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HAPPINESS OF THE VERY WEALTHY

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ABSTRACT. The subjective well-being of very wealthy persons was compared with that of a control group who lived in the same geographical area. One hundred persons from *Forbes* list of wealthiest Americans were queried, as well as 100 control persons selected from telephone directories. The 49 wealthy respondents reported average levels of subjective well-being which were higher than the 62 control group respondents and any subgroup of respondents in a national sample. However, there were unhappy wealthy people and the average level of this group was only modestly higher than for other groups. None of the respondents believed that money is a major source of happiness. When the major sources of happiness mentioned by the two groups were coded for Maslow's needs, it was found that the wealthy group more often mentioned self-esteem and self-actualization and less frequently mentioned physiological and security needs.

Philosophers, writers, politicians, and the lay public have long been concerned with the question, 'Does money increase happiness?' Rational arguments have been advanced on both sides of the issue. Since virtually the whole world is currently concerned with increased wealth, the question of money and happiness is extremely important. Those advocating the idea that money leads to happiness remind us of several things. First, those with money can afford fun and pleasurable activities to a much greater extent. Second, those with money are more likely to be able to avoid negative events and persons. In a related vein, money often gives security against possible misfortunes. In addition, money usually brings related positive resources in our society such as power and respect. Finally, making and having money may be sources of self-esteem in a society that highly values this resource.

However, there are also counter-arguments that suggest that money may not increase happiness, and indeed, might even decrease it. Money is often gained at the expense of other valued things such as spending time with one's family and close friends. It usually takes the majority (or all) of one's time and energy to accumulate wealth. Also, money may have some disutilities or unpleasant factors (e.g., income tax audits) associated with it. Lastly, money may not have an effect because people adapt to whatever income they have

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so that the things money can buy bring only brief happiness. Aspirations may eventually rise so that higher income is still not high enough.

Given the contradictory arguments above, we are fortunate to have empirical evidence on the issue (Diener, 1984). Of course there are wealthy people who are unhappy and poor people who are happy. However, because many factors besides money influence happiness (e.g., family life), one cannot rely on anecdotal reports about single individuals since other factors may outweigh the influences of money on their happiness. To ascertain the effect of money *per se*, one must examine the average level of happiness in poorer and richer persons. A host of studies in the past several decades and in various countries (Andrews and Withey, 1976; Campbell, Converse and Rodgers, 1976; Larson, 1978) have all found that within countries those persons who have more money are happier on the average. Easterlin (1974), in a review of 30 studies, found that in every single study, richer people reported higher average levels of happiness than poorer people. Thus, there is extensive evidence for the connection between money and subjective well-being. However, when one turns to longitudinal evidence over time within a society, the conclusion becomes more complex. Happiness reports have not risen within the U.S. from the post World War II period to the present (Campbell, 1981; Diener, 1984; Easterlin, 1974), even though real income (after taxes and inflation) has increased dramatically during that period. One potential reason for this is that post World War II America had already reached a plateau beyond which increasing income no longer mattered. However, even in the lowest income quartile there has been no increase in happiness over the years (e.g., Campbell, 1981), and it is doubtful that these poor persons have for the last several decades been above the minimal level beyond which income does not matter. Perhaps a more plausible explanation is that the effect of money is relative. Those who have more or less money than those around them are likely to be more or less happy respectively than those around them. However, as the overall level of income rises, the richest and poorest persons still have those relative positions within their societies regardless of the overall income level. Thus, according to this explanation of the data, money does not make people happy because it gives them buying power *per se*; rather they tend to become happier if they have more money than others. This social comparison approach to money and happiness is consonant with both the cross-sectional and longitudinal findings.

The present study was designed to answer several questions related to money and happiness. First, are the 'super-rich' happy? Past research has relied on random samples, and therefore the number of wealthy persons included in these studies had undoubtedly been very small. Do the findings from the upper quartile of income group extrapolate to the very wealthy? Because recognizable wealth undoubtedly carries its own peculiar benefits and costs, it is unclear whether the very wealthy should be happy. In addition, one can compare the very wealthy group to persons in the upper income group in national random samples. If the happiness reported by the wealthy exceeds that of the merely well-off, doubt would perhaps be cast on the minimal income level plateau hypothesis because it seems likely that the well-off group has already exceeded such a minimum.

A second question addressed by this study is whether people believe money causes happiness or unhappiness. Regardless of the time relationship between the two, people may hold beliefs based on cultural norms about money and happiness that do not necessarily correspond to the 'facts'. In addition, one can ask about the relationship of happiness to these beliefs. In other words, are persons with certain beliefs about the causes of subjective well-being happier than others?

The final purpose of the study was to examine the hypothesis that people with more money are happier because they are working for higher level needs. Maslow (1954) has proposed a need hierarchy theory in which needs emerge in a specific order. The physiological needs (e.g., air, water, sex) come first and, according to the theory, must be satisfied before the person moves on and becomes concerned with higher needs. The need for safety and security arises next. After these two basic levels have been met, needs arise in the following order: love (belonging and friends), esteem (respect of others and self-esteem), and self-actualization (fulfilling one's potential and expanding one's competencies). In the present study we sought to determine if wealthy and non-wealthy individuals held different beliefs about the causes of happiness. We predict that wealthy persons, for whom physiological and security needs are probably less of a problem, will be more concerned with higher level needs such as self-actualization. Thus, wealthy individuals ought to mention these higher order needs as causes of happiness more often than non-wealthy individuals.

Although money can be measured objectively, the meaning of 'happiness' is neither clear nor easily measurable. People have used the term happiness to apply to a number of different ideas. However, social scientists have determined that there are at least three major components to a person's subjective well-being: life satisfaction, positive affect (e.g., joy), and an absence of negative affect (e.g., depression) (Andrews and Withey, 1976). Diener, Larsen, Levine, and Emmons (in press) have suggested that another promising subjective well-being variable is the percent of time the person is happy. These constructs have been defined by scientists and valid measures exist for assessing them (see Diener, 1984; Larsen, Diener, & Emmons, 1983). Thus, in the present study we measured a number of constructs which may be thought of as individual components of the more global construct of subjective well-being or happiness.

In summary, the present study had several purposes. We wanted to determine the happiness level of very wealthy persons and to compare this to the happiness of others, especially to well-off persons with above average income. We also wanted to explore whether persons believe that money causes happiness and to examine the relationship between beliefs about happiness and actual level of subjective well-being of the person. Finally, we wanted to determine whether wealthy people are concerned with different types of needs than the nonwealthy, and whether such concerns correlate with level of happiness.

METHOD

Participants

One-hundred wealthy persons from the *Forbes* 1983 list and one-hundred control persons were contracted by mail. The 1983 *Forbes* magazine list contains the 400 wealthiest Americans (those with a net worth of $125 million or more). Thus, the list contains many of the wealthiest people in the world. In most cases their annual income should exceed $10 million dollars. We selected 100 persons from the *Forbes* list based on our ability to locate the addresses of these persons. We wanted to include a preponderance of home addresses rather than office addresses because we felt that the return rate might be much higher for the former. Addresses were obtained from *Who's Who* and from telephone directories. Several surveys were returned uncompleted because the addressee was deceased or incapacitated. Surveys were sent to additional persons to bring the total sample to 100. In the final sample there were 85 home addresses and 15 office addresses.

Although the responses were anonymous, postmarks indicated the geographical location from which the surveys were returned. Several areas were heavily represented in the returns: New York City, Texas, and Florida. However, it should be noted that a disproportionate number of the *Forbes* 400 comes from these areas. As a whole, the returns came from big cities and small towns from all over the U.S. The first mailing went out in November, 1983 and contained a letter explaining the importance of the study. A second mailing was sent to all 100 in February, 1984. The second request reiterated the importance of the study and included a second questionnaire for those who had not returned the first one. Overall, a response rate of approximately one-half (49 respondents) was obtained, which is not low when one considers the time commitments of, and frequent requests received by these wealthy persons.

The comparison group was selected based on matching by geographical location. For each wealthy person contacted, a comparison person was selected from the same geographical location. From the phone book of the geographical locale where each wealthy person resided, a name was selected at random. Thus, 100 persons were selected for comparison to the wealthy group based upon geographical proximity of residence. All non-wealthy persons were contacted at home addresses. The first mailing went to this group in February, 1984 and the second mailing was sent in March, 1984. Sixty-two persons from this group returned the questionnaire.

For both groups of participants, the letters were addressed to Mr. and Mrs. ______. The letter instructed participants that either the husband or wife could complete the questionnaire. Since all returns were anonymous, it was necessary that all persons receive two mailings. Thus, it is possible that in a few cases both the husband and wife in one household completed the questionnaire.

Measuring Instrument

The questionnaire was identical for the two groups except for three questions. The wealthy group was asked whether their wealth was self-made, inherited, or a combination of both. The comparison group was asked their family annual income and net worth. One multiple choice question and one short essay question concerned beliefs about the degree to which money leads to happiness or unhappiness. A number of questions were concerned with the happiness and life satisfaction of the respondent. One question asked for the percentage of time the respondent is happy, unhappy, and neutral (Fordyce, 1977). On this question, the percentages must sum to 100%. Another question taken from Andrews and Withey (1976) inquired, 'How do you feel about how happy you are?' This question was answered on a scale ranging from seven ('Delighted') to one ('Terrible') and we refer to this as the Delighted-Terrible (D-T) scale. National norms are available for this scale. The next nine items were answered on a scale from 0 ('Not at all') to 6 ('Extremely much'). Each item asked subjects to indicate the degree to which they experienced particular emotions during their life. The first item was, 'Satisfied with your life' and was designed to assess the degree to which respondents judged their life in positive terms. The next eight questions were concerned with mood; there were four positive affect and four negative affect adjectives. The four positive mood adjectives were: 'happy', 'joyful', 'pleased', and 'fun/excitement'. The four negative adjectives were 'depressed', 'unhappy', 'angry or frustrated', and 'worried/anxious'. The responses on these two sets of adjectives were summed to yield separate positive and negative affect scores. These composite affect scales have reliabilities which approach 0.90 (Larsen *et al.*, 1983). Thus, there were five measures reflecting various meanings of happiness: percent of time happy, the delighted-terrible measure of happiness, life satisfaction, and average levels of positive and negative affect. The self-report measures of happiness have received a fair amount of validational support (e.g., Larsen, Diener, and Emmons, 1984), including some correlates with nonself-report measures (e.g., see Diener, 1984).

Two open-ended short essay questions asked subjects their opinion about the major sources of happiness and unhappiness in life. These responses were rated as to the degree to which they reflected each of Maslow's (1954) need levels: physiological, safety, love and belonging, esteem, and self-actualization. Seven raters who were thoroughly familiar with Maslow's theory of needs rated the answer of each respondent to the question, 'What do you believe are the major sources of happiness in life?' The raters estimated the degree to which the responses reflected each need level on a scale ranging from 0 ('Not at all related') to two ('Clearly related to that need'). The average agreement between raters for each need level was: physiological, $r = 0.94$; safety, $r = 0.67$; love, $r = 0.90$; esteem, $r = 0.51$; and self-actualization, $r = 0.55$. The average rating of all six raters was used to reflect the need scores in each category for each respondent. The respondent's age and sex was also requested. The questionnaire was purposefully kept very brief (one page) in order to insure a higher response rate.

RESULTS

The number of respondents for various analyses reported below varies since a few subjects either failed to complete all questions or incorrectly completed them. The average age of the wealthy group was 65.8, with 38 of the 49 respondents being males. In the comparison group the average age was 45.6, with 36 of the 62 respondents being male. The mean family income and average net worth, respectively, reported by the nonwealthy group was \$36 000 and \$122 000. Within samples, sex has a near zero and nonsignificant correlation with the happiness measures. Age did not correlate in a replicable pattern across the two groups with percent of time happy, with the D-T scale, or with life satisfaction. However, age correlated inversely with *both* positive and negative affect in both groups (wealthy, r's = –0.41 and –0.19; nonwealthy r's = –0.35 and –0.41). This finding is consonant with Diener, Sandvik, and Larsen's (1985) conclusion that average levels of both positive and negative affect decrease with age because emotional intensity declines with age.

The wealthy and nonwealthy groups were compared on the various measures of happiness. The means, standard deviations, and significance levels can be seen in Table I. Notice that the wealthy group reported greater levels of

TABLE I

Means of the subjective well-being measures

Measures	Wealthy (N = 49)	Non-Wealthy (N = 62)	t	p
Percent of time happy	77 (18)	62 (22)	3.71	0.001
Delighted-Terrible	5.82 (0.86)	5.34 (0.89)	2.86	0.01
Life Satisfaction	4.77 (1.00)	3.70 (1.11)	5.14	0.001
Sum positive affect	15.35 (5.62)	13.97 (5.03)	1.36	NS
Sum negative affect	4.92 (4.06)	7.65 (4.41)	3.35	0.01

Note: Standard deviations are shown in parentheses.

subjective well-being on all measures, although the difference between the groups failed to reach significance for positive affect. In addition, the level of income reported by the non-wealthy groups was correlated with their happiness in order to replicate earlier findings that income in random populations correlates with subjective well-being. These correlations were: % happy, $r = 0.12$; D-T, $r = 0.21$; life satisfaction, $r = 0.15$; summed positive affect, $r = 0.28$, $p < 0.05$; and summed negative affect, $r = 0.07$. Thus, the correlations between income and happiness within the non-wealthy group tended to be positive, but low and nonsignificant. Finally, the happiness of both groups was compared on the Delighted-Terrible Scale to means reported by Andrews and Withey (1976) for a national random sample. In the national sample the highest socioeconomic (SES) quintile (based on income and education) had a mean score of 5.6 and the low SES group an average of 5.3. In the national sample, persons 65 years of age and older averaged 5.4. Thus, our wealthy group is very happy in comparison to a similar age national sample and also happier than the well-off group. Indeed, our wealthy group showed a mean higher than that for any group reported on by Andrews and Withey. Our nonwealthy group scored slightly lower than the national group mean of 5.45.

It appears that the wealthy group was, on the whole, very happy. However, it should be noted that the non-wealthy group showed a preponderance of happiness and was not lower than the wealthy group by large amounts. Indeed, there were many persons in each group who were lower than the mean for the other group. For example, in the wealthy group this percentage was 37% and in the nonwealthy group it was 54% for the D-T scale. In other words, 37% of the wealthy group reported less happiness on the D-T scale than the average nonwealthy person. Thus, although money may aid happiness, it certainly is no guarantee of happiness and explains only a small fraction of the variation in happiness reported by Americans. When individuals are examined, there are several wealthy persons who are less happy. One man with enormous self-made wealth said he could never remember being happy at any period in his entire life. A wealthy woman reported being unhappy because of problems her children have encountered. Thus, the influence of money clearly can be overridden by other problems. There are a number of the non-wealthy who are extremely happy. Indeed, 45% of the nonwealthy indicated either a 6 or 7 on the Delighted-Terrible scale, suggesting very high levels of happiness in the absence of wealth.

The beliefs about the causes of happiness are varied, but one thing is clear: money is rarely mentioned. The causes of happiness that were mentioned most frequently were good family and friends, achieving goals, a relationship with God, and good health. Others mentioned psychological factors such as a wealthy man who wrote that "Happiness is an attitude", and another who wrote, "What you make of your life in your mind will influence your happiness."

When asked to check off the influence of money on happiness, 77% of the wealthy group and 61% of the nonwealthy group selected the option which stated that 'Money can increase OR decrease happiness, depending on how it is used'. The option, 'Increase happiness, but other factors may outweigh it', was selected by 17% of the wealthy group and 28% of the nonwealthy group. Not a single person thought that money guarantees happiness and one wealthy person chose 'Money makes it harder to be happy'. Thus, there was a strong sentiment in both groups that money can be helpful to happiness if used correctly, but that it is no guarantee of happiness. One 40 year old man with an income of $25 000 wrote, "Money and happiness bear little, if any, relation to each other". The group differences in happiness reported earlier tend to support these beliefs. To the open-ended questions, a number of persons indicated that money helped because it allows activities such as travel. A number of wealthy people specifically mentioned that money provided the opportunity to help others and improve the world. Another common theme was that money provides greater freedom and choice in one's activities and friends. Although nobody cited money as a major source of life happiness, 84% of the wealthy group and 39% of the nonwealthy group mentioned positive aspects of having money. Problems associated with the lack of money were mentioned by 37% of the non-wealthy group, but none of the wealthy group. A number of the non-wealthy mentioned problems that a lack of money can create such as worry and family arguments. However, several others mentioned that dramatic increases or decreases in their income had not been accompanied by concommitant long-term changes in their happiness. In summary, a number of persons mentioned the problems that lack of money can bring and others mentioned the pleasant activities that money can help provide. But the overall tenor of the answers within both groups can be summed up by the respondent who wrote that money has much less importance than other factors such as being loved and being useful.

Lastly, we turn to the relation between Maslow's needs and wealth. Each

TABLE II

Mean ratings of respondents' answers by need categories

Need Categories	Wealthy ($N = 49$)	Nonwealthy ($N = 62$)
Physiological	0.44	0.76
Safety	0.24	0.39
Love	1.33	1.25
Esteem	0.66	0.46
Self-Actualization	0.71	0.55

Note: 0 = Answer not all related to this need; 1 = Answer probably reflects this need; and 2 = Answer definitely reflects this need.

respondent's answer to the question of what makes people happy was coded for each of Maslow's need categories. The assumption was that people would tend to mention needs that were important to them. However, this connection is certainly not a perfect one since people may mention particular needs based on their observations of others. The averages for each need level for the two groups are shown in Table II. Ratings of each category were done independently of ratings for the other categories. There was a near significant interaction between group and need level, $F\,(4{,}380) = 2.31$, $p < 0.06$, suggesting that the non-wealthy were more concerned with needs lower in Maslow's hierarchy and the wealthy were more concerned with needs such as esteem and self-actualization. The major physiological need mentioned was 'health'. Given the older age of the wealthy group, it is surprising that they actually mentioned this category less frequently. However, it can be seen that the most frequent need category in both groups was love, including close friends and family. A preponderance of people in both groups mentioned this category as critical to happiness.

Was happiness related to the types of things the respondent thought were important to happiness? When the Maslow need ratings were correlated with the various subjective well-being measures, there was virtually no correlation between the two. In other words, happiness was not related to whether a person mentioned health, family, or self-actualization as the major source of life happiness. Thus, the hypothesis that wealthy people might be more concerned with higher level needs was supported. However, what needs the person seemed to be concerned with were not related to his or her happiness.

DISCUSSION

The findings of the present study replicate and expand past findings which have shown a cross-sectional correlation between money and happiness. Indeed, the very wealthy group in our study reported higher levels of happiness than any subgroup in a national random survey conducted by Andrews and Withey (1976). However, as in past studies, the effect of money on subjective well-being is, across people, not very strong. Of course wealth or lack of money may be very large sources of happiness or unhappiness for certain individuals. However, there is an enormous overlap in the distribution of happiness reports of wealthy and non-wealthy persons. A majority of individuals hold a belief consonant with this finding – namely, that money can help one's happiness to some extent but there are other factors that are more important. Our findings suggest that money does free individuals to some extent from certain worries, and from a strong concern for physiological and security needs. However, new needs emerge for wealthy persons and it may be their success at these that influences their happiness.

Why is the wealthy group on the whole so happy? It may be due to the pleasant events, prestige, and self-esteem that wealth brings. However, there are alternative explanations. For example, it could be that these persons were always very happy and this was one cause of their wealth, rather than vice versa. Perhaps a more plausible explanation is that the wealthy people have been very involved with their work which is exciting. They are probably highly motivated and goal-directed and their work may be a type of 'flow activity' (Csikszentmihalyi, 1975). This explanation suggests that the activity leading to the money, rather than the spending power of the money, is responsible for the wealthy group's high level of subjective well-being. At present, the data are not available that would allow us to choose among these hypotheses.

The present findings cast doubt on one approach to the relationship between money and happiness – the idea that there is some minimum level of money beyond which it makes no difference (Freedman, 1978). The hypothesis is that money makes a difference at poverty levels because people are unhappy if they cannot meet their basic needs. However, above this minimum level, money simply adds luxuries that do not add to happiness. Because our wealthy group was higher in happiness than the high income group in Andrews and Withey's (1976) study, it would appear that even the top quintile of Americans has not reached the hypothetical plateau beyond which income has no effect. Of course it is possible that the minimum level or plateau level is extremely high, and therefore even Andrew and Withey's top income group had not reached it. This could be so, but this level is certainly not tied then to basic needs. A more plausible alternative is that the happiness plateau for income comes at a point where the individual can have the goods which are defined by his or her subculture as being important. If this is true, there is no absolute level beyond which income will make no difference. But the encouraging finding from the point of view of happiness is that income appears to be only a minor influence on the happiness of most individuals. One goal for future research and theory is to determine why income has any influence on subjective well-being.

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