Paper 5
Throughout history the question of whether money buys happiness has captured the collective imagination. The question is a fascinating one, in part because it is so universally relevant. So important is this issue that philosophers, religious leaders, academics, and laypeople alike have all contributed opinions. In the Book of Deuteronomy, for example, Moses emphasizes the desirability of material prosperity when he reviews the divine covenant with the Hebrew people, saying, “The Lord will give you abounding prosperity in the issue of your womb, the offspring of your cattle, and the produce of your soil” (Torah, p. 590). Jesus preached on the issue, saying that it is easier for a “camel to go through the eye of a needle than for a rich man to enter into the kingdom of God” (King James Bible, p. 869). More recently, in the social landscape of modern capitalism, the notion of acquiring material wealth is often regarded as an appropriate and desirable personal goal.

In what may be the best-known modern theory of material wealth and happiness, Maslow (1954) proposed that basic physical needs, such as having adequate shelter and access to nutritious food, must be satisfied before lasting psychological fulfillment can be achieved. Indeed, Maslow’s theory highlights several intriguing issues surrounding the relation between material wealth and happiness. First, Maslow’s theory begs the question, how basic are basic needs?
Will a shanty with a tin roof suffice for shelter, or do people need larger, more durable homes? Do so-called luxury items contribute nothing to happiness, or might Maslow have overlooked their possible importance? Second, although Maslow's theory has intuitive appeal when applied to individuals, it does not speak directly to the well-being of whole societies. For instance, are quality hospitals—arguably products of material wealth at the societal level—basic needs?

Psychologists and other social science researchers have attended to questions such as these for half a century. In early work on subjective well-being (a term I use interchangeably with happiness in this chapter) researchers were interested in broad correlates of happiness, including wealth (e.g., Wilson, 1967). The topic of material wealth as it relates to happiness has been the subject of economic theories (e.g., Sen, 1999), sociological theories (e.g., Veenhoven, 1991), and psychological theories (e.g., Ryff, 1989). Subjective well-being researchers, in particular, have attended to the nuances of this topic (e.g., Diener & Biswas-Diener, 2002). A link between subjective well-being and material wealth is plausible for several reasons. Because subjective well-being contains emotional components such as joy and pride, the hedonic appeal of physical pleasures associated with wealth could contribute to increased happiness. People with greater access to high-quality food, stimulating recreational opportunities, and comfortable home furnishings, for instance, might benefit from the positive rewards that their material prosperity brings. In addition, subjective well-being also contains a cognitive (life satisfaction) component, which could be enhanced through the sense of autonomy, purpose, and progress toward personally valued goals that additional material resources can make possible (Diener, 1984).

Given the amount of scientific attention that has been given to the issue of money and happiness, it is interesting to consider what researchers have found. In a review of the literature on income and subjective well-being Diener and Biswas-Diener (2002) report finding a trend toward a significant, yet modest, correlation between these two variables. The authors reported on surveys from a variety of demographic groups and nations showing significant positive correlations between income and life satisfaction. This finding is consistent with a broad trend in data from nationally representative samples showing a positive correlation between income and happiness (e.g., Cummins, 2002; Diener & Oishi, 2000). Thus, it appears that income, as a means of assessing material wealth, contributes to subjective well-being, but is, perhaps, not the most important factor in the attainment of happiness.

There is also some agreement among scholars in this field about the curvilinear nature of the relation between income and subjective well-being. In many cases, researchers have found that income correlates with subjective well-being more strongly at the lower incomes levels, and that the strength of the relationship between these two variables diminishes as income raises (e.g., Cummins, 2002; Diener & Oishi, 2000; Inglehart, 1997; Diener, Sandvik, Seidlitz, &
Diener, 1993). This diminishing marginal utility, in which the psychological effects of additional income decrease at the higher economic levels, is consistent with Maslow's (1954) basic needs theory. It should be noted, however, that there is some uncertainty about the extent to which diminishing marginal utility of income exists (e.g., Easterlin, 2005; Oswald, 2005).

Despite the preponderance of evidence pointing to the conclusion that income correlates with subjective well-being, scholarly opinions vary about the precise nature of the relation between these two variables. For instance, work by Wachtel (1989) and Schor (1999) suggests that affluence is associated with certain psychological downsides, including, but not limited to, increased feelings of anxiety and higher rates of divorce. Similarly, Kasser (2003, 2004) argues that the attitudes of materialism that can accompany increasing wealth, both at the individual and national level, can be toxic to personal psychological health and environmental sustainability.

In this chapter I examine the relation of material wealth and subjective well-being based on a trajectory of material accumulation. At the beginning of this developmental course is the acquisition of Maslow's basic needs, in which research and theory address considerations of the most fundamental kind, such as food and housing. I term this level the "simple life scenario" and consider results from studies of people living a materially simple lifestyle. Next, I review research from groups living a more affluent lifestyle, which I term the "abundance scenario." Finally, I discuss major theories explaining the relation between material wealth and subjective well-being.

The question of whether money, or material wealth in any form, buys happiness is more than a topic of idle curiosity or academic interest. The answer to this question has direct implications for policy. If increased wealth, whether at the individual or national level, translates to higher subjective well-being, than research and theory on this topic are important resources to direct the development of social programs, social policies, and psychological interventions. On the other hand, to the extent that material wealth is toxic to personal fulfillment or environmental sustainability, these cautions would suggest important policy considerations and recommendations for consumer behaviors as well.

Basic Needs and the Simple Life Scenario

In his classic theory Maslow (1954) proposed a hierarchy of needs that rested on the foundation of meeting basic requirements for the physical nourishing of life. Maslow hypothesized that it would be difficult to develop "higher" social and psychological pursuits, such as altruism, meaning, and aesthetic appreciation, if one were contending daily with starvation or similar threats to physical health. Maslow's theory has, in fact, received support from research on income and sub-
jective well-being. Large international studies show that people living in nations with relatively low per capita income report lower happiness, on average, than do their counterparts in wealthier countries, even controlling for purchasing power and cost of living (e.g., Diener & Biswas-Diener, 2002; Diener & Oishi, 2000; Diener, Suh, Lucas, & Smith, 1999; Diener & Diener, 1995).

And yet, even among nonindustrialized groups living a traditional lifestyle we see the development of art, ritual, sophisticated social organization, and meaningful personal bonds. Ethnographies of tribal groups living a technologically primitive lifestyle show that even at the hunter-gatherer level of existence basic needs appear to be met sufficiently to allow for “higher-order” social and psychological development (e.g., Turnbull, 1987; Chagnon, 1972; Malinowski, 1922/1984). How, then, are we to identify basic needs and learn about the role they play in happiness? One way for us to evaluate the merits of Maslow’s theory is to identify groups who do not sufficiently meet their basic needs. Of those unfortunate people living in extreme poverty, the most visible are the homeless.

Poverty is a problem that affects all societies, and homelessness is pandemic. Studies have shown that homelessness is associated with strained family relationships (Nyamathi, Wenzel, Keenan, Leake, & Gelberg, 1999), higher exposure to trauma (Bührich, Hodder, & Teesson, 2000), increased anger and depression (Marshall, Burnam, Koegel, Sullivan, & Benjamin, 1996), and the negative psychological impact of social stigma (Lankenau, 1999). Perhaps because of the many social and psychological ills associated with homelessness, most of the research in this area has focused on psychopathology, social discord, and health problems. Only a handful of studies have examined the subjective well-being of the homeless.

In a study looking at the relative strengths and resources of extremely poor and homeless individuals in Calcutta, India, Biswas-Diener and Diener (2001) found unexpectedly high levels of life satisfaction. People from all three groups studied—slum dwellers (those in impoverished neighborhoods), pavement dwellers (homeless), and sex workers (prostitutes)—reported, on average, positive levels of satisfaction regarding variables associated with basic needs such as food, housing, and income. Despite this surprising trend, the authors found significantly lower levels of material satisfaction, as well as the overall life satisfaction, between the pavement dwellers and the other two groups. Because the pavement dwellers live at the basic needs level—most own only a handful of possessions, are forced to beg or forage for food, and are dramatically affected by the weather due to inadequate housing—this study lends support to Maslow’s basic needs theory.

In a follow-up study comparing another homeless sample in India with two such groups in the United States, Biswas-Diener and Diener (2006) found that homelessness was associated with relatively low levels of subjective well-being. Although homeless individuals in Calcutta reported positive levels of overall life
satisfaction, their counterparts in Fresno (California) and Portland (Oregon) reported negative satisfaction with life. Members of all three groups reported negative satisfaction with material resources, income, housing, and health. When compared with the relatively high scores of university students and other more affluent individuals from other studies using the same measures, this finding appears to lend further support to Maslow’s hypothesis. Interestingly, however, satisfaction with food was high for members of all three groups, raising questions about how this variable is subjectively evaluated.

Taken together, the two studies of the subjective well-being of the homeless described above (as well as the larger body of research on the negative psychological impact of homelessness) appear to support Maslow’s conclusions regarding basic needs, at the level of extreme deprivation. Inadequate food, insecure income, and substandard shelter appear to have a deleterious effect on subjective well-being. Consistent with Maslow’s theory, physical and health problems associated with poor living conditions likely factor into the equation, but so might social concerns such as the stigma attached to poverty (Biswas-Diener & Diener, 2001) and estranged family relationships (Diener & Seligman, 2002) common among those who are homeless.

But, what about the case of those who do not live in poverty but still engage in a lifestyle that is relatively free of material luxuries? How might their material wealth affect their happiness? For those who champion the simple life, material luxury is often seen as synonymous with environmental devastation and spiritual emptiness. But the “simple life scenario” is not only a political position that endorses the benefits of limiting material acquisitions, it is an empirical question. There is a relatively small research literature on individuals living above the poverty level but still maintaining a materially simple lifestyle, perhaps because of methodological difficulties associated with studying these groups. Groups representing the “simple life scenario” include tribal groups utilizing preindustrial technologies, religious orders that eschew materialism for spiritual reasons, and individuals who voluntarily simplify their lives.

In one such study Yamamoto (2005) conducted 480 interviews with tribal Amazonians, rural people, and urban folk living in Peru. He asked them to rate the importance of various types of goals, such as those related to achievement, basic physical needs, and social harmony. Yamamoto found sharing and support were valued in preindustrial groups, as opposed to an emphasis on accumulation of material goods that he found in urban areas. These findings might indicate that the relatively modest material resources of the tribal Amazonians influence their overall happiness by structuring their personal aspirations and values. Yamamoto concluded that the high goal-resource coherence found among his tribal sample leads to relatively high levels of life satisfaction. This conclusion is consistent with research by Diener and Fujita (1995), in which the relevance of resources to personal strivings predicts subjective well-being.
Research with other tribal groups living a materially simple life has shown similar results. In a study of samples from three materially simple societies Biswas-Diener, Vitterso, and Diener (2005) found that, on average, members of each group were happy. The researchers collected data from diverse cultural and geographic samples, including tribal Maasai (Kenya) living a traditional pastoralist lifestyle, Inughuit people (Greenland) who still employ traditional hunting practices, and Amish people (United States), who eschew the use of many modern conveniences and technologies. Members of each group reported positive levels of life satisfaction, as well as positive levels of satisfaction with domains related to basic needs such as housing, food, income, and health. Thus, those who live a simple life appear, at least in these specific but diverse instances, to be satisfied not only with their material needs but with their lives, in general. These findings are consistent with other research on the Amish, such as mean scores for a single life satisfaction item reported by Diener and Seligman (2004), in which the Amish were found to be in the positive range.

One demographic subset of the simple life scenario is comprised of individuals who voluntarily choose a materially simple lifestyle, usually for spiritual or ecological reasons. Among those who engage in the simple life for environmental sustainability there is relatively little data. In one such study, however, Jacob and Brinkerhoff (1999) assessed a group of 565 individuals who moved away from cities to practice “environmentally friendly” lifestyles. Although these individuals reported high levels of satisfaction on many domains, zero-order correlations between income and life satisfaction were nonsignificant, suggesting that mediating factors such as living “mindfully” or living a values-congruent lifestyle might account for their relatively high psychological quality of life. In another study, Brown and Kasser (2005) evaluated hundreds of people engaged in “voluntary simplicity” (VS) against a matched sample of nonsimplicity Americans. The VS participants consumed less and repaired and reused more of their material possessions than their sample counterparts. The researchers found that the VS sample reported significantly higher life satisfaction as well as more positive affect balance.

In the end, the simple life scenario suggests that material luxuries are not a necessary precondition for happiness. The high levels of happiness found among diverse groups living a materially simple lifestyle could be due to a variety of reasons, ranging from a feeling of living in accord with one’s own values to benefiting from high resource-aspiration consonance to a slower pace of life. The crucial issue, where the simple life scenario is concerned, is the degree of simplicity. At some point a threshold is reached at which material simplicity is better described as deprivation, as in the case of homeless people. Although this threshold is not clearly defined and likely depends on a number of complicated factors (see Diener & Biswas-Diener, 2002, for further discussion), research on homelessness appears to converge on the conclusion that material deprivation generally takes a heavy psychological toll on people.
The Abundance Scenario

Beyond living a simple life, is there happiness to be gained through the additional acquisition and consumption of material goods? Do luxuries such as air conditioning and opportunities to travel for leisure lead to more happiness? In fact, higher income has been shown to be related to a variety of widely valued variables, including increased longevity (Wilkenson, 1996), better health (Salovey, Rothman, Detweiler, & Steward, 2000), and greater life satisfaction (Diener, Horowitz, & Emmons, 1985). Greater income at individual and societal levels could, at least theoretically, translate to greater feelings of security, autonomy, civil peace, access to enjoyable leisure activities, and other benefits that enhance happiness. Studies investigating the subjective well-being of relatively affluent individuals, and those from wealthy nations, can help us understand the link between material wealth and subjective well-being above the level of basic needs or the simple life.

At the individual level of analysis there is research to support the idea that increased material wealth is associated with higher subjective well-being, even at levels well above basic needs. In a unique study, Diener and colleagues (1985) assessed the relative happiness of the very wealthy. In this study, the researchers received reports of happiness from 49 individuals from the Forbes list of the wealthiest Americans (those with a net worth of $125 million [U.S. dollars] or more), and compared these scores against a matched sample from the same geographic areas. The rich respondents in the study reported significantly higher life satisfaction, being happier a greater percentage of the time, and lower feelings of NA. The factors that account for the high happiness of the super-rich are unclear but may be explained by the status, privilege, or feelings of security and power associated with extreme wealth. In addition, personality factors may play a role, such that the highly selected individuals in this study were predisposed to happiness.

Data from a variety of sources further support the idea that living a materially abundant life is, indeed, associated with increased happiness. In a review of data from the World Values Survey II, Diener and Biswas-Diener (2002) found within-nation differences in happiness between high-income individuals (typically representing “middle-class” and “upper-middle-class” people) and their low-income counterparts. Similarly, Diener and Oishi (2000), again in an analysis of data from the World Values Survey II, found small but significant within-nation differences between the top and penultimate income groups, even controlling for satisfaction differences between nations and for financial satisfaction. This finding suggests that, although income explains a relatively small portion of the overall variance in most subjective well-being, the relation between these two variables is not confined to the lowest economic levels.

Further evidence for the happiness benefits of the abundant life can be seen in comparisons of analyses of international data. Data from international surveys
show that respondents from richer countries generally score higher on measures of subjective well-being than do their counterparts in poor countries. In a survey of 55 countries, for example, Diener, Diener, and Diener (1995) found a general trend in which respondents from more affluent nations reported higher subjective well-being. In their analysis, for instance, respondents from countries such as Iceland, the United States, and Canada showed higher levels of happiness compared to samples from nations such as China, India, and Cameroon, which showed somewhat negative levels of happiness. Interestingly, data suggest that even poor people living in rich countries fare better than their counterparts in poor countries (Diener & Biswas-Diener, 2002), suggesting that these individuals might benefit from the material wealth of the larger society in the form of high-quality infrastructure, civil peace, or social welfare benefits. This finding is consistent with research on national wealth by Diener and Diener (1995), who investigated indices of quality of life such as social justice, happiness, homicide and suicide rates, income equality, and Nobel prizes per capita, and found that national wealth correlated significantly with 26 of 32 outcome measures. In his “livability theories” Veenhoven (1995) suggests that a large amount of societal variance in subjective well-being can be attributed to differences in objective conditions such as education nutrition, and equality, which are often related to national wealth. Table 15.1 summarizes the life satisfaction ratings across the material spectrum.

It appears that Maslow (1954) was correct in that needs, at their most basic, must be fulfilled before people can prosper psychologically. Research on the deleterious effects of severe poverty helps confirm this idea (e.g., Biswas-Diener &

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<th>Group</th>
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<tr>
<td>Forbes richest Americans</td>
<td>5.8</td>
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<td>Traditional Maasai</td>
<td>5.4</td>
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<td>Amish (Pennsylvania)</td>
<td>5.1</td>
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<tr>
<td>Illinois college students</td>
<td>4.7</td>
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<tr>
<td>Calcutta slum dwellers</td>
<td>4.4</td>
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<tr>
<td>Uganda college students</td>
<td>3.2</td>
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<td>Calcutta homeless</td>
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<td>California homeless</td>
<td>2.8</td>
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Note. Scores shown are on a 1–7 scale, where 4 is neutral. Scores are based on an average of the five items on the Satisfaction with Life Scale, and a single satisfaction item for the Forbes sample. Adapted from Diener and Biswas-Diener (2005). Copyright 2005 by Ed Diener and Robert Biswas-Diener. Adapted by permission.
Diener, 2006). Research from people living the simple life, however, suggests that the threshold for what constitutes “basic” may be quite low (e.g., Brown & Kasser, 2005). Studies of the subjective well-being of preindustrial tribal groups, for instance, show that humans can flourish emotionally, even at the materially simple nomadic pastoral level (e.g., Biswas-Diener et al., 2005). It may be that social and other non-material needs are more basic than Maslow thought and that, together, material, social, and autonomy needs form a constellation of universal basic needs (Sheldon, Elliot, Kim, & Kasser, 2001). In addition, the fact that income and subjective well-being are correlated even at higher income levels suggests that basic needs theory, in itself, is inadequate to explain individual and societal differences in happiness.

**Alternative Explanatory Theories**

Material wealth, often operationalized in research as income, correlates significantly and positively with subjective well-being. Even above the materially simple life, income appears to correlate with subjective well-being, although the size of the relationship diminishes as wealth increases. Certainly, the meeting of basic physical needs cannot account for the variability found in happiness at higher income levels. Several accounts have been proposed to explain the relation between material wealth and subjective well-being, and I discuss two that have received substantial attention in the research literature: (1) goals and values, and (2) relative standards.

**Goals and Values**

Goals have been shown to be personally important to individuals and an important contributing factor in happiness (Emmons, 1986, 1999). To the extent that material wealth is a resource that can be used in the service of pursuing goals, it makes sense—at least theoretically—that goal theory might explain some of the relation between income and subjective well-being, even at the higher income levels. Research by Diener and Fujita (1995) illustrates that goals and personal resources (including material wealth) must be consonant to result in happiness. This finding suggests that certain goals, such as those that are too lofty materially, may actually be counterproductive to happiness.

Emmons (1999) proposed that goals are the behavioral units by which we enact and measure our personal values. Research shows that not all values contribute equally well to personal fulfillment. Although research supports the conclusion that income is positively associated with subjective well-being, it is less clear that desiring wealth contributes to personal happiness. Studies on materialism—that is, on the value an individual places on accumulating income
and wealth—suggest that actively wanting money might actually be toxic to happiness. Research by Solberg, Diener, and Robinson (2004), for instance, suggests that materialism is negatively correlated with measures of subjective well-being, and that people who value money above other pursuits, such as love, are generally less satisfied with their lives. This finding is consistent with theory by Kasser (in press) that thrifty behaviors may be related to higher subjective well-being, especially when they are consonant with personal values. Other explanations exist as well, such as the possibility that those who highly value material acquisition also undervalue social relations or other aspects of life that contribute to subjective well-being (Van Boven, 2005).

Another way to examine the role of materialism, as it relates to subjective well-being, is to consider the ways in which people spend their money and how this behavior affects them psychologically. Van Boven and Gilovich (2003) conducted a set of studies in which they investigated the way in which people spent money and evaluated the happiness produced by various types of purchases. In their studies, the researchers distinguished between experiential purchases aimed at gaining life experience, such as a family vacation, and material purchases aimed at acquiring a physical object, such as a new automobile. Across three studies, using large samples and multiple methods, the researchers were able to replicate findings suggesting that experiential purchases contributed to happiness more than did material purchases, in part, because experience is more open to personal (and positive) interpretation.

Thus, although having material wealth appears to be related to subjective well-being, especially at the lower economic levels, actually wanting wealth seems to work counter to happiness. Excessive materialism is associated with lower subjective well-being, and the acquisition of material objects generally does not create lasting happiness (Kasser, 2003). It may be that materialists have a tendency to overlook other important aspects of life or that adaptation (discussed below) works against them in their pursuit of happiness.

Relative Standards

Relative standards is the term given to models that are based on the idea that people make comparison judgments and consult other internal standards for evaluating their subjective well-being (Diener & Lucas, 2000). These standards may include comparisons with others (Festinger, 1954), comparisons with past performance or future expectations (Michaels, 1985), and can be made upward or downward (Helgeson & Taylor, 1993). Relative standards have been hypothesized to influence income satisfaction (Easterlin, 1974) as well as comparisons with prior financial status (Parducci, 1995), and they have been found to affect job satisfaction (Clark & Oswald, 1996)—all of which are variables that moderate subjective well-being (Diener & Biswas-Diener, 2002). Similarly, Clark (1999)
found that unemployed people who live in areas of high unemployment are more satisfied than their peers who live in more job-secure areas.

As the case of unemployment illustrates, income is generally not static, and changes in material wealth can be associated with various evaluations of relative standards. Parducci (1995) suggested that adaptation to new material circumstances may play an important role in how people make subjective evaluations of the quality of their lives. Over time natural psychological adaptation to income change may heavily influence satisfaction judgments and, in turn, subjective well-being. There is a large research literature on the homeostatic nature of emotion, in general, and subjective well-being, in particular (e.g., Lucas, in press; Heady & Wearing, 1992). According to scholars, humans (on average) have an evolutionarily determined relatively narrow, mildly positive emotional setpoint, wherein the positivity facilitates approach behaviors necessary for individual and societal functioning (Ito & Cacioppo, 1999; Fredrickson, 2001). As people interact with the environment, various pleasant and unpleasant circumstances raise and lower moods from the baseline; but then people tend to adapt back to their personal setpoint (for a more in-depth discussion, see Frederick & Lowenstein, 1999).

The process of psychological adaptation has particular bearing on the case of material wealth and subjective well-being. Brickman and Campbell (1971) proposed the idea of a “hedonic treadmill,” in which individuals adjust to new circumstances and are required to increase their resources, aspirations, and opportunities for positive hedonic experiences in order to maintain an inflated level of subjective well-being. In an early study on this topic, Brickman, Coates, and Janoff-Bulman (1978) reported that individuals who won large sums of money in lotteries experienced a spike in happiness but adapted back to “normal” levels of happiness over time. This finding has been replicated in later studies showing that, although people might derive initial satisfaction from a pay raise (Parducci, 1995) or new purchase (Van Boven & Gilovich, 2003), the emotional effects are either small or short-lived.

Further support for and explanation of this position is provided by Easterlin’s (1974) research. In analyses of international income data, Easterlin showed that rapid economic growth at the national level is not associated with similar gains in happiness. Other researchers have produced similar findings (e.g., Diener & Oishi, 2000; Oswald, 1997; Duncan, 1975). This so-called “Easterlin paradox” is explained, in part, by the increases in personal aspirations that normally accompany increased material wealth that occurs over the lifespan (Easterlin, 2002). The concept of adaptation in the context of Easterlin’s theory may partly explain why highly materialistic goals do not typically translate to increased happiness.

Relative standards likely play an important role in the relationship between material wealth and subjective well-being. Economic status, at both the individ-
ual and societal levels, is subject to change, and change affects how people evaluate not only their financial satisfaction but their happiness in general. Further, natural psychological adaptation appears to influence how people make subjective evaluations of their objective life circumstances and overall subjective well-being.

**Conclusion**

The overall picture of the relation between material wealth and subjective well-being is a complex one. Research with a wide range of groups and large international samples points to the conclusion that material wealth correlates modestly and positively with subjective well-being. Further, researchers tend to agree that the nature of this correlation is curvilinear, such that money appears to correlate with subjective well-being more strongly at the lower economic levels. This set of findings offers support for basic needs theory and suggests that attention to issues of poverty and geographic displacement are important for improving the subjective well-being of the extremely poor. Preliminary research also shows that social and other psychological needs may be as “basic” as physical needs (e.g., Biswas-Diener & Diener, 2001), and Sheldon and colleagues suggest that a reexamination of the primacy of physical needs is in order (Sheldon et al., 2001). Further research is needed to determine both the threshold for basic physical needs and the ways in which social and personal needs interact with physical needs to enhance subjective well-being.

Although there appear to be diminishing returns for subjective well-being at the higher economic levels, researchers still report significant correlations between income and subjective well-being among relatively high wage earners, as well as between relatively affluent nations (e.g., Diener & Oishi, 2000). These findings suggest that explanations beyond those offered by basic needs theories are required to better understand this phenomenon. Using income as a resource to fulfill personal strivings is one such explanation (see Emmons, 1999, for further discussion of this issue). Additional income may also translate to greater feelings of autonomy and opportunities for mastery (Ryff, 1989). According to Cummins (2002), higher income allows individual increased control of their environments and helps buffer them from unpleasant events. Other explanations for societal differences in subjective well-being are also possible, including cultural differences in norms for emotions (see Kitiyama & Markus, 1994, for a more in-depth discussion of these issues).

Interestingly, although *having* material wealth appears to be related to happiness, *strongly desiring* wealth may be toxic to it. A growing body of research shows that attitudes of excessive materialism are associated with lower levels of subjective well-being, even among those who are relatively affluent. The reasons for
this are not entirely clear but may be related to hedonic adaptation (Lucas, Clark, Georgellis, & Diener, 2004) or the ways in which people make subjective appraisals (Van Boven, 2005). Further research is needed to explore the relation between materialism, material and income satisfaction, and subjective well-being.

In the end, income and happiness are linked, although this relation is small in comparison to other factors that contribute to subjective well-being (see other chapters, this volume, for discussion of those factors). Material wealth appears to be most important for the subjective well-being of those living in impoverished conditions, although the threshold for these circumstances is not well-established. Interestingly, income and subjective well-being are correlated, albeit modestly, even at higher economic levels. Goals theory, relative standards models, and cultural factors all likely play a role in explaining national differences in subjective well-being, even those between relatively affluent societies. Although significant, the relative weakness of this relation is potentially instructive for individuals living in more affluent societies, because it cautions against putting too much stock in material aspirations.

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