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# Why We're Still Happy

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By Sonja Lyubomirsky

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**T**HESSE days, bad news about the economy is everywhere.

So why aren't we panicking? Why aren't we spending our days dejected about the markets? How is it that we manage to remain mostly preoccupied with the quotidian tasks and concerns of life? Traffic, dinner, homework, deadlines, sharp words, flirtatious glances.

Because the news these days affects everyone.

Research in psychology and economics suggests that when only your salary is cut, or when only you make a foolish investment, or when only you lose your job, you become considerably less satisfied with your life. But when everyone from autoworkers to Wall Street financiers becomes worse off, your life satisfaction remains pretty much the same.

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Indeed, humans are remarkably attuned to relative position and status. As the economists David Hemenway and Sara Solnick demonstrated in a study at Harvard, many people would prefer to receive an annual salary of \$50,000 when others are making \$25,000 than to earn \$100,000 a year when others are making \$200,000.

Similarly, Daniel Zizzo and Andrew Oswald, economists in Britain, conducted a study that showed that people would give up money if doing so would cause someone else to give up a slightly larger sum. That is, we will make ourselves poorer in order to make someone else poorer, too.

Findings like these reveal an all-too-human truth. We care more about social comparison, status and rank than about the absolute value of our bank accounts or reputations.

For example, Andrew Clark, an economist in France, has recently shown that being laid off hurts less if you live in a community with a high unemployment rate. What's more, if you are unemployed, you will, on average, be happier if your spouse is unemployed, too.

So in a world in which just about all of us have seen our retirement savings and home values plummet, it's no wonder that we all feel surprisingly O.K. □