

Income Disparity Makes People Unhappy

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Many economists and sociologists have warned of the social dangers of a wide gap between the richest and everyone else. Now, a new study, which will be published in an upcoming issue of *Psychological Science*, a journal of the Association for Psychological Science, adds a psychological reason to narrow the disparity – it makes people unhappy.

Over the last 40 years, “we’ve seen that people seem to be happier when there is more equality,” says University of Virginia psychologist Shigehiro Oishi, who conducted the study with Virginia colleague Selin Kesebir and Ed Diener of the University of Illinois. “Income disparity has grown a lot in the U.S., especially since the 1980s. With that, we’ve seen a marked drop in life satisfaction and happiness.” The findings hold true for about 60 percent of Americans—people in the lower and moderate income brackets.

But why? To find out, the researchers looked at a portion of the data gathered by the General Social Survey from 1972 to 2008, a poll of 1,500 to 2,000 people randomly selected from the U.S. population every other year (it used to be every year). In all, the study sample included more than 48,000 respondents over 37 years.

The psychologists examined the relationships among the answers to one question rating happiness on a three-point scale and two indicating the respondents’ sense of how fair and trustworthy their fellow Americans were. These answers were analyzed alongside the individual’s income and a globally recognized instrument measuring national income equality in each survey year.

The conclusions: That grim mood cannot be attributed to thinner pocketbooks during periods of greater inequality—though those pocketbooks were thinner. Rather, the gap between people’s own fortunes and those of people who are better off is correlated with feelings that other people are less fair and less trustworthy, and this results in a diminished sense of well-being in general.

Interestingly, the psychologists found, the inequality blues did not afflict Americans at the top.. For instance, for the richest 20 percent, income disparity or its absence did not affect their feelings about fairness and trust—or their happiness—one way or the other.

Before this analysis, says Oishi, most studies measuring life satisfaction and income disparity have looked at the differences between nations or states. The results have been mixed; some studies found equal nations and states are happier than unequal ones, while other studies did not find any relation. “People were puzzled.” “In addition, it was hard to interpret the previous findings as Brazil is different from Sweden, and Mississippi is different from Minnesota not only in income inequality but in many other factors” he notes.

But this study eliminates the variables of geographic and cultural difference by looking at the same nation over a long period of time. For the first time, psychologists can see a link between a major socio-

economic factor and the quality of people's individual lives.

The researchers caution that they show only correlations and not causation; and that other dynamics may be at play in the respondents' changing well-being.

Still, says Oishi, "the implications are clear: If we care about the happiness of most people, we need to do something about income inequality." One way to accomplish that end, he says, is with more progressive taxation.