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Money isn't everything

New research has challenged the idea that wealth doesn't amount to happiness. But it still leaves spirituality out of the equation

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"Money doesn't buy you happiness but it does bring you a more pleasant form of misery." So quipped Spike Milligan, implicitly agreeing with what has become received wisdom in the science of happiness: being richer does not make you happier, once you have enough income to meet certain basic needs.

It is called the Easterlin paradox, after the scientist who first identified the phenomenon from studies of the Japanese economic boom after the second war. Between 1950 and 1970 wealth grew dramatically, but life satisfaction fell. He explained the inverse relationship by proposing that once basic needs are met it is not absolute income that feeds felicity but relative income: how much you make compared with others.

Economists working on happiness have become very confident of the efficacy of this paradox. Some have even suggested that a government truly concerned with the happiness of its citizens would increase taxes. That would level out relative incomes and so boost satisfaction. Richard Layard, sometimes referred to as the UK's "happiness tsar", has suggested that tax levels at around [60% \(pdf\)](#) would not be inappropriate. Such a policy would probably reduce GDP, but then GDP is a faulty measure of wellbeing.

Now, though, new research is threatening to overturn the old orthodoxy. Two economists, Betsey Stevenson and Justin Wolfers, have presented [evidence \(pdf\)](#) that more money can bring more happiness, if with no absolute guarantees. In short, they have concluded that there is no Easterlin paradox. Talking at the Brookings [panel](#) on economic activity, they argued that richer equals happier; richer countries are happier than poorer ones; and as countries become richer they tend to become happier. There is "no evidence of a satiation point beyond which wealthier countries have no further increases in subjective wellbeing." Or to put it another way, GDP actually is a pretty good measure of happiness.

Easterlin, and others since, have got it wrong, they believe, because it is so difficult to compare happiness across different cultures and times - though less so now, as methodologies and questionnaires have become standardised.

Easterlin himself has hit back, arguing that if it was hard to assess subjective happiness in the 1950s, it is still pretty hard to do so now. Also, even with the new evidence, GDP is not consistently linked to wellbeing, notably in China and the US - two rather large anomalies. Stevenson and Wolfers have produced a "very rough draft", Easterlin [concludes](#). Ouch.

As yet, there are no clear indicators as to who will be left smiling at the end of this tussle. In the meantime, it is wise to remain wary of economists brandishing statistics. As Alex Singleton [suggested](#) on these pages, the science might be at its most flaky, and simplistic, in the very areas where its impact on government policy, and people's lives, would be greatest.

But there is another question lost in this battle of "hard" facts. Why are we so confused about whether money brings happiness to start with?

It seems undeniable that most people are drawn to better themselves economically, given the chance. But what is often overlooked is that this is only part of a much broader human desire for more. We can and do seek more in material terms. But if we find more only in material terms then most of us are left with a sense of lack. To put it generally, human wellbeing requires something other than just more material prosperity.

That something else is the more that humans seek to gain in art, science and language - more feeling, more insight, more knowledge. It is why relationships are key to wellbeing too: in friendship and love, we reach out and find more to life in others. It is why religion, in its various guises, is more or less universal: the transcendent might be thought of as the ultimate "more".

So, looked at in a different way, it could be that the battle over the Easterlin paradox stems not just from an argument about statistics but over a confusion about what happiness is. The desire for economic betterment - personal and collective - resonates with the desire for more and so it is not surprising when it makes us happier, not least if you start from a low material base. But the material can only deliver in one way, materially. It leaves what might be called the spiritual element untouched.

Thus, the deeper problem is an exclusively economic approach to human happiness itself. By focusing on the material, it risks incorporating inherent

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