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## **ECONOMIC SCENE**

# **When the Rich-Poor Gap Widens, “Gatsby” Becomes a Guidebook**

**By Robert H. Frank**

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INTEREST in the lifestyles of the rich and famous varies with economic conditions. Just as someone who is seven feet tall may seem almost normal at an N.B.A. practice session, the purchases of the wealthy typically attract little notice when inequality is low and stable. But when inequality is high and growing rapidly, luxury purchases are sometimes as hard to ignore as a seven-foot ninth grader.

When “The Great Gatsby” was first published in 1925, income and wealth disparities were at record levels. It is thus no mystery that F. Scott Fitzgerald’s tale of wealthy Americans during the Jazz Age became an instant best seller.

Inequality diminished rapidly during the Great Depression and remained low until the 1970’s. But since then, it has again been rising sharply. Today, disparities are once more at record levels, which may help explain the resurgence of interest in Gatsby. Fitzgerald’s novel was recently selected, for example, for common reading programs at Cornell and other universities, programs in which students, faculty members, alumni and others on the staff are encouraged to read and discuss the same book as the academic year begins.

With my last literature course, taken in high school, just a dim memory, I was naturally apprehensive when Cornell administrators asked me to speak at the university’s Gatsby convocation for incoming freshmen last week. In the process of preparing for that assignment, however, I was delighted to discover the extent to which my economics training actually seemed to illuminate important elements of the novel’s story line.

Consider, for example, the link between wealth and personal attractiveness. Everyone wants a home in a safe neighborhood with good schools, but those with low incomes cannot be sure of getting one. So economists are not surprised that women mention earning power at or near the top of the list when surveyed about traits they find attractive in men. Gatsby understood that his humble station in life made him an unlikely suitor for his coveted Daisy. And so he labored with singular focus and determination to achieve material success on the grandest scale possible.

The theory of compensating wage differentials helps illuminate a particular detail of this

quest. This theory holds that the more unpleasant and risky a job is, the more it pays. Some of the largest pay premiums, it turns out, are those paid to highly qualified people who are willing to do morally questionable work. Tobacco industry consultants, for example, were once paid extremely high fees for their willingness to testify under oath that smoking had not been shown to cause serious illnesses. Gatsby realized that to have any chance of achieving his goal, he could not be cautious or squeamish.

Fitzgerald never reveals the precise details of how Gatsby amassed his fortune. But he leaves little doubt that Gatsby's work was not just morally suspect, but also well outside the law. Gatsby surely realized that if he were caught and punished, his dream would evaporate. But no matter. A less risky path would have meant certain failure.

The burgeoning literature on the determinants of human well-being also sheds light on events in "Gatsby." Once the almost exclusive domain of psychologists, happiness studies began to attract the attention of economists after Richard A. Easterlin posed a timeless question in an influential 1974 paper. Does money buy happiness? Current research supports seemingly contradictory answers to this question.

One is that in any given country, the average level of measured happiness remains essentially unchanged over time, even in the face of substantial growth in average incomes. But if getting more money does not make us happier, why do people often struggle so hard to earn more? An answer is suggested by other studies showing that at a single point in time, people are happier, on average, the more money they have. To the extent money influences measured happiness levels, then, it is relative, not absolute, income that seems to matter.

But since Gatsby's income was enormous, in both relative and absolute terms, why wasn't he happy? Researchers have identified other factors that affect happiness levels far more than income does. For example, happiness levels rise substantially with the number of close friends someone has. One of the most striking scenes in the novel is of Gatsby's funeral, which almost no one bothered to attend. In his single-minded pursuit of material success, he appears to have developed no real friendships at all.

Gatsby's unhappiness may also be explained in part by the finding that those who focus most consciously and intensely on material success also tend to experience low levels of measured happiness. This is a singularly important finding for the many incoming freshmen whose only apparent goal is to become fabulously wealthy by age 25.

A far more promising strategy, according to the happiness literature, is to seek work you love. Those who find such a calling typically become deeply engaged in their professional lives. And engagement, in turn, leads to expertise, which in some fields, at least, leads to wealth. Finding work that you value for its own sake is thus not only a promising path to happiness, it may also increase your chances of becoming rich. But even if not, it will improve your odds of becoming an interesting person, someone who is attractive to both friends and potential mates alike.

F. Scott Fitzgerald probably would have appreciated the Zen-like quality of this finding.

For although the novelist himself married a woman from a prosperous family, he advised others not to marry for money. “Go where the money is,” he counseled, “then marry for love.”

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