

THE BEST THINGS IN LIFE REALLY ARE FREE

Well, it's official: The price of happiness is \$4.8 million. That, according to Coutts Bank, is how much it would take to finance a lifetime of leisure, fully equipped with a five-bedroom house, a maid, a butler, two expensive cars, plus an apartment and yacht in southern France. Oh yes, and two ritzy vacations a year to get away from the stress of living the high life. Sounds great. But would most people ultimately be any happier with a \$4.8 million-funded lifestyle? Recent research into the effects of money on happiness suggests probably not.

Over the past few years, there has been an explosion of research into human emotions in general and happiness in particular. The field has its own publication, the *Journal of Happiness Studies*, which is edited by the same researchers who maintain the World Database of Happiness, a hub for statistical data from around the globe. In his book *Happiness: Lessons from A New Science*, Richard Layard, an economist and member of the British House of Lords, explores one of the central questions in the field: Why haven't the happiness levels of people living in Western societies risen along with their incomes. "On average people are no happier today than people were fifty years ago," Layard writes. "Yet at the same time average incomes have more than doubled." One of the most intriguing findings is that once an individual earns enough to meet his or her basic needs, additional income has a minimal effect on happiness. How can that be? Isn't more always better?

Apparently not, if more money means less of the other key ingredients of happiness. Layard identifies a hierarchy of happiness, the seven factors that are most crucial to our sense of psychological wellbeing. At the top of the list are our family relationships, followed closely by our financial situation, job satisfaction, friends and community, health, personal freedom and personal values. If a higher income is achieved at the expense of family relationships, Layard argues, then the unhappiness caused by never getting home in time to kiss the kids goodnight negates the effect of having more disposable income.

There's another reason why more money does not necessarily translate into more happiness. We are extremely status-conscious creatures, always comparing ourselves to others. Our happiness is determined not just by what we have, but how much more we have (or think we have) than other people. Layard describes a fascinating experiment in which a group of Harvard students was asked in which of two imaginary worlds they would prefer to live: one in which they received \$50,000 a year and others received \$25,000, or one in which they received \$100,000 a year and others received \$250,000. A majority chose the first world, where they would earn less but still be top dog.

Money clearly pushes a lot of strange buttons in us. And when it comes to our emotional relationship with money, we are not always the rational actors that thinkers like Adam Smith believed us to be. The irrational exuberance, or gloom, money can inspire in us is further exacerbated by the tantalizing effects of advertising and celebrity culture, the increasing demands of the workplace, and the feeling that financial security is becoming more and more precarious. "To be happy is to feel you have control over your environment and your life," says Dylan Evans, author of *Emotion: The Science of Sentiment*. "But this sense of security can be eroded by modern life, something you can see in the rise of stress-related illnesses and the use

of anti-depressants. Life has become so much easier in so many ways, but an easy life is not necessarily a happy one.”

So how can we spur growth in happiness? Layard has a few ideas, starting with the family, the cradle of happiness: create more flexible working arrangements so jobs and family life can be more easily integrated; make parental leave, for things like illness or childbirth, easier; and make child care more widely available and affordable. Layard notes that the Scandinavian countries, which have already implemented many of these policies, score highest on the World Database of Happiness. At the same time, he stresses that chronically high levels of unemployment, like those in many European countries, have to be eliminated. Layard also urges that happiness levels be monitored as closely as GDP. Economic growth may be chugging along nicely at 3%, but what if GDH (Gross Domestic Happiness) indicates a depression is on the way? Then we may have to decide which is more valuable, time or money.

— James Geary