

If you become poor can you ever be happy again?

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(Medical Xpress)—Becoming poor makes people feel unhappy immediately due to the loss of income and status and this does not improve, even over the long term. This was the key finding of research* by University of Luxembourg Economics Professor Conchita D'Ambrosio and colleagues from France and Italy.

"It is to be expected that the poor are less satisfied with life than the well off, but we wanted to test whether well being would bounce back as the individual adjusts over time," explained Prof. D'Ambrosio. Data and on-going interviews with over 45,000 people living in Germany from 1992-2011 showed no evidence of such adaptation. The research team found this conclusion held true even when using different definitions of

[poverty](#) and when taking into account concurrent life events such as unemployment, bereavement, disability and retirement. Although this study relies on individuals' self-assessment of their own well being, this has been shown to be a fairly reliable measure in other research.

So, for example, a severe drop in income (to half the poverty line) has the same negative effect on well being as does relationship separation. Even falling just below the [poverty line](#) has a significant negative effect. In both cases, the decline in well being persists as long as income remains at the new low level.

New perspectives on a hot topic

This finding is a valuable contribution to the debate on whether money is the source of happiness. There has been substantial research into what happens when income increases. Unsurprisingly, richer people are more satisfied with their lives, but with the interesting nuance that once a certain income is reached happiness rises at a decreasing rate. This paper is one of the few to look at the effect of falling incomes. "While it may be true that more money has no long-lasting effect on well-being, the fall in [income](#) that leads to poverty is never forgotten," said Prof. D'Ambrosio.

More information: "Adaptation to Poverty in Long-Run Panel Data, 2013" - Andrew E. Clark, Paris School of Economics; Conchita D'Ambrosio, University of Luxembourg; Simone Ghislandi, Università Bocconi. www.diw.de/sixcms/detail.php?id=diw_01.c.439441.de

Provided by University of Luxembourg

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