

Did the Decline in Social Capital Depress Americans' Happiness?*

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Abstract

Most popular explanations cannot fully account for the declining trend of U.S. reported well-being during the last thirty years. We test the hypothesis that the relationship between social capital and happiness at the individual level accounts for what is left unexplained by previous research. We provide three main findings. First, several indicators of social capital are significantly correlated with reported happiness. Second, social capital indicators for the period 1975-2004 show a declining trend. Finally, the trend of happiness can be largely accounted for by the increasing trend of income, the increasing trend of reference income and the declining trend of social capital – in particular by the decline of its relational and non-instrumental components.

Keywords: happiness, social capital, economic growth, relational goods, intrinsic motivations

JEL Classification: I3, O1

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