Wealth Makes Us Happier, But Why?

As a Briton who visits America regularly, I generally expect to have my spirits lifted. The anything-is-possible attitude for which the New World is famous shames the habitual Old World weariness I have left behind. As I sit writing this in San Francisco, the sun is indeed shining, but that familiar sentiment seems to be missing. At the moment, America sees its glass as half empty.

Are Americans just pessimistic, or are they actually unhappy? It's an absurd question to ask a whole country, but the "pursuit of happiness" is enshrined in the Declaration of Independence as a national goal. Besides, absurdity never stopped research.

There's quite an industry in the social sciences of measuring happiness in different countries. The Danes are said to be among the most content. The Bhutanese have been pursuing "gross national happiness" instead of gross national product since 1972, when their king set it as a goal. Last week, even the British government promised to measure happiness.

As Buddhists have long recognized, attaining our desires doesn't seem to bring satisfaction, just further restlessness. This is no surprise to evolutionary psychologists. Natural selection shaped human nature to be ambitious, not to settle for contentment. The person who kept striving to be successful left more offspring behind than the Epicurean hedonist.

So the pursuit of happiness turns out to be as frustrating as hunting the holy grail. Forcing people to be jolly seems to be counterproductive. Having children, which we do to make ourselves happy, generally makes us a bit unhappier in practice.

If you ask people whether suffering a disabling accident would make them unhappy a year after the event, they say "of course." But if you ask people who were disabled in an accident a year before if they are unhappy now, they say "no." For some people at least, happiness almost seems to have a thermostat: After good or bad things happen, we return to our own personal levels of contentedness.

Nonetheless, people say they've been getting slowly happier. In 45 of 52 countries, happiness has risen during the past 30 years. This coincides with people getting richer. Contrary to myth, rich countries have slightly happier citizens than poor countries. Of course, it's possible to be rich and unhappy, as many a celebrity deliciously reminds us. A study done in the 1970s bolstered the cheering (for the rest of us) notion that rich people are not necessarily happier, but it has since been challenged by larger statistical samples, especially in the work of Betsey Stevenson and Justin Wolfers at the University of Pennsylvania.
What is it about prosperity that brings happiness? Rather than having more "stuff," it is probably the freedom that wealth buys, letting us make choices about our lifestyle—where to live, who to marry, what to wear. The political scientist Ronald Inglehart argues that the big gains in happiness come from living in a society that frees you to be yourself—but not yourself alone: Psychologists have long recognized the depressing effect of loneliness. Suicide notes are over-endowed with the words "I" and "me."

Average American happiness did plummet in 2008 with the onset of the financial crisis, according to Carol Graham of the Brookings Institution, the author of "Happiness Around the World." But it bounced back faster than the Dow Jones index, passing pre-crisis levels by the middle of 2009. Americans are not especially unhappy at the moment, then, just pessimistic.

—Matt Ridley's many books include, most recently, "The Rational Optimist" and "Francis Crick." His website is rationaloptimist.com.