

# How to Buy Happiness

**Warmup:** The Beatles wrote a song with the lyrics, “Money can’t buy me love.” Do you agree? What can’t money buy?

**Listen to the song on Youtube:**

[https://www.youtube.com/watch?v=srwxJUXPHvE&ab\\_channel=TheBeatlesVEVO](https://www.youtube.com/watch?v=srwxJUXPHvE&ab_channel=TheBeatlesVEVO)



## Vocabulary

Resonate

Extort

Correlated

Ruined

Glossies

Undergraduate

Debt

Anti-social

Representative

Bug (verb)

Pro-social

Universals

Fantasizing

Incentives

Extraordinary

## Video Clip from TED Talk by Michael Norton - How to Buy Happiness:



(0:00 – 4:30) [http://www.ted.com/talks/michael\\_norton\\_how\\_to\\_buy\\_happiness](http://www.ted.com/talks/michael_norton_how_to_buy_happiness)



## Listening Comprehension

1. What does Michael think about the phrase “Money can’t buy happiness”? Why?

2. According to the article regarding the lottery and happiness, what happens to people who win the lottery?

3. What was funny about the way that readers commented on the lottery article?

- One reader wanted to buy \_\_\_\_\_ and build \_\_\_\_\_
- The Second reader would deal with people who bug him for money by only sending them \_\_\_\_\_

4. How was the experiment set up to test Michael's theory in Vancouver?

5. What were the two things that they found through this experiment?



## Discussion



1. What would you do if you won the lottery? How would make sure that the lottery would not ruin your life?

2. What would you do if your friend or family member won? Would you expect them to give you some money?

3. What do you think about the credibility of this study? Do you believe that spending your money on others is really correlated to your happiness?

4. Later in this video, the experiment is done at corporations? How do you think pro-social or anti-social use of the money would affect a teams' performance?

\* Imagine your school or work place decided to give everyone a "pro-social gift". For example, everyone got \$1000 that they needed to spend on buying gifts for their peers so everyone both gives and receives gifts from each other. Would this be effective in building team spirit among your peers?

5. How do you feel about pro-social traditions? Do you like them or are they a burden for you? Consider:



- Giving money to young people at Lunar New Year
- Giving presents to family and friends at Christmas
- Giving money to parents on Parents' Day
- Buying gifts for children on Children's Day



## Expressions & Phrases

1. “A lot of us **resonate with this phrase** that ‘money can't buy us happiness’ and I want to suggest today that that's wrong.”

\* **Resonate with something** (means to believe deeply in something and spread it)

- Example: Hippies **resonated with** the philosophies of peace and love.
- Question: Is there any philosophy or quote that **resonates with** you?

2. “All of their friends find them and **bug** them **for** money, and it ruins their social relationships.”

\* **Bug someone for something** (means to annoy someone in order to get something)

- Example: My boss always **bugs** me on the weekend **for** help with accounting.
- Question: Is there anyone who often **bugs** you **for** money, help or time?

3. “On this map, green will mean they're **positively correlated** and red means they're **negatively correlated**. And you can see, the world is crazily green... people who give money to charity are happier.”

\* **Positively VS Negatively Correlated** (Positive correlation means that two factors increase or decrease together. Negative correlation is when one factor goes up and the other goes down)

- Question: What are some positive and negative correlations in your life? For example, when you sleep well does it positively or negatively affect your mood the next day?



## Michael Norton: Harvard Professor

Michael Norton was an Associate Professor of Business Administration in the Marketing Unit at the Harvard Business School at the time of this TED Talk. His work has been published in a number of leading academic journals, including *Science*, the *Journal of Personality and Social Psychology*, *Psychological Science*, and the *Annual Review of Psychology*, and has been covered in media outlets such as the *Economist*, the *Financial Times*, the *New York Times*, the *Wall Street Journal*, and the *Washington Post*.

# TED Talk Script



(0:00 – 4:30) [http://www.ted.com/talks/michael\\_norton\\_how\\_to\\_buy\\_happiness](http://www.ted.com/talks/michael_norton_how_to_buy_happiness)

So I want to talk today about money and happiness, which are two things a lot of us spend a lot of our time thinking about, either trying to earn them or trying to increase them. And a lot of us resonate with this phrase, we see it in religions and self-help books: money can't buy happiness. And I want to suggest today that, in fact, that's wrong.

I'm at a business school, so that's what we do. So that's wrong, and in fact, if you think that, you're just not spending it right. So instead of spending it the way you usually spend it, maybe if you spent it differently, that might work a little bit better. Before I tell you the ways you can spend it that will make you happier, let's think about the ways we usually spend it that don't, in fact, make us happier. We had a little natural experiment. So CNN, a little while ago, wrote this interesting article on what happens to people when they win the lottery. It turns out people think when they win the lottery their lives will be amazing. This article's about how their lives get ruined. What happens when people win the lottery is, one, they spend all the money and go into debt; and two, all of their friends and everyone they've ever met find them and bug them for money. It ruins their social relationships, in fact. So they have more debt and worse friendships than they had before they won the lottery.

What was interesting about the article was, people started commenting on the article, readers of the thing. And instead of talking about how it made them realize that money doesn't lead to happiness, everyone started saying, "You know what I'd do if I won the lottery ...?" and fantasizing about what they'd do. Here's just two of the ones we saw that are interesting to think about. One person wrote, "When I win, I'm going to buy my own little mountain and have a little house on top."

And another person wrote, "I would fill a big bathtub with money and get in the tub while smoking a big fat cigar and sipping a glass of champagne." This is even worse: "... then I'd have a picture taken and dozens of glossies made. Anyone begging for money or trying to extort from me would receive a copy of the picture and nothing else."

And so many of the comments were exactly of this type, where people got money and, in fact, it made them antisocial. So I told you it ruins people's lives and their friends bug them. Also, money often makes us feel very selfish and we do things only for ourselves. We thought maybe the reason money doesn't make us happy is that we're spending it on the wrong things; in particular, we're always spending it on ourselves. And we wondered what would happen if we made people spend more of their money on others. So instead of being antisocial with your money, what if you were more pro-social with it?

We thought, let's make people do it and see what happens. Let's have some people do what they usually do, spend money on themselves, and let's make some people give money away, and measure their happiness and see if, in fact, they get happier. The first way we did this was, one Vancouver morning, we went out on the campus at University of British Columbia, approached people and said, "Do you want to be in an experiment?" They said, "Yes." We asked them how happy they were, and then gave them an envelope. One of the envelopes had things in it that said, "By 5pm today, spend this money on yourself." We gave some examples of what you could spend it on. Other people got a slip of paper that said, "By 5pm today, spend this money on somebody else." Also inside the envelope was money.

And we manipulated how much money we gave them; some people got this slip of paper and five dollars, some got this slip of paper and 20 dollars. We let them go about their day and do whatever they wanted. We found out they did spend it in the way we asked them to. We called them up and asked them, "What did you spend it on? How happy do you feel now?" What did they spend it on? These are college undergrads; a lot of what they spent it on for themselves were things like earrings and makeup. One woman said she bought a stuffed animal for her niece. People gave money to homeless people. Huge effect here of Starbucks.

So if you give undergraduates five dollars, it looks like coffee to them, and they run over to Starbucks and spend it as fast as they can. Some people bought coffee for themselves, the way they usually would, but others bought coffee for somebody else. So the very same purchase, just targeted toward yourself or targeted toward somebody else. What did we find when we called at the end of the day? People who spent money on others got happier; people who spent it on themselves, nothing happened. It didn't make them less happy, it just didn't do much for them.

The other thing we saw is the amount of money doesn't matter much. People thought 20 dollars would be way better than five. In fact, it doesn't matter how much money you spent. What really matters is that you spent it on somebody else rather than on yourself. We see this again and again when we give people money to spend on others instead of on themselves. Of course, these are undergraduates in Canada -- not the world's most representative population. They're also fairly wealthy and affluent and other sorts of things.

We wanted to see if this holds true everywhere in the world or just among wealthy countries. So we went to Uganda and ran a very similar experiment. Imagine, instead of just people in Canada, we say, "Name the last time you spent money on yourself or others. Describe it. How happy did it make you?" Or in Uganda, "Name the last time you spent money on yourself or others and describe that." Then we asked them how happy they are, again. And what we see is sort of amazing, because there's human universals on what you do with your money, and real cultural differences on what you do as well. So for example, one guy from Uganda says this: "I called a girl I wished to love." They basically went out on a date, and he says at the end that he didn't "achieve" her up till now.

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