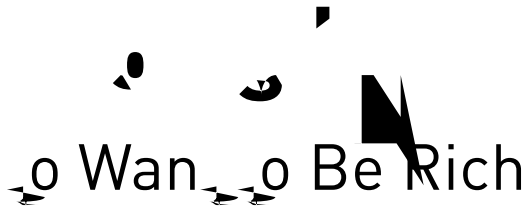


JASON BRENNAN

A stylized graphic of a face composed of various geometric shapes. The eyes are represented by two small, dark, curved shapes. The nose is a small, dark, triangular shape. The mouth is a large, dark, irregular shape. The overall effect is a minimalist, abstract representation of a face.

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## For the Love of Money

[T]he gross national product does not allow for the health of our children, the quality of their education or the joy of their play. It does not include the beauty of our poetry or the strength of our marriages, the intelligence of our public debate or the integrity of our public officials. It measures neither our wit nor our courage, neither our wisdom nor our learning, neither our compassion nor our devotion to our country, it measures everything in short, except that which makes life worthwhile

—Robert Kennedy, 1968<sup>1</sup>

In the quotation above, Senator and US Attorney General Robert Kennedy has a point, even if his reasons for stating this point were less than noble.<sup>2</sup>

GDP is indeed an imperfect way of measuring economic activity or economic well-being. Simon Kuznets—the very economist who developed the modern concept—made clear its limitations and also warned against using it as a stand-in for welfare. People who bash GDP likely don't realize that they are repeating the very criticisms the person who invented the concept offered.

GDP measures when a housecleaner vacuums my house or when a babysitter watches my kids; it doesn't measure when I do that same work for myself. It measures every government dollar spent but doesn't account for government waste. It

doesn't measure the things you enjoy without spending extra money, such as long walks on the beach or browsing the Internet. It measures cigarettes smoked, bombs exploded, and prisoners housed, but it doesn't measure joy, love, friendship, or freedom. It's thus tempting to conclude, as Bobby Kennedy advises, that focusing on GDP growth is focusing on the wrong thing

By extension, it's easy to conclude that wanting wealth distracts us from the good things in life. Money can buy you a Rolex and a Porsche, but it cannot buy you real self-esteem or the esteem of others. It can buy marijuana and oxycodone, but it cannot buy you elation and joy. It can buy sex, but it cannot buy love. Perhaps—as Bobby Kennedy's dad showed us—it goes a long way in helping buy a presidency and seats in the senate, but it cannot buy actual honor. The best things in life cannot be bought. So, why not stop chasing money and instead focus on what really matters?

At first glance, these are all reasonable worries. But let's

1. *A good or service you love that genuinely enriches your life.* For instance, is there a good or service you have or tend to buy which, if you're honest with yourself, makes your life better than that of many of your friends and loved ones?
2. *A good or service you buy that you could do without.* You like it, but you could go without it without much loss.
3. *A good or service you want, but you wish you didn't want.* You desire it, but you also desire *not to desire* it. Your life would be better if you didn't want the thing in question.

For instance, for me, the list might be:

1. My Kiesel Vader guitar and Mesa/Boogie JP2C amplifier. I've played guitar since middle school. I can afford high-end gear. I notice and appreciate the high quality. Playing guitar and bass, whether in a band or by myself, is one of the most satisfying things I can do.
2. Most of the restaurants I eat at. I'm not a foodie. I don't really appreciate fine foods the way some people do. We're more "I don't feel like cooking tonight" than "Let's see what's in the Michelin Guide" restaurant people.
3. Chocolate. If I didn't crave chocolate, it sure would be easier to stay in shape.

What's your list?

Part of my point is that if your money isn't making you happy, maybe you're not spending it the right way. You should spend more of it on list 1 items and less of it on list two and three items. With a little more conscientiousness, we can make our money work more toward our happiness. (For instance, new research shows that one of the best ways to make your money serve you is to use it to *save time*.<sup>3</sup>)

Money is good if you spend it wisely. Saying money is bad is like saying glue is bad. Glue is great when you use it for good things, such as repairing a broken vase or building a model airplane. It's bad when you huff it to get high.<sup>4</sup>

But my bigger point here is that consumption is not all the same thing. When people complain about loving filthy lucre, they have in mind items on the second or third list. They forget that some of our consumption brings real meaning and joy to our lives. They're forgetting that much of the real meaning and joy we find in life—the kind we have nothing to be ashamed of—comes from or is mediated by consuming *goods*.

Look around any mall, airport, public park, or college campus, and you'll notice that people choose to advertise the brands they enjoy. The kid on the skateboard wears a Flip T-shirt. The guy with the grey pony tail has a Gibson guitar shirt. The middle-aged professional wears a Nike golf shirt. People want you to know which sports teams they endorse, what their hobbies are, what their politics are, and where they went to school. We pay companies money for the right to turn ourselves into walking billboards. Social activist Naomi Klein and the fine people at Adbusters find this behavior infuriating. Nevertheless, Adbusters.org also sells Adbusters-branded T-shirts and coffee mugs, so you can signal to others through your consumption that you're above branding.

We're not just slaves to trends. We're not merely trying to signal our wealth and status. That's part of it, but our behavior is more interesting than that.

Instead, we each have a self-image. We want other people to share our image of ourselves. We want others to know where

we come from, who we are, what we care about, what we're proud of, what we oppose, and what we do. Brands are a kind of language; they allow us to communicate with each other. By wearing a Metallica T-shirt, I'm a little less anonymous as I walk through the crowd.

Brands work hard to cultivate an image, a social *meaning* to their products and services. Apple communicates edgy, artsy, and cool. BMW communicates exciting, while Mercedes communicates refined. Product Red communicates concern for social justice. And so on. Sure, companies work to construct these images to get our money. But that we willingly display their logos shows that we want them to do it. They construct a social meaning for their brands, which we then use to construct our own public image.

Beyond that, common consumption can bring us together. You might have friends you met because of a shared hobby. Wearing a Marshall Amplification T-shirt at my son's soccer practice led to me joining two different bands. I've made real-life, in-person friends I met through online forums for high-gain tube amp enthusiasts. Our consumption can bring us together.

People in the West live today with unprecedented freedom. Unlike people in previous generations, we may pretty much decide as we please where to live, what to do for a living, whether to live a traditional or nontraditional lifestyle, and what kind of people we will be. Yet as we've thrown off economic, cultural, and political shackles, people do not seem to

Consider the day you buy a new phone. New car. New house. Take the first bite of a long-awaited meal. Receive an acceptance letter to your first-choice university. Fall in love. Get engaged. Get married. Hold your newborn child for the first time. You may feel ecstatic. But the feeling fades away. We are not free, it seems, to continue to be happy with our past successes. Things that were sources of elation cease to thrill us after a while.

There is some evidence that we are walking on what psychologists call a hedonic treadmill. The idea is that individuals have a baseline level of happiness. Your baseline might be different from mine. Good things give us a temporary boost; bad things a temporary cut. But over time, we tend to revert back to our baseline.

I don't want to overstate that—many studies find that certain life events have lasting effects.<sup>6</sup> Still, we're all familiar first-hand with how the pile of presents on Christmas morning loses its excitement by New Year's Day. If so, then we might reasonably wonder: Even if we're wealthier today than before, are we any happier? Even if average Americans are in the top 1% of world income, is this money doing them any good?

It's easy to study whether wealth makes people taller. We break out the rulers and measure height. It's harder to study whether it makes them happier. What "happiness" means is hotly debated. Is it personal flourishing? Psychological contentment? A feeling of joy or pleasure? Further, we don't have a ruler to measure people's happiness. We cannot, say, point a hedonometer at your brain and say, "Ah, right now you're experiencing 96.3 degrees of happiness."





positive effect on their happiness. This result is called “the Easterlin Paradox.”

to be happier than a person making \$20,000 a year. Sure, money exhibits diminishing returns. But money has a pretty big effect. As Wolfers elaborates, differences in income

can explain why people in Burundi are at 3.5/10 on a happiness scale, and Americans are at 8/10. My interpretation is that big gaps in happiness are easily explained by big gaps in income. So why do we interpret things differently?<sup>10</sup>

Interestingly, Stevenson and Wolfers do not simply find a strong correlation and large effect size between money and happiness. They also find that richer people and people from rich countries are more likely to say they feel loved and respected, less likely to say they feel sad or depressed, more likely to say they laughed or smiled in the previous day, and more likely to say they were able to choose how they spent their time in the previous day.<sup>11</sup>

Gallup frequently polls Americans, asking people to rate themselves as very happy, fairly happy, or not too happy. The good news is that 42% of poor people with household incomes of, say, \$10,000–20,000 reported that they were very happy. But as household incomes rose, the number saying they were very happy approached 100%, while the number saying they were “not too happy” approached 0%.<sup>12</sup>

This kind of survey data may understate just how much money affects our happiness. Economist Tyler Cowen comments, insofar as some studies seem to show that money has only a weak overall effect on happiness, this

says more about the nature of language than it does about the nature of happiness. To give an example, if you ask the

people of Kenya how happy they are with their health, you'll get a pretty high rate of reported satisfaction, not so different from the rate in the healthier countries, and in fact higher than the reported rate of satisfaction in the United States. The correct conclusion is not that Kenyan hospitals possess hidden virtues or that malaria is absent in Kenya, but rather that Kenyans have recalibrated their use of language to reflect what they reasonably can expect from their daily experiences. In similar fashion, people in less happy situations and less happy societies often attach less ambitious meanings to the claim that they are happy. Evidence based on questionnaires will therefore underrate the happiness of people in wealthier countries.<sup>13</sup>

As a matter of fact, when we ask people to rate their happiness on a scale of 1 to 10, richer people and people in richer coun-

as maintaining body temperate, having enough air, food, or water—are more urgent, but the items higher—companionship, love, self-fulfillment, self-transcendence—are more meaningful. Nevertheless, we tend to pursue the lower items first, and only pursue the higher items once we've secured the lower. No one worries about finding true love if they're suffocating. People try to ensure that their kids can eat before they worry about finding meaningful and fulfilling hobbies. Money can't quite buy the important things high on the hierarchy. But what it can do is buy the things low on the list, and moreover, ensure that we need not worry about those things. It thus liberates us and gives us a real shot, if not a guarantee, at getting the higher goods.

The philosopher Isaiah Berlin noted that native English speakers use the word “freedom” to refer to dozens of different things.<sup>14</sup> For instance, we sometimes use the word freedom to refer to the power or capacity to achieve our ends. When we say a bird or Superman are free to fly, we mean that the bird and Superman have the power to fly.

The philosopher G. A. Cohen says that money—or rather the real wealth it represents—is like a general-purpose ticket.<sup>15</sup> The more money you have, the more things you have the power to do.

Want to start a rock band? You need money for instruments. You need money to make time for learning how to play. Want to see the world? You need money for travel. Want to experi-

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grow a beautiful garden, or your own food? You need money for tools, seeds, pots, soil, and space.

The point isn't just that everything costs money. The point is that money makes the world accessible. The richer you are, in general, the more you have the capacity to do.

Cohen concludes that to have money is to have an important kind of freedom. The average person today has, compared to her ancestors, more real options available to her about what kind of life she will lead, whom she will be, and what she will do at any given moment. In this way, at least, people today—the richest cohort of human beings who have ever lived—have significantly more freedom than anyone else who has ever lived.

What does all this new wealth and money buy?

Some anthropologists think that hunter-gatherers had plenty of leisure time. When there are few mouths to feed, plenty of game to hunt, and plenty of land, perhaps it was easy to collect enough food. It seems that the switch to agriculture meant more work. Agricultural communities can feed far more people—though perhaps at first at a lower average rate of health—but farming takes more work than hunting.<sup>16</sup>

The industrial revolution, at first, seemed to exacerbate that trend—people started working even longer hours. Peasants in medieval England engaged in backbreaking labor during planting and harvest season, or when they did forced labor for their lords. But they also seemed to have had plenty of leisure—albeit leisure coupled with extreme poverty—during off-times. When England started to industrialize, this enabled the country to feed even more people, but at least at first, it appears work hours jumped up dramatically.

Fast forward to 1870. In that year, the United States was one of the richest countries in the world in terms of per capita income, and by extension one of the richest countries ever to have existed. GDP per person was around \$3000 in current dollars,<sup>17</sup> an astounding number compared to the poverty-stricken past. (Indeed, \$3000/person *today*, let alone in 1870, still puts you in the top half of world income earners.<sup>18</sup>)

Yet, in 1870s America, the average person started working full-time by age 13 and kept working until he died. That same average person would work about 5000 hours a year, spending about 2000 hours on home chores and 3000 hours on work outside the home for pay. The typical American of 1871—in one of the three richest countries ever to exist by that time—would spend 61% percent of his or her life awake and working. They would enjoy about 99,000 hours of leisure time over their lives but spend over 150,000 hours working.

Now fast forward to today. Today, the typical American spends less than 28% of her life awake and working. The average American starts working full-time after age 20 and retires before age 63. They work—whether at home doing chores or outside the home for money—for half the number of hours per year as their predecessors in 1870. They enjoy about 330,000 waking hours of leisure over the course of their lives.

That means the typical American today can expect to enjoy over 26 more years of leisure time than their counterparts right after the Civil War. Keep in mind that this number—26 years—does *not* include time asleep.<sup>20</sup>

That's what people can do with all that leisure. They might play video games or watch Netflix. They might enjoy Broadway shows or classical music. They might learn an instrument or pick up a hobby. They might volunteer to help others. They might take vacations to Disney World or to some place the

travel snobs go. They might do nothing at all. How we spend our leisure time is up to us. Perhaps some of us use our leisure in more meaningful or impressive ways than others. Nevertheless, we have at least two and a half extra decade's worth of waking leisure time over Americans just 140 years ago.



Part of the reason we have more leisure time is that we have more time, period.

In England in 1000 AD, the average life expectancy at birth was only 26 years.<sup>21</sup> In the US in 1900, it was only 43 years at birth.

These numbers are a bit misleading. People did age faster back then, but it's not as though in 1000 AD, 26 made you an old man. Rather, children under age 5 died at such high rates that life expectancy was astonishingly low. The year 1800 was the richest year at that point in human history. Yet in 1800, all around the world, at least 30% of children died before age 5 in *every country*, even in the richest countries like the United States, the Netherlands, or the United Kingdom. In India, the





Between the 14th century and today, the cost of light dropped by a factor of *12,000*. Yes, 12,000. A typical candle produces about 65 lumen-hours of light. Back in England in the early 1300s, a million lumen-hours of light would have cost you about \$50,000 in today's dollars. (Keep in mind that at the time, the average per person income was only about \$1000 in today's dollars.) Today, a million lumen-hours of light—the equivalent light of about 15,400 candles—will cost you a few dollars. The price of light dropped gradually between 1300 and 1800. It dropped dramatically between 1800 and 1900. With the spread of electricity, it dropped even more dramatically between 1900 and today.

Think of what that means. Today we enjoy the ritual of reading to our children before bed. In the year 1300, most people wouldn't have been able to afford the light to read. They also could not afford the books and were usually illiterate anyway.

On that point, today there are far more books than ever before. Part of the reason for that is that physical books are now cheap. Thanks to the printing press and advances in printing, the cost of producing a book is less than 1/300th of what it was 700 years ago.<sup>24</sup>

Today you don't even need a printed book. If you have an Internet connection and some sort of computer, smartphone, or tablet, you can get pretty much any old book for free, legally. You can also get pretty much any *new* book for free, illegally, including this one, if you know where to look, though my editor at Routledge asks you please not to look.

If you turn on the news, reporters will tell you about every armed conflict around the world. You might get the wrong

impression. In fact, we live in the most peaceful time in history. As psychologist Stephen Pinker notes,

many intellectuals have embraced the image of peaceable, egalitarian, and ecology-loving natives. But in the past two decades anthropologists have gathered data on life and death in pre-state societies rather than accepting the warm and fuzzy stereotypes. What did they find? In a nutshell: Hobbes was right, Rousseau was wrong.<sup>25</sup>

As far as our best anthropological evidence shows us, hunter-gatherers tended also to be warriors and raiders. As city-states and then nation-states appeared, the human tendency to make war did not disappear. States have the ability to organize warfare on a massive scale. Advances in technology enable warriors to be more lethal. Hunter-gatherers can murder and rape



horror movie showing a war of all against all when people are desperate for the remaining resources. Now reverse the trend—imagine instead that resources, riches, wealth, and opportunity become ever *more abundant*. The urge to fight withers away. Wealthy societies make a life of peaceful trade and cooperation more secure and rewarding.

Our wealth makes us not just safer from each other, but safer from the earth itself. The International Disaster Database seems to indicate that the number of weather-related disasters is indeed on the rise, though the data is relatively poor before the 1960s. Nevertheless, even as the climate warms up and the weather gets in some sense worse, the number of deaths from natural disasters is far lower now than even 100 years ago.<sup>28</sup> The main reason is that increased wealth allows people to afford better, safer, and more disaster-resistant housing. It allows governments to buy better infrastructure which helps insulate them from such dangers. It allows people to have the knowledge and ability to flee certain approaching disasters, such as hurricanes.<sup>29</sup>

Further, work and transportation related accidents are down. People are far less likely to be severely injured on the job now than, say, 100 years ago.<sup>30</sup> Part of this is because as we become richer, we turn to less dangerous forms of work. Part of this is that as we become richer, we can afford more safety devices which reduce the danger of the riskier forms of work.

As I write, the earth is warming up. We have good reason to think the climate will be less hospitable in the future than it is now. Nevertheless, even though the severity of climate-related disasters will be higher in the future than today, our best available economic evidence indicates that most of our descendants will nevertheless be far better off than we are.

William Nordhaus, who won a Nobel Prize for his work on the economics of climate change, asks readers to imagine

what would happen if we take no steps to reduce greenhouse gas emissions: “To give an idea of the estimated damages in the uncontrolled (baseline) case, those damages in 2095 are \$12 trillion, or 2.8% of global output, for a global temperature increase of 3.4°C above 1900 levels.”<sup>31</sup> Nordhaus thus estimates that world product in 2095 will be \$450 trillion in 2010 dollars, which means he’s assuming about a modest 2.5% annual growth rate. On Nordhaus’s estimate, even if we do *nothing* to reduce climate change, people will be vastly better off in 2095 than they are now. If the world continues to grow at even a conservative 2.5% rate and given the UN’s projection that world population will be about 11.2 billion,<sup>32</sup> the average person worldwide by 2095 will be as rich as the average German or Canadian right now.

The 2007 *Stern Review on the Economics of Climate Change* provides far more pessimistic estimates.<sup>33</sup> It argues that by 2100, climate change will reduce economic output by 20%. But this does not mean world product in 2100 will be 20% lower than in 2007. Rather, this means that climate change will reduce world product in 2100 by 20% compared to a hypothetical baseline in which carbon emissions and temperatures had not risen.

Of course, Nordhaus and Stern argue, and I agree, that we should take steps to mitigate climate change. But the point remains that even as economic growth born of industrialization makes the climate worse, it also reduces the harm the climate does to us.

In *The Wealth of Nations*, the founding text of modern economics, Adam Smith said that the division of labor is limited by the size of the market. That applies to *cultural* products too. There

are more people. People live much longer. They have far more money and leisure time to consume cultural products.

What does that mean? As economist Deirdre McCloskey calculates, the world market for culture is about 9000% bigger than it was 1000 years ago.<sup>34</sup>

The philosopher Jean-Jacques Rousseau believed that commercial societies teach people to be vain, stupid, manipulative, and preoccupied by trinkets. He didn't present empirical evidence for this conclusion; he just looked out his window and wagged his finger at his neighbors. But it's an interesting hypothesis, even if Rousseau failed to give us any reason to believe it: Maybe the market for culture is bigger, but the culture we produce and consume is perhaps not 9000 times better.

Tyler Cowen—who uses economic analysis to explain the development of art, music, and food—would respond that yes, the bigger market for culture produces Taylor Swift and all the artists you consider vapid. Yes, it creates NASCAR and all the sports and performances you consider base. It produces Snickers bars and all the food you consider philistine. But it also produces all the people you consider geniuses. Mozart, Beethoven, Michelangelo, Shakespeare, and the other “greats” were for-profit businesspeople, after all. Today, the American economy is far more commercial than Rousseau's Geneva was. Yet, a child born to working class parents is far more likely to read Rousseau today than in Rousseau's own time.

It's not a coincidence that in most societies, centers of artistic and cultural development also tend to be centers of trade. After all, trading cities are the places that bring different people with different ideas together. People encounter new ideas, borrow from others, and synthesize their own and others' ideas into new cultural products. It's not a surprise that the

center of artistic development in ancient Greece was Athens, not Sparta, or that you have far more culture and art being made in Seoul rather than Pyongyang, or New York City rather than Moscow.<sup>35</sup>

Today, thanks to increased wealth and the technology created by that increased wealth, you have much of the world's culture at the tip of your fingers. Want to listen to a new form of music? In the 1950s, you were at the mercy of the radio and whatever albums you could afford from the limited selection at your local shop. In the 1800s, you could listen to whatever your neighbors could play, if they could play and could afford an instrument. Now, thanks to Spotify and related services, you listen to pretty much anything from anywhere, for *free*.

You cannot literally buy love. But nevertheless, having more money tends to predict having a better marriage.

Psychologist Eli Finkel, author of *The All or Nothing Marriage*, notes that over the past few thousand years, our standards for a good marriage have increased dramatically. In the past, people wanted some companionship and a partner in the division of labor. Now they want emotional support, self-fulfillment, a person they can admire, and a person who aids them in becoming their best selves. That's a tall order, and the higher divorce rates around the Western world in part reflect the fact that we demand more from our marriages than most can reasonably hope to get.<sup>36</sup>

The thing is, the rich have a much better tendency to actually *succeed* in getting all these higher goods out of marriage than the poor. Part of the reason, perhaps, is that the same psychological factors—such as conscientiousness, perseverance,

impulse control, emotional intelligence, general intelligence—which contribute to you becoming upper middle or upper class also contribute to making you a good marriage partner. People—especially conscientious people—don’t marry at random. Conscientious and thoughtful people tend to marry one another.

But, at the same time, there is good evidence that the money itself makes a difference. Money problems are among the biggest sources of marital stress and strife. Higher incomes tend to insulate people from those stresses. More money, fewer problems. Finkel notes that the divorce rates are much lower for the rich than for the poor, while marital satisfaction rates are much higher for the rich than for the poor. He explains:

The problem is not that poor people fail to appreciate the importance of marriage, nor is it that poor and wealthy Americans differ in which factors they believe are important in a good marriage. The problem is that the same trends that have exacerbated inequality since 1980—unemployment, juggling multiple jobs and so on—have also made it increasingly difficult for less wealthy Americans to invest the time and other resources needed to sustain a strong marital bond.<sup>37</sup>

In general, in the United States, marriage rates have been going down. But high-income women have seen *gains* in their rates of marriage, while high-income men have had only a small drop. As Catherine Rampell writes on the *New York Times Economix* blog, “Marriage is for rich people. . . . Rich men are marrying rich women, creating doubly rich households for them and their children. And the poor are staying poor and alone.”<sup>38</sup>