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Free Enterprise: Here's to a happier 2009

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The doom and gloom of the current economic situation may overshadow the joyous season and the start of the new year. As a matter of fact, given all the negative economic predictions for 2009, many may want to postpone New Year's Eve.

Or, perhaps, some will see the news of a gigantic new stimulus program (\$850 billion over 24 months) planned by the incoming administration, of the Federal Reserve setting target rates between zero and 0.25 percent, and of 30-year fixed mortgage rates at lows not seen since 1971 as promises for a quick recovery, worthy of an opulent Christmas and great fireworks displays.

The latter group of optimists might belong to those happy people who were the basis of a recent study by two economists published as an NBER working paper with the title "Happiness inequality in the United States."

Of course, the National Bureau of Economic Research is also the organization that just determined that we have been in a recession for almost a year. Consequently, some (any) "happy(ness)" news from the NBER should be reason to cheer in itself.

Betsey Stevenson and Justin Wolfers from the University of Pennsylvania report in their paper that "while there has been no increase in aggregate happiness, inequality in happiness has fallen substantially since the 1970s."

Not surprisingly, a significant factor in explaining differences in happiness is likely due to differences in education. That dovetails nicely with research showing education as the driving force behind income inequality.

However, the numbers reported by Stevenson and Wolfers also put some backbone into the old adage of "money doesn't buy happiness." After analyzing the contribution of rising income inequality to happiness inequality, the authors discover there is "an important role for non-pecuniary factors in shaping the well-being distribution."

In the "General Social Survey," a sample of approximately 3,000 people is asked: "Taken all together, how

would you say things are these days - would you say that you are very happy, pretty happy, or not too happy?"

The responses, quite remarkably, show an erosion of the black-white happiness gap and the disappearance of the gender happiness gap. Mind you, the latter development may be put to the test next week when wives and girlfriends unwrap some of the "amazing tech" presents their husbands or boyfriends thought they could not do without.

Buried in the data, however, is the disconcerting fact that in a number of demographic comparisons, the decrease in happiness differentials is due to the fall in happiness in sub-groups.

As an example, the study "shows that happiness rises with age, yet the time trend in average happiness has been flat or slightly rising among the young (aged 18-34) and declining among both prime age and older adults." So much for the "golden days."

Of course, one could always sooth one's disappointment by remembering George Bernard Shaw's famous warning: "A lifetime of happiness! No man alive could bear it. It would be hell on earth." Nevertheless, and with all respect to the 1925 Nobel Laureate for Literature, let's wish - if not for a lifetime of happiness - for a happier-than-anticipated 2009.

After all, to quote Aristotle's very nonmarket guidance: "Happiness is the meaning and the purpose of life, the whole aim and end of human existence."

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