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What The World's Happiest Countries Can Teach Us About Money

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By Marisa Torrieri

To say Denmark's not nearly as sunny and temperate as Rwanda, or even Italy, is an understatement. Yet in the Northern European country with shorter-than-average winter days and plenty of rain, policy makers and private citizens must be doing something right.



The Scandinavian nation was recently crowned the "happiest" country in the world, according to the [World Happiness Report](http://unsdsn.org/files/2013/09/WorldHappinessReport2013_online.pdf) (http://unsdsn.org/files/2013/09/WorldHappinessReport2013_online.pdf), a nearly 200-page document put together by globally renowned economists and sociologists.

And while this designation definitely raises the question of what Denmark's got that the United States doesn't (we only ranked 17th), it also offers us a unique opportunity to look at our own lives—what we can and can't control, financial factors and our perceptions. And by doing this, psychologists who study happiness promise we'll likely experience a higher level of bliss, without having to pack our bags for Copenhagen.

Here's some insight on the rankings and the report, and some takeaways for our own lives in the States.

Inside the Rankings

What makes the average citizen in Sweden or Norway happier than her demographic counterpart in Togo or, well, here in the good old U.S. of A.?

While the notion of happiness is subjective, researchers believe it could be comparatively measured based on six factors: GDP per capita, healthy life expectancy, having someone to count on (such as a family member or friend), generosity (which has “a strong positive link with life evaluations,” according to researchers), perceived absence of corruption, and perceived freedom to make life choices (such as the freedom to vote or choose who to marry.)

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What helped authors equally measure these factors worldwide were responses from at least 1,000 people per country who took the Gallup World Poll: The poll asks private citizens about their levels of happiness with their lives, ranking them on a 0 to 10 scale. Here's what they discovered in the process.

“The top countries generally rank higher in all six of the key factors identified in the World Happiness Report,” says University of British Columbia economics professor John Helliwell, senior fellow and codirector of the Canadian Institute for Advanced Research (CIFAR) Program on Social Interactions, Identity, and Well-being. “Together, these six factors explain three quarters of differences in life evaluations across hundreds of countries and over the years.”

Other answers may seem a little surprising, or at the very least, interesting. The happiest North American country is Canada (#6), which ranked higher than the United States. What may surprise some is that our southern neighbor Mexico also slightly outranked the United States, coming in at #16.

This could, in part, be linked with how citizens of each country perceive their happiness, according to Helliwell.

“Latin American life evaluations are generally more positive than elsewhere in the world, for given values of income, health, social support, etcetera, by about half a point,” says Helliwell, adding that polls in Canada also revealed a higher life evaluation.

“Canada does have a better health care system for everyone, which reduces stress about health care and promotes well being,” says Los Angeles-based clinical psychologist Barbara Cadow. “One hypothesis about both countries scoring higher than the U.S. is the growing disparity of income between the ‘haves’ and ‘have-nots,’ and the disappearing middle class and American dream. People are losing their homes because of health-care debt, seniors cannot afford to retire, young people cannot find jobs.”

Meanwhile, in Denmark, “You know you’re going to have health care your whole life, you know you’re going to be able to retire, and you know that when you’re pregnant ... your child’s going to be taken care of,” says Cadow. “There’s

much less anxiety than there is, for example, in the United States, where you're lucky to have health care, you're lucky to get time off to have a kid. People have much fewer things to interfere with their happiness."

How Financial Factors Influence Happiness

The report shows money does relate to happiness—or unhappiness, as it were—on a macro scale. The countries most hurt by the Eurozone crisis of the last few years—Greece, Italy, Spain and Portugal—showed happiness drops of two thirds of a point on the 0 to 10 scale. This may, in part, reflect respondents' growing insecurities when it comes to their governments' abilities to safely put the crisis behind them, Helliwell notes. But if there is a greater sense of overall security, it doesn't seem to affect happiness.

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"In contrast, some other countries hard hit by the financial crisis, for example Iceland and Ireland, both deeply enmeshed in the global banking crisis, suffered little in terms of happiness, perhaps because of a sense of security that working together they would prevail," notes Helliwell. "This is suggested by the fact that Iceland and Ireland are the two top countries, of the 156 surveyed, in their share of the population who feel that they have someone to count on in times of trouble."

Meanwhile, back in the United States, the fall of overall happiness levels did, to some extent, correlate with the economic downturn: According to the report, life evaluations in the U.S. fell, on average, by just over one-quarter point, on the 0 to 10 scale, between 2005–07 and 2010–2012.

No matter how your country scored, the amount of money you make can only go so far in predicting happiness.

There have been multiple studies, including a [recent one by Princeton](http://www.learnvest.com/2013/07/spend-smarter-how-to-use-money-to-buy-happiness/) (<http://www.learnvest.com/2013/07/spend-smarter-how-to-use-money-to-buy-happiness/>), that the more money people make, the happier they are, but only up to a certain point.

"The person who makes \$80,000 can likely buy all the food he needs, get to a doctor and make sure the car is working and buy gas," says Cadow. "The basics are covered. But what researchers have found is with the more money people make, happiness doesn't necessarily increase. There's a plateau point. In my work in Los Angeles, I work with some of the wealthiest people on earth, and they bitch about the house in Maui—they might want to dump it—and the stress of having all their properties. What happens to us is humans adapt."

Rita Eichenstein, a developmental psychologist who specializes in neuropsychological assessments and working with families at Cedars-Sinai Medical Towers in Los Angeles, says wealth is not necessarily linked with happiness in Denmark, the world's happiest place.

"When there is a large disparity between people's expectations and the reality, there is greater cause for unhappiness," says Eichenstein. "In the USA, people's expectations may be inflated due to exposure to extreme wealth as portrayed in the media. This can create a feeling of dissatisfaction when reality does not offer even the basics. But the reality is that lack of adequate social services and lack of access to mental health support and weak access to health care affect the well-being of many in this country."

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What We Can Take Away From the Report

All this data about world happiness is great, but how can we apply some of the lessons from the research to our own little lives? Here are six things the happiest people have in common:

1. **A sense of purpose:** You don't have to be Bill Gates to find purpose in life. Simply having a purpose can make life more fulfilling. Maybe that's being a mother, or a file clerk, as Cadow was in college: "There's some satisfaction in that," she says, "because everything's filed and neat, and you're helping people. If you have the right mindset, you can feel you're important in any job."
2. **Great relationships:** Having good connections with friends and loved ones and "people who make you laugh" is a big contributor to happiness, says Cadow. "I work with so many people who have it all, but don't have important relationships." In other words, worry a bit less about how much you have, and invest more in who you have.
3. **Religion and spirituality:** "Maybe it's the hopefulness, maybe it's prayer, or maybe it's the people in the church, synagogue or any house of worship," says Cadow. "Believing in a higher power/God, that helps."
4. **A less-stressful financial situation:** "You can't work on these things like mindfulness and being in the moment if you can't pay your bills," she says. "I work with people who have credit card debt of \$100,000 or more and are totally flipped-out. When they do something about it, when they work with a credit counselor or get rid of the high interest rates, they do feel better."
5. **A sense of duty:** Helping others is a huge way to increase happiness, says Cadow, echoing the report's findings that generosity and happiness are linked. "It can be in the tiniest ways," she says. "It doesn't have to be opening a hospital."
6. **Gratitude:** Feeling thankful for what you do have, rather than pining for what you don't, is a happiness secret of many of the most blissful people you know. "I know some people who carry [a gratitude list] around with them," says Cadow. "You can just have a list on your phone. If you wake up every day and think of a few things, it really does change the course of your day."

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