

Does Money Buy Happiness?

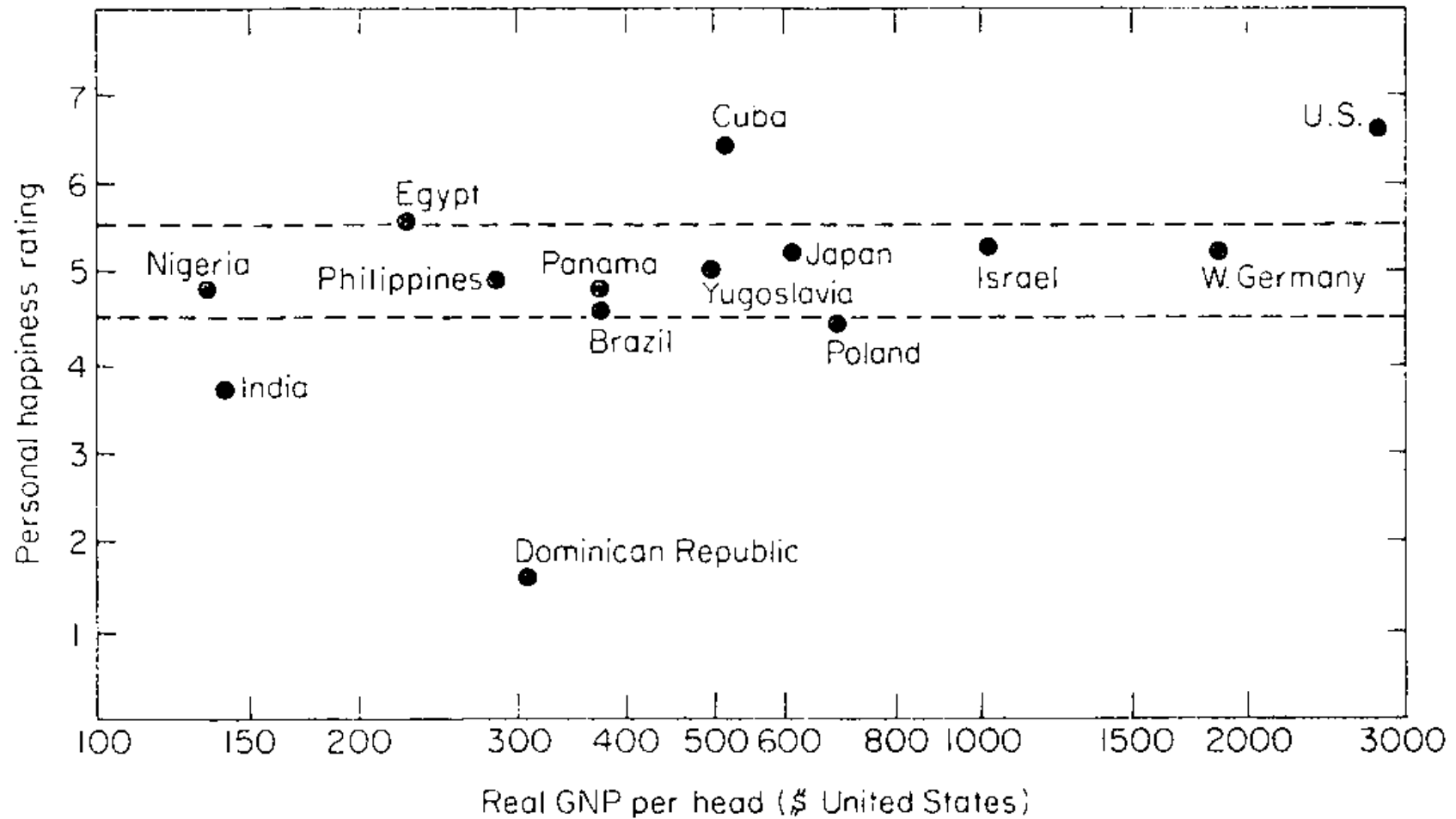
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February 24, 2008

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The Easterlin Paradox

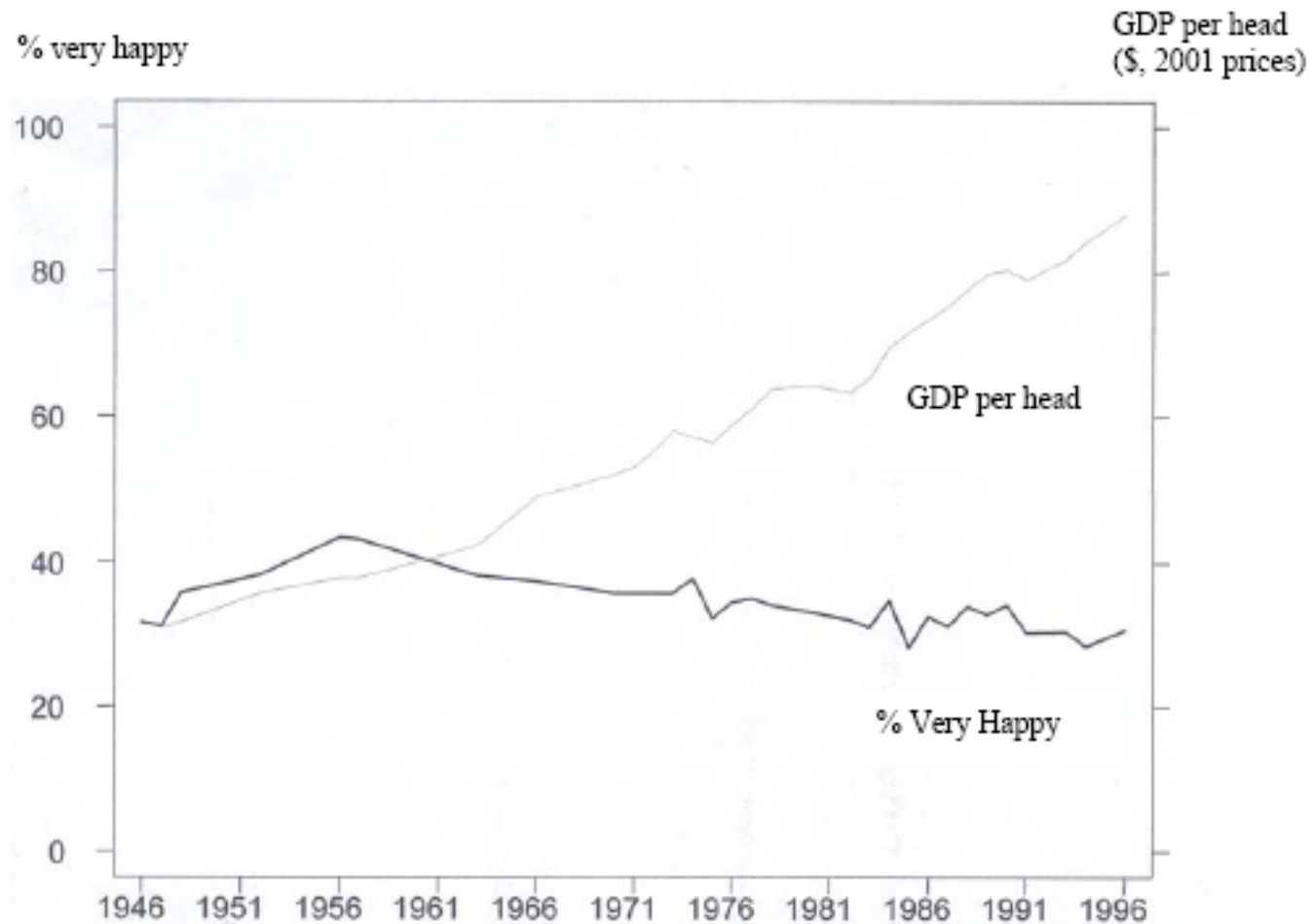


Distribution of Happiness in the U.S. (%)

	1975	1996
Very happy	32	31
Pretty happy	55	58
Not too happy	13	11
Total	100	100

Trends in Income and Happiness for the U.S.

Income and happiness in the USA



Happiness by Income (U.S., %)

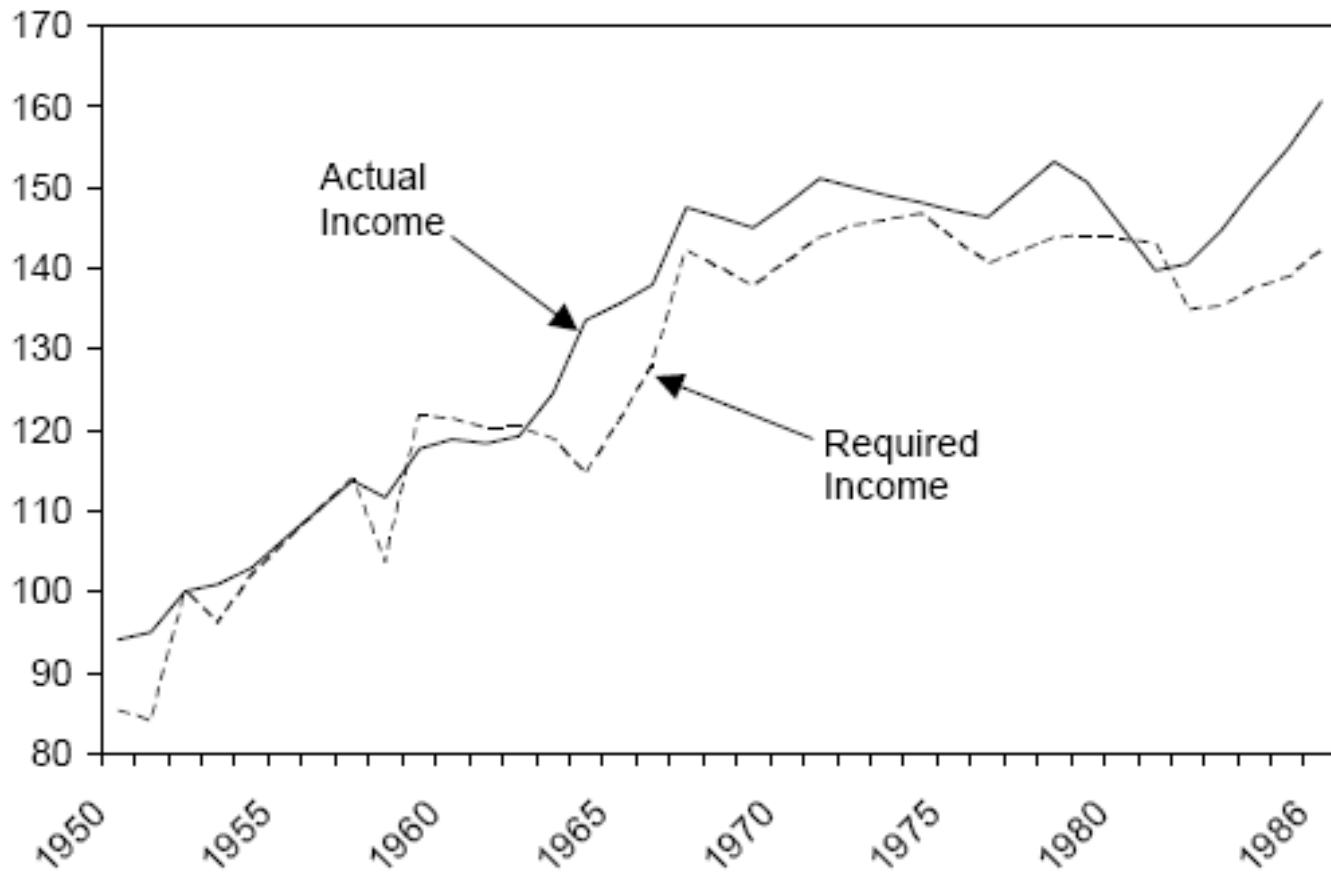
	<i>Top quarter income</i>		<i>Bottom quarter income</i>	
	<i>1975</i>	<i>1998</i>	<i>1975</i>	<i>1998</i>
Very happy	39	37	19	16
Pretty happy	53	57	51	53
Not too happy	8	6	30	31
	100	100	100	100

The Paradox That Needs to be Explained

- Wealthier are on average happier than poorer
- World has grown richer but not happier



Required and Actual Income (1952=100%)



Moving Up the Social Norm

- Adaptation or habituation
- Social comparison or rivalry

Which would you prefer (prices are the same)?

1. You get \$50k a year and others get half that
2. You get \$100k a year and others get more than double that

Happiness by Income (U.S., %)

	<i>Top quarter income</i>		<i>Bottom quarter income</i>	
	<i>1975</i>	<i>1998</i>	<i>1975</i>	<i>1998</i>
Very happy	39	37	19	16
Pretty happy	53	57	51	53
Not too happy	8	6	30	31
	100	100	100	100



*"Researchers say I'm not happier for being richer, but
do you know how much researchers make?"*

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