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# Happy? Let's Sum It Up



By Stuart Silverstein

July 03, 2006

Midway into his career as a professor, USC's Richard Easterlin deduced something that seemed astonishing, at least for an economist: Money doesn't buy happiness.

Grandparents and sages have said as much through the ages. Yet when Easterlin published his first happiness research in the 1970s, fellow economists brushed it off. "People don't take this as serious stuff," he said. "They think it's maybe cocktail party conversation."

Things are looking up these days for Easterlin, 80, and the small but increasingly visible network of researchers relying on the so-called dismal science of economics to find the keys to happiness.

If earning more money generally does surprisingly little or even nothing to make societies happier, they wonder, what works better? Good health? Marriage? Sex? By one reckoning, boosting the frequency of sex in a marriage from once a month to once a week brings as much happiness as an extra \$50,000 a year.

Happiness economists review thousands of attitude surveys and apply high-level math to calculate the satisfaction connected with activities and demographic traits. It sounds like sociology, but the economists are more apt to focus on money and work.

Consider the sex study. Through surveys and some fancy math, economists essentially created a ladder of happiness and found that the extra sex and the extra \$50,000 provided the same boost.

Happiness economics, its enthusiasts emphasize, isn't a touchy-feely enterprise. They say that it eventually could harness the power of economics to better benefit humanity and help guide public policy.

Their findings often suggest that, instead of focusing so heavily on economic growth, governments could turn more attention to things that might, in essence, cheer people up. The options include better medical care, greater job security and reduced crime. These cost money, but they don't necessarily put more cash in a person's pocket.

With those sorts of goals in mind, the United Kingdom is exploring the development of one or more national indicators of well-being, and a group of prominent American and foreign academics is calling on the U.S. government to do the same.

Bhutan, a small Buddhist nation in the Himalayas, has drawn international attention with plans to introduce an array of "Gross National Happiness" indicators. The measures, due by 2008, would track such areas as health and education, along with "cultural vitality and diversity" and "psychological well-being."

Skeptics question whether this and other efforts are anything more than happy talk.

The study of happiness also attracts neuroscientists, sociologists and, in particular, psychologists. Economists sometimes collaborate with these experts, such as the one who teamed with psychologists in a study published Friday in the journal *Science* that reinforced the notion that money buys little happiness.

But other academics wonder if this is a place for money-minded number crunchers.

"I think whoever coined the term 'dismal science' was not that far off," said Mihaly Csikszentmihalyi, a prominent social psychologist at the Claremont Graduate University. He said economists "see things often so much out of context and so one-dimensionally

Although the findings of happiness economics can cut both ways politically, some observers see a left-leaning tendency.

"Most of the things that have been published about the policy implications of happiness research have definitely had a big-government slant to it. They're like, 'Here's another reason for the government to do something else,'" said Will Wilkinson, a policy analyst with the libertarian Cato Institute.

Mainstream economists, accustomed to such measures as gross domestic product, frequently view the attitude surveys examined by happiness economists as squishy and subjective. They question whether any poll can scientifically measure happiness.

Easterlin and others who've followed his pioneering research insist it's possible.

Enrico Marcelli, a Harvard researcher who earned his doctorate from USC, contends that his work with Easterlin shows that happiness among American adults peaks at age 51 – earlier than many other researchers had believed – and that men start becoming happier than women after the age of 48.

One possible reason for that gender gap: Men who survive into old age are more likely to be married than older women, who often must carry on alone, either widowed or divorced.

Economic thinkers considered the pursuit of happiness as far back as the late 18th century. Legal theorist Jeremy Bentham and, later, John Stuart Mill, the 19th century English philosopher and economist, wrestled with "utilitarianism," the idea that all action should be directed toward achieving the greatest happiness for the greatest number of people.

In more recent times, economists generally have been more buttoned-down. They usually portray people as rational, wealth-maximizing actors in the marketplace, and the general working assumption is that when it comes to money, more equals better.

But around 1970 – while he was at the Center for Advanced Study in the Behavioral Sciences, near Stanford – Easterlin started doubting that premise for society as a whole.

Easterlin, who already had branched out from conventional economics into demographics to study the U.S. baby boom, got acquainted with psychologists and sociologists who told him about the scattered surveys that asked people about happiness.

Easterlin gathered data from 20 nations, and the findings were perplexing. In each country, rich people reported more happiness than the poor. But that was just the beginning of the story.

In comparing nations overall, the pattern was mixed, with the happiness levels for poor countries often nearly as high as they were for richer ones. (The United States was tops in happiness, but Cuba was a close second.)

What's more, data available from 1946 to 1970 led him to put forth what became known as the Easterlin Paradox:

Even though the average U.S. family became more than 60% richer, it didn't make Americans significantly happier. In late 1947, about 42% of Americans surveyed by one pollster pronounced themselves "very happy." Though the numbers went up and down over the decades, a similar poll found that only 43% declared themselves "very happy" in 1970.

These results intrigued Easterlin. But colleagues, and one of his old graduate school instructors at the University of Pennsylvania, pooh-poohed the research: "You may think it's path-breaking

By the 1990s, however, happiness economics began to emerge, with European researchers leading the way. More recently, research has picked up in the United States, building on Easterlin's early findings. The lanky USC professor reentered the field himself just over a decade ago after fresh interest in, and criticism of, his happiness work emerged.

Particularly in the United States and other wealthy nations, "we're just so many times richer than our grandparents were that we can afford to think, 'Do we actually need more money now?'" said Andrew Oswald, a British economist widely considered one of Europe's foremost happiness researchers.

Easterlin's explanation for the un-budging national sense of well-being is that, despite cultural differences that predispose some countries to be happier than others, an all-too-human fact of life transcends borders. The more a nation has, the more its people expect, sinking the chance that a society's greater wealth will lift all spirits.

In poor countries, most happiness economists differ with Easterlin and contend that rising income – when it means, say, extra food or a better roof overhead – will make people a little happier. Still, they say, happiness economics might aid governments in developing programs to protect their citizens' rising sense of well-being.

One example: Policy-makers could promote stable employment even at the risk of spurring inflation. People don't like rising prices but, according to various studies, "unemployment makes people very unhappy," said Carol Graham, co-director of the Center on Social and Economic Dynamics at the Brookings Institution in Washington, D.C.

But how to reduce happiness to the figures and formulas favored by economists?

Consider the imaginative approach of Luis Rayo, an economist at University of Chicago. He applies and develops approaches from evolutionary psychology, together with mathematical analysis, to explore why people experience happiness the way they do.

Also in the mix are behavioral economists and other experimental economists, including Southern Californians Michael McBride of UC Irvine and James Konow of Loyola Marymount University.

Like psychologists, these economists bring human test subjects into the lab. For instance, McBride has explored people's reactions to various outcomes and situations in a game of chance, "matching pennies." He found that satisfaction suffers somewhat, even among big winners, when people hold high expectations.

Satisfaction also suffers when they find out that other players fared well. The urge not just to keep up with the Joneses but to surpass them is documented in many happiness studies.

(Put another way: Many people would welcome \$6 if someone else got \$5. But they'd be even happier with \$5 if the other guy got \$1.)

Yet the biggest names in happiness economics are the empiricists, who evaluate attitude surveys and sometimes other indicators of well-being or misery, such as suicides.

The happiness economists also are interested in finding ways to better measure the ingredients of happiness, sometimes translating them into financial values. That's what led Oswald and a co-author, Dartmouth economist David Blanchflower, to produce the controversial – and sometimes joked about – research equating increasing the frequency of sex to \$50,000 in extra income.

"We're trying to understand how people feel and to try to get a quantitative measure of that," said Blanchflower, a respected economist recently named to the Bank of England's Monetary Policy Committee, which sets interest rates in Britain. "It's actually quite a serious issue."

When Easterlin and Oswald put together a one-day symposium on the economics of happiness at USC in March, nearly 30 leaders and up-and-comers in the field arrived from schools in England, France, Sweden and Switzerland, as well as Canada, Mexico and the United States.

One of the youngest scholars, Anke Zimmermann, 27, a USC graduate student under Easterlin's tutelage, outlined a study showing that men and women who have lived with romantic partners before marriage enjoy a surge in happiness when they wed.

After a honeymoon period of a year or so, their sense of well-being returns to where it was before they exchanged vows. Still, they remain happier than they were before they started sharing a roof.

Other presenters pointed to further happiness research discoveries, including: When a neighborhood has lots of residents who identify with a religion, all of the neighborhood's residents tend to be happier, even atheists; visits by friends tend to be more uplifting than visits by family members; and life satisfaction is drained far more by impaired mental health than by physical pain.

It's clear to Easterlin that happiness is found in other ways too. Ever the teacher, he advises young people that they will find more happiness if they pursue a career they love rather than one they think will pay better.

"People think they're going to be better off if they make more," Easterlin said. "What they don't take into account is that when they come home with more money, all of a sudden they decide, 'Well, now I need a **Lexus.**' "

Which explains a comment from UC Irvine's McBride. "People ask me all the time, 'What do you learn about happiness? What's the secret to happiness?'" McBride said. His standard answer, only half-kidding: "Low expectations."

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