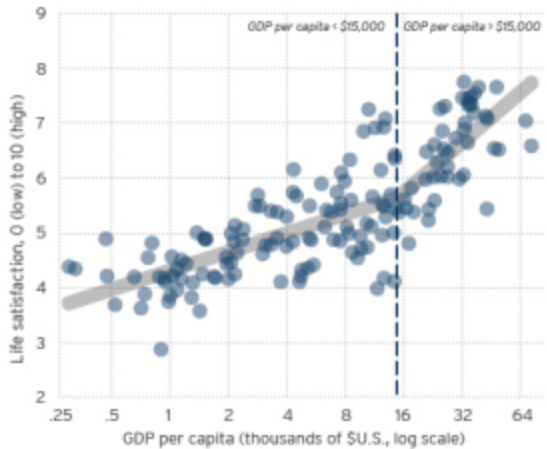
More Money, Fewer Problems

By Matthew Yglesias

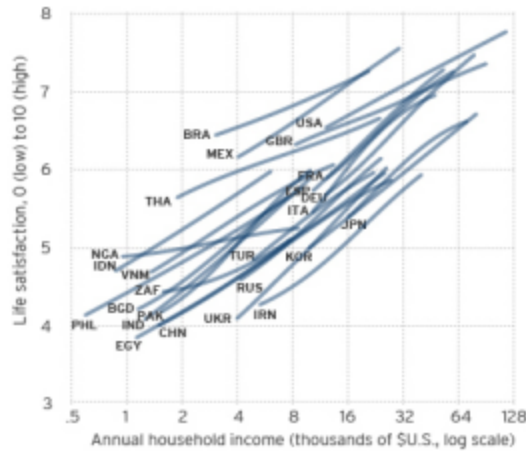
Posted Monday, April 29, 2013, at 10:50 AM

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satisfaction



There's a bit of a social science old wives' tale out there holding that increased income doesn't really make people (or countries) happier beyond a certain point. Betsey Stevenson and Justin Wolfers have been arguing against this for years, and they now have [their clearest statement of the point yet](#) which

demonstrates that if there is a satiation point nobody seems to have reached it.

The charts above show two things. One is that across countries, higher per capita income is correlated with higher levels of reported life satisfaction. On the right you see that within countries higher-income households have higher levels of reported life satisfaction.

QED. What I do want to call attention to, however, is that both of these charts plot income on a logarithmic scale. That's to say that a \$5,000 increase in per capita GDP will generate a lot more happiness for a poor country than a rich one. And by the same token, a \$5,000 increase in income will generate a lot more happiness for a poor family than for an affluent one. This is a key grounds for believing both in the importance of economic growth and in the importance of concern about the distribution of that growth. To be a little crude about it, halving the income of a millionaire will let you double the income of many poor households.

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