If one is to believe the popular adage, money does not buy happiness. But this hackneyed proverb leaves aside all the difficulties faced by those whose modest income does not permit them to meet some basic needs.

In modern society, money is more than ever necessary to assure a good standard of living. Yet, a large number of studies suggest that having more money does not necessarily increase wellbeing for those whose livelihoods meet this standard.

In a recently published book (Happy Money: The Science of Smarter Spending) Elizabeth Dunn, professor of psychology at the University of British Columbia (Canada), and Michael Norton, professor of marketing at Harvard University (Massachusetts, US), tackle the timeless question of the link between money and happiness.

According to them, once the threshold of income necessary for a good standard of living has been passed, the key is not to increase income, but rather to spend it the right way.

At first glance this assertion seems obvious. Yet, the book’s appeal lies in the fact that the authors detail and illustrate with novel examples, often presented humorously, the approach people should use if they want to be happier from spending their money.

Consumption Society

Based on their research and a deep knowledge of the academic literature on this subject, the authors highlight several principles: privileging the purchase of experiences, such as trips or cultural activities, over the purchase of material objects; using money to buy leisure time; putting off some purchases to increase gratification from waiting; finally, spending on others, whether to help them or to make them happy.

According to the researchers, this last principle is not limited to certain environments, but rather is quite universal. Regardless of the part of the world in which the studies were conducted, whether in Europe, India, the US, Canada or South Africa, the results show that individuals gain more satisfaction from spending money on others, rather than on themselves.

These results have implications not only for consumers, but also for businesses. To increase their employees’ happiness at work, more and more businesses provide the option of being compensated in supplementary free
time and are putting in place systems that allow employees to make donations internally, as well as to charitable organizations.

For example, the Californian outdoor clothing company Patagonia has created a program for its employees that gives them two months of paid leave in order to pursue an environmental cause.

In the end, the results of the studies at the heart of this book have the merit of demonstrating the limits of a consumption society in assuring the wellbeing of individuals, and also of reminding us of the importance of gifts.

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