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EDUARDO PORTER | Editorial Notebook DEC. 26, 2007

Happiness for Sale

If money can't buy true love, at least it can pay for a nice dinner out. But what about happiness? In an editorial observer last month, I noted that many scholars studying happiness agree that it cannot: growing incomes don't make happiness grow. Now there is some evidence that this time-honored conclusion could be wrong. Recent analyses of polling data on life satisfaction across the world suggest that countries may indeed become happier as they grow richer.

The economic growth-doesn't-buy-happiness argument is also known as the Easterlin paradox for the economist Richard A. Easterlin. In 1974, he published research suggesting that despite stellar economic growth in the United States since World War II, "higher income was not systematically accompanied by greater happiness." Mr. Easterlin later found that people were no happier in Japan in 1987 than in 1958, despite a fivefold jump in incomes. Other economists found similar patterns in other countries.

This conclusion confounds a core economic belief that underpins a lot of policy-making around the world: that economic growth is an effective way to increase well-being. Some economists and psychologists suggest this thinking, unexpected if not downright ungrateful, might be due to adaptation. As people become richer, they raise their expectations — becoming envious of a new, richer crowd.

Recent research, however, suggests there might not be a paradox after all. Using many polls that span several decades, Justin Wolfers, a professor at the Wharton School at the University of Pennsylvania, found that in many countries, growing incomes have been accompanied by increasing happiness.

This is not to say the hippies were wrong. Many other factors, including how we use our time and the quality of our relationships, affect happiness. Moreover, the correlation between rising incomes and increasing happiness is much more striking in poor countries — where even a marginal improvement in the quality of life stands out — than in rich ones.

Any challenge to the Easterlin paradox is likely to be disappointing to those of us in search of scientific backing for the urge to drop out of the rat race and play the guitar. It is reassuring to find that effective policies to improve economic growth and boost the incomes of the less fortunate would make their lives not only easier but apparently also happier.

EDUARDO PORTER■