

## Money can't buy happiness

By COLIN READ, Everybody's Business

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— The Press-Republican recently reported on a journal article from Science. The journal authors had created various measures of happiness, and then ranked the overall level of happiness in each of the 50 states and in the District of Columbia. It got me to thinking, which is a dangerous thing!

States are often ranked in terms of economic variables like income, unemployment, school performance etc. Often, states near the bottom say "thank God for Louisiana (or Mississippi)." This is because Louisiana is often at or near the very bottom of economic rankings. And since no state wants to be on the very bottom of unflattering statistics, there was always a built-in cushion that shielded the bad from the worst.

Not any more.

In the journal article on happiness in the states, Louisiana actually ranks at the top of 50 states and the District of Columbia. First out of 51 is great!

Now, states like Connecticut and New Jersey, and the economically beleaguered states of Michigan and Indiana are thanking God for the least happy state.

And that state is us.

It got me to thinking about why New Yorkers are the least happy citizens in this country. I know that we don't have the problems of Michigan and Indiana, or the high unemployment rate of California. Unusually for New York, our unemployment rate is actually lower than the rest of the country. You'd think our state of happiness would be higher than the national average.

I then wondered if it is because our income is lower than incomes in Louisiana. I quickly ruled out that hypothesis. New York's income is typically in the top half of incomes in the country, despite the strong rural nature of much of the state. Meanwhile, Louisiana ranks number 47 in income.

This makes me question the truism that income buys happiness.

To find out, I took the ranking of the states by happiness and compared it with state income rankings as provided by the Bureau of Labor Statistics. When I lined these two rankings up, I noticed that a lot of high-income states actually have low happiness. New York is not alone.

I then applied a bit of econometrics to the problem.

Regression analysis is an econometric technique that allows economists to determine how one economic variable, like happiness, moves with another variable like income. Using this technique, I can measure how income affects our happiness ranking. Regression analysis will also yield an indication of the accuracy of the

correlation.

When I perform this regression analysis, I discovered a strong relationship between income and happiness. With a t-statistic of -3.5, we can be over 95 percent confident these variables move simultaneously.

The funny thing is that the relationship is negative. For every movement up by one state in the income rankings, I find a one-half notch drop in happiness. It is not that money buys happiness. Instead, it appears that money may buy misery.

On the other hand, temperature can buy happiness. A state's happiness ranking jumps up by one notch for every four-degree increase in average annual temperature.

We perhaps can conclude that a temperature increase of 20 degrees, combined with a fall in income of about 20 percent, might allow New Yorkers to be as happy as Louisianans.

Based on the temperature coefficient, we might also wonder why New Yorkers, with an average temperature of about 45 degrees, is last in happiness, but Alaska, with an average temperature for Anchorage and Fairbanks of about 30 degrees, is ranked 12th.

It might be because Alaska's median money income in 2007-08 was \$64,701, while New Yorkers earned \$50,643. It might also be because Alaska has no state sales tax, no state income tax, and even paid out their annual permanent fund dividend to each resident in an amount of \$3,269 in 2008. New York, not so much.

You might conclude from this that global warming is a good thing. If the global temperature is expected to increase by about four degrees Fahrenheit by 2050, we could move up from dead last to 50th in happiness ranking among the states and the District of Columbia. Watch out, Connecticut!

The only problem is that the other states will move up too!

And with global warming expected to affect Alaska much more profoundly than the rest of the country, soon we may all want to move there! Move over Louisiana, here comes Alaska! Mind you, Alaska has always relied on the cold to limit the number of hearty folks who move in from outside for the higher incomes and the large dividend checks. With a family of five earning more than \$16,000 simply because they live in Alaska, it seems that Alaskans have plenty of population creation incentives inside of their borders. If Alaska becomes balmy and suffers an inflow from the Lower 48, what can they do to retain the low population density that keeps incomes and dividend checks high?

I could go on and on with other variables that might influence our happiness ranking. Love of hot foods, ability to sing in tune, a penchant to wear colorful clothes, and the need for suntan lotion instead of snow shovels may all influence our level of happiness. Perhaps we could also model the level of state taxation, the level of legislative dysfunction and the rate of state administration as measures of misery.

So just remember — if we want to be happier in New York State, perhaps we should walk tall and wear a loud, short-sleeved shirt! And laissez les bons temps rouler! — or, a bit more correct grammatically, que la fête commence!

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