

Wealth adds to happiness, but not much

Ruut Veenhoven

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There is a lot of research on the relationship between income and happiness, but little research into the relationship between wealth and happiness. Knowledge about the effects of wealth on happiness is required for informed choice between saving and spending one's money. Spending is likely to add to one's happiness in the short term but may reduce happiness in the long term. This dilemma is illustrated in Lafontaine's fable of 'The ant and the cricket', in which the cricket enjoyed the summer singing carelessly, while the ant worked all the time. The cricket ended up unhappy in the winter, while the ant was happy enjoying the fruit of his earlier labour. This issue begs the question of how much saving will be optimal for happiness in the long term. We cannot see into the future, but we can orient on past experience. In this context it is worth knowing how happy people are who have saved more or less, and in particular, how saving has affected the happiness of people like us, that is, people with similar personal characteristics and living in similar situations. Bits of such information are available from hearsay and from examples in the media, but we would fare better with data based on scientific research.

Together with Antje Jantsch I took stock of the available research findings on the relation between wealth and happiness, covering 119 research findings observed in 72 studies, most of which done in rich nations. We found mostly positive relationships between assets and happiness, and negative relationships between debt and happiness. The size of the relationships is small, variations in wealth explain typically less than 1% of the variation in individual happiness. The correlations are slightly reduced when controlled for income and socio-demographic factors. The few longitudinal studies suggest a causal effect of wealth on happiness. We found little differences across methods used and populations studied. Together, the available research findings imply that building wealth will typically add to your happiness, though not by very much.

The full text of this study will appear a chapter entitled *Private wealth and happiness: A research synthesis using an online findings-archive* in the book "Wealth(s) and Subjective Well-Being", edited by Gaël Brûlé & Christian Suter, which will appear with Springer/Nature this year