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Prospering May Not Make People Happier, but It May Make Them Healthier

By ROBERT H. FRANK

Does money buy happiness? The rapidly expanding literature on what determines “subjective well-being” appears to suggest a negative answer to this timeless question. Studies consistently find, for example, that when the incomes of everyone in a community grow over time, conventional measures of well-being show little change.

Many critics of economic growth interpret this finding to imply that continued economic growth should no longer be a policy goal in developed countries. They argue that if money buys happiness, it is relative, not absolute, income that matters. As incomes grow, people quickly adapt to their new circumstances, showing no enduring gains in measured happiness. Growth makes the poor happier in low-income countries, critics concede, but not in developed countries, where those at the bottom continue to experience relative deprivation.

All true. But these statements do not imply that economic growth no longer matters in wealthy countries. The reason, in a nutshell, is that happiness and welfare, though related, are very different things. Growth enables us to expand medical research and other activities that clearly enhance human welfare but have little effect on measured happiness levels.

Subjective well-being is typically measured from responses to survey questions like, “All things considered, how satisfied are you with your life these days?” People’s responses are informative. They tend to be consistent over time and are highly correlated with assessments of them made by their friends. Positive self-assessments are strongly linked with behaviors indicating psychological health. Thus, people who report high levels of subjective well-being are more likely to initiate social contacts with friends and more likely to respond to requests for assistance from strangers. They are less likely than others to suffer from psychosomatic illnesses, seek psychological counseling or attempt suicide.

In short, self-assessments of subjective well-being tell us something important about human welfare. Yet the mere fact that they do not ratchet up over time provides little reason to question the desirability of economic growth.

The purpose of the human motivational system, according to psychologists, is not to make people feel happy, but rather to motivate actions that promote successful life outcomes. To be effective, this system should be flexible and adaptive, which it is. For example, people who become disabled typically experience deep depression after their accidents, but often adapt surprisingly quickly, soon reporting a mix of moods similar to what they had experienced before. Lottery winners invariably experience joy on receiving their windfalls, but often describe such feelings as fleeting.

Since life is a continuing competitive struggle, this is as it should be. Accident victims who can recover their psychological footing quickly will function more effectively in their new circumstances than those who dwell unhappily on their misfortune. Windfall recipients who quickly recover their hunger for more will compete more effectively than those who linger in complacent euphoria.

A Holocaust survivor once told me that his existence in the camps took place in two separate psychological spaces. In one, he was acutely aware of the unspeakable horror of his situation. But in the other, life seemed eerily normal. In this second space, each day presented challenges, and days in which he coped relatively successfully with them felt much like the good days of the past. To survive, he explained, it was critical to spend as much time as possible in the second space and as little as possible in the first.

These observations highlight the weakness of subjective well-being as a metric of welfare. The fact that people adapt quickly to new circumstances, good or bad, is just a design feature of the brain's motivational system. The fact that a paraplegic may continue to be happy does not imply that his condition has not reduced his welfare. Indeed, many well-adjusted paraplegics report that they would undergo surgery entailing substantial risk of death if doing so promised to restore their mobility. Similarly, the fact that people may adapt quickly to higher incomes says nothing about whether economic growth makes them better off.

Critics of economic growth cite its threat to the planet's survival. Yet it is not growth per se that threatens, but rather certain kinds of growth. Driving more S.U.V.'s causes harm, but taking more piano lessons does not. Any country with a government not beholden to corporate interests could easily curb environmentally harmful activities through taxation and regulation, redirecting spending toward things that really matter. Across developed countries, higher growth rates are actually associated with cleaner environments, not dirtier ones. The United States is the world's largest emitter of greenhouse gases not because of its wealth but in spite of it.

Environmentally sustainable economic growth promises to increase human welfare in a host of other important ways. For example, as the economist Benjamin Friedman reports in his book "The Moral Consequences of Economic Growth" (Knopf, 2005), societies in which incomes are growing more rapidly also tend to support their poorest members more generously. Growth will support continuing investments in workplace safety, preventing tens of thousands of serious injuries each year. And it will continue to free people to spend additional time with their families.

But growth's most compelling promise is continuing progress against premature death, perhaps the most devastating of life's tragedies. American families with five children in 1800 often saw two or three of them die before the age of 10. That this no longer happens has been a landmark achievement.

Intelligently managed growth will hasten our quest to defeat diseases that continue to strike people down in the prime of life. The mere fact that rising incomes do not bolster self-assessed happiness levels is no reason to abandon this quest.

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