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Increases in personal income important for happiness worldwide, new study says

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For people living in both rich and poor countries, the average person's happiness is based on a combination of individual wealth, possessions and optimism, according to an analysis of new worldwide survey findings published by the American Psychological Association.

A country's gross domestic product per capita did not have as much of an impact on the average person's happiness, according to research based on responses of 806,526 people in 135 countries from 2005 to 2011. Happiness expert and psychologist Edward Diener, PhD, of the University of Illinois, led the study, which is published in APA's *Journal of Personality and Social Psychology*.

"We've found that rising income does lead to rising happiness, but it depends on people being optimistic, not having sky-high desires, and the average person being actually able to afford more things. So income is helpful, but only in certain circumstances," said Diener.

Some of the main findings were:

- Increases in household income were associated with improved life evaluations and more positive feelings.
- GDP per capita was less related to respondents' feelings of personal well-being than rising personal income.
- Increased wealth was primarily linked to improvements in well-being if people were able to purchase more material things, such

as a television and access to the Internet, in addition to being more optimistic and satisfied with their finances.

Researchers gathered data from the first Gallup World Poll, which conducted surveys by telephone and door-to-door visits. Respondents rated their lives on a scale from zero (worst possible life) to 10 (best possible life) and answered questions about positive or negative emotions experienced the previous day. The researchers looked at each country's gross domestic product per capita, obtained from the International Monetary Fund, and each respondent's household income.

To measure the participants' level of material possessions, the survey asked if they had enough money for food, whether they had enough money for shelter, if they owned a television set and if their household had an Internet connection. It also asked about their optimism for the future and their satisfaction with their current standard of living.

This new research helps bring clarification to the "Easterlin Paradox," a concept introduced in 1974 that suggested the economic growth of nations does not lead to more happiness, according to Diener.

"According to the 'Easterlin Paradox,' rich individuals are happier than poor ones but rising incomes do not seem to be associated with an increase in happiness," he said. "Our research contradicts this concept by finding that rising income will only have an effect if aspirations or desires do not rise even more quickly. If people make more money, they can be happier. But if they are constantly disappointed because they expected to make even more money, then rising income might not help."

More information: "Rising Income and the Subjective Well-Being of Nations," Ed Diener, PhD, University of Illinois and The Gallup Organization; Louis Tay, PhD, Purdue University; and Shige Oishi, PhD, University of Virginia; *Journal of Personality and Social Psychology*, online Oct. 29, 2012. (PDF)

Provided by American Psychological Association