

Psychological Therapy 32 Times More Cost Effective at Increasing Happiness Than Money

ScienceDaily (Nov. 20, 2009) — Research by the University of Warwick and the University of Manchester finds that psychological therapy could be 32 times more cost effective at making you happy than simply obtaining more money. The research has obvious implications for large compensation awards in law courts but also has wider implications for general public health. Chris Boyce of the University of Warwick and Alex Wood of the University of Manchester compared large data sets where 1000s of people had reported on their well-being. They then looked at how well-being changed due to therapy compared to getting sudden increases in income, such as through lottery wins or pay rises. They found that a 4 month course of psychological therapy had a large effect on well-being. They then showed that the increase in well-being from an £800 course of therapy was so large that it would take a pay rise of over £25,000 to achieve an equivalent increase in well-being. The research therefore demonstrates that psychological therapy could be 32 times more cost effective at making you happy than simply obtaining more money. Governments pursue economic growth in the belief that it will raise the well-being of its citizens. However, the research suggests that more money only leads to tiny increases in happiness and is an inefficient way to increase the happiness of a population. This research suggests that if policy makers were concerned about improving well-being they would be better off increasing the access and availability of mental health care as opposed to increasing economic growth.

This research helps to highlight how relatively ineffective extra income is at raising well-being. The researchers further draw on two striking pieces of independent evidence to illustrate their point -- over the last 50 years developed countries have not seen any increases to national happiness in spite of huge economic gains. Mental health on the other hand appears to be deteriorating worldwide. The researchers argue that resources should be directed towards the things that have the best chance of improving the health and happiness of our nations -- investment in mental health care by increasing the access and availability of psychological therapy could be a more effective way of improving national well-being than the pursuit of income growth.

The research also has important implications for the way in which "pain and suffering" is compensated in courts of law. Currently the default way in which individuals are compensated is with financial compensation. The research suggests that this is an inefficient way at repairing psychological harm following traumatic life events and that a more effective remedy would be to offer psychological therapy.

University of Warwick researcher Chris Boyce said: "We have shown that psychological therapy could be much more cost effective than financial compensation at alleviating psychological distress. This is not only important in courts of law, where huge financial awards are the default way in which pain and suffering are compensated, but has wider implications for public health and well-being."

"Often the importance of money for improving our well-being and bringing greater happiness is vastly over-valued in our societies. The benefits of having good mental health, on the other hand, are often not fully appreciated and people do not realise the powerful effect that psychological therapy, such as non-directive counselling, can have on improving our well-being."

Source:

Boyce et al. Money or mental health: the cost of alleviating psychological distress with monetary compensation versus psychological therapy. *Health Economics Policy and Law*, 2009; 1 DOI: 10.1017/S1744133109990326