

# Friendship, Not Money, Makes People Happy

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## STORY AT-A-GLANCE

- › Income inequality explains only 1% of the variation in happiness levels within a community while mental health differences explain over 4%
- › Having a partner in life plays a greater role in life satisfaction than education level
- › Public policy focusing on people's physical and mental health, along with their relationships, could reduce depression and anxiety and thereby reduce misery by 20%, compared to just a 5% reduction if the focus was on eliminating poverty

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In the quest for happiness, many people put their hopes on the attainment of material possessions when what matters most of all, according to research, are things that money can't buy, namely good health and strong relationships.

In the Origins of Happiness study, findings of which were presented at the London School of Economics (LSE) well-being conference in December 2016, survey data collected from four countries revealed the key determinants of people's life satisfaction.

## **Good Friends, Mental and Physical Well-Being Matter More Than Income**

LSE economist Lord Richard Layard, who led the report, said the findings suggest governments should be focused not on wealth creation but on well-being creation.<sup>1</sup>

By focusing on people's physical and mental health, along with their relationships, the corresponding reduction in **depression and anxiety** could reduce misery by 20%, compared to just a 5% reduction if the focus was on eliminating poverty.<sup>2</sup>

Tackling depression and anxiety would also be "self-financing," according to the report, because costs would be recovered via increased employment rates and a reduction in **health care costs**.

"The strongest factor predicting a happy adult life is not children's qualifications but their emotional health," the report noted, pointing out that children should not be judged solely on their academic achievements.

"There is also powerful evidence that schools have a big impact on children's emotional health, and which school a child goes to will affect their emotional wellbeing as much as it affects their exam performance," the report found. Other notable findings include:<sup>3</sup>

- Income inequality explains only 1% of the variation in happiness levels within a community while mental health differences explain over 4%
- Having a partner in life plays a greater role in life satisfaction than education level; this is in line with past research that found being married is worth more than \$100,000 of annual income for both men and women<sup>4</sup>
- In the U.S., Germany, Britain and Australia, average happiness levels have failed to rise despite massive increases in living standards

"The evidence shows that the things that matter most for our happiness and for our misery are our social relationships and our mental and physical health," Layard stated.

*"In the past, the state has successively taken on poverty, unemployment, education and physical health. But equally important now are domestic violence, alcoholism, depression and anxiety conditions, alienated youth, exam-  
mania and much else. These should become center stage."<sup>5</sup>*

# High Income Cannot Buy Happiness, but Low Income Could Lower Well-Being

Strong relationships and good health are priceless factors in the equation of happiness, but there's also a point at which low income becomes a hindrance to both.

People living in poverty — defined as an annual income of \$11,770 for a single person and \$24,250 for a family of four — bear the brunt of the burden, often struggling with both psychological and physical health.

A U.S. Centers for Disease Control and Prevention (CDC) report found, for instance, that nearly 9% of people living below the federal poverty line experienced serious psychological distress compared to only 1.2% of those living at or above 400% of the poverty line.<sup>6</sup>

In turn, those facing serious psychological distress were more likely to have chronic obstructive pulmonary disease (COPD), heart disease and diabetes than those not in distress. Further, as income increased, the percentage of people with serious psychological distress decreased.

Research also shows that poverty exacerbates the emotional pain of adverse events like divorce, ill health and being alone, while making it harder to enjoy positive events, like weekends.<sup>7</sup>

That being said, the trend of increasing income being associated with better mental health and happiness appears to be only true to a point. In terms of emotional well-being, "there is no further progress beyond an annual income of \$75,000," researchers wrote, concluding that "high income buys life satisfaction but not happiness."<sup>8</sup>

## Happiness and the U-Shaped Curve

There's also evidence to suggest that the "mid-life crisis," a period of unhappiness that hits many people in their 40s, could in fact be real. Research from half a million people revealed a distinct U-shaped curve to their happiness levels.<sup>9</sup>

In childhood, happiness levels tended to be high, then moved downward after the age of 18 and bottoming out during the 40s. Between the teenage and middle-age years, one study suggested life satisfaction scores dip by up to 10%.<sup>10</sup>

By age 50 and beyond, happiness starts to creep back up again until, for most, the last few years of life or a serious health problem occurs.

Research has suggested older adults tend to have a greater sense of happiness than younger adults because they regulate emotions better, are exposed to less stress and have fewer negative emotions (and perhaps a diminished negative response).

In addition, one study published in the Journal of Consumer Research suggested that while younger people tend to value extraordinary experiences, as people get older they tend to place more value on ordinary moments, such as drinking a good cup of coffee or "having a long and fun conversation with my son."<sup>11</sup>

Another theory posits that the U-shaped happiness curve is "caused by unmet expectations that are felt painfully in midlife but beneficially abandoned and experienced with less regret during old age."<sup>12</sup>

## **Friendship Fights Depression**

Having a strong social network of good friends is a key indicator of happiness for good reason. Research shows friendship is a significant factor in successful recuperation from depression, as good mood and a positive outlook actually spreads like a contagion through social groups.<sup>13</sup>

This is one reason why strong social ties are indicative of one's happiness; mental illness, especially depression and chronic anxiety, is "the biggest single cause of misery in advanced countries," according to LSE's Centre for Economic Performance (CEP).<sup>14</sup>

One of CEP's priorities is to overhaul public policy to increasingly aim at increasing wellbeing and personal happiness, especially since only one-third of people struggling with mental illness receive treatment, such as cognitive behavioral therapy.

# 10 Keys to Living Happier

Layard is the founder of Action for Happiness, a movement of people committed to building a happier and more caring society. In the video above, he explains why we should stop short of tying our inner purpose to becoming richer and richer and instead focus on achieving happiness and well-being.

Action for Happiness, whose members pledge to try to create more happiness in the world around them, has compiled 10 keys to happier living which, based on the latest research, tend to make life happier and more fulfilling. They spell out "GREAT DREAM:"<sup>15</sup>

**Giving** – Do things for others

**Direction** – Have goals to look forward to

**Relating** – Connect with people

**Resilience** – Find ways to bounce back

**Exercising** – Take care of your body

**Emotions** – Look for what's good

**Awareness** – Live life **mindfully**

**Acceptance** – Be comfortable with who you are

**Trying out** – Keep learning new things

**Meaning** – Be part of something bigger

One of the bonuses of happiness is that it creates a positive feedback loop, leading to physical and mental benefits, for instance, that make **positive emotions** easier to achieve. True happiness opens your mind, broadening your awareness of the world and allowing you to become more in tune with the needs of others.

Experiencing positive emotions also increases intuition and creativity while broadening your mindset. A broadened mindset, in turn, helps you build important personal resources like social connections, coping strategies and environmental knowledge that will help you thrive and find increased well-being, a win-win situation for everyone involved.

## Sources and References

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