

Are the Rich Happier?

Thomas Druyen is Europe's leading wealth researcher.

The professor at the Sigmund Freud Private University in Vienna lives in close proximity to the objects of his research in Düsseldorf-Grafenberg.

A conversation about the pleasure and the burden of money.

THOMAS DRUYEN IN AN INTERVIEW WITH SVEN GÖSMANN

Sven Gösmann: Professor Druyen, at what point am I rich?

Prof. Thomas Druyen: Unfortunately there is no definitive threshold. As far as the German government is concerned, the wealth threshold for an individual starts at 3,300 euros for an individual and at 6,900 for a small family. This question is answered very differently nationally and internationally depending on the standards and benchmarks that are applied. But in my estimation, the amounts are far too low. For our own academic work we have therefore developed a wealth pyramid which in terms of wealth starts with a fortune of 1.5 million euros.

How did you arrive at this figure?

Druyen: Someone that we call rich should be able to live off the interest for a few years. Incidentally, many people – and we have interviewed countless people during the course of our research - still think of one million when they define wealth. Of course, it has to be said that one million euros in Dusseldorf is different to a million in Tokyo. In turn, a million in Hamburg is different to a million in Stockholm or New Delhi, let alone a million in an African state. Thus the concept of wealth is extremely relative.

You have developed a new field of research, namely the culture of wealthibility. Why?

Druyen: I asked myself: How is it possible that at the start of the 21st century, serious academic work has for decades only touched upon the “most successful” members of our society and the super-rich in passing. Given that the roughly one thousand billionaires and eleven million millionaires exercise massive influence worldwide, their

attitudes and lifestyles should be analysed systematically and without prejudice. That was my original idea.

How many are there in Germany?

Druyen: Roughly 860,000. Even more important is that the eleven million millionaires have more than 32 trillion US dollars between them. That is half of global GDP. That is why I believe that our research is important.

During your work you have got to know many wealthy people – are the rich happier?

Druyen: Certainly not! Of course, it is a privilege to have a fortune that largely frees you from material constraints. You have greater control over your own life, have greater security. You can deal with life's difficulties, such as times of illness, more easily. These advantages are obvious and are generally regarded as enviable. But this material security certainly does not automatically foster feelings of happiness. Inner crises, a fear of life, family or business worries, fear of illness or attack take place on an emotional and mental level and cannot be eliminated even with a lot of money.

Could it even be the case that possessions trigger fear of loss?

Druyen: Human beings share the fundamental and paradoxical characteristic that they place less value on what they already have than on what they desire. To this extent, many rich people certainly suffer from fear of loss. Nor are these fears entirely unjustified, for contrary to a mythical belief, wealth is very often lost. Be it in the short or longer term, there are very few families who were able to successfully preserve their wealth over many centuries.

You differentiate between fast, new money and old money...

Druyen: There are undoubtedly worlds between a fortune of two million and one of up to twenty billion and these cannot be explained in a few brief words. Nevertheless, superficially speaking, we can say that people with old money have had the time to become accustomed to possessing and dealing with it. This applies to every aspect of their daily lives, their family environment and the impact money has on their

children and heirs. Thus old money is associated with much greater experience and practical knowledge, and this has an impact on functioning, responsibility and confidence.

On the other hand, those who have become rich very quickly, have to learn an incredible amount in an extremely short period of time. As a result, it is usually materially interests that are initially paramount. Lottery winners are a good example of this: After three or four years, more than 70 percent of people who have won more than one million euros are usually worse off than they were before. Why? Having money isn't easy. The skill lies in being able to keep it. This is where skill, networks and practical professional or entrepreneurial experience play a crucial role.

Is there any particular form of wealth that makes people happier?

Druyen: I draw a fundamental distinction between the rich and the wealthible. The rich are stuck on a gruelling treadmill and only care about themselves, focusing solely on acquiring material goods and money, on growth and profit. In contrast, those who are wealthible see beyond themselves and their families. They are aware of their responsibility to society as a whole. Indeed it has been proven that doing good is conducive both to good health and to happiness.

Based on your findings, is there really such a thing as the Buddenbrooks syndrome as described by Thomas Mann in his great novel; the first generation creates, the second generation develops and the third generation squanders?

Druyen: Not always, but this phenomenon does nevertheless exist. In the classic social structure of the previous century, children's efforts to emulate their parents took a different form than they do today. If a family had a company, the children often also found their place there, sometimes over several generations. This has largely changed. Individualisation means that children want to go their own way. However, the syndrome referred to above does become apparent when the father or mother are gifted entrepreneurs. This constellation can have a very strong influence. The children have to live with the brilliance and in the shadow of the great role model and often fail because of it. This is something that I really have seen in a number of families. Wealth is always also a burden.

What is the difference between a self-made fortune and inherited wealth?

Druyen: Let's compare two entrepreneurs, both of whom are around 50: One who has invented something new or developed something unusual, who has striven to achieve their goal with determination, with a strong focus on their goal, and full of hope and unquestioning determination. This type of individual is only rarely motivated primarily by money. The prime motivation here is passionate entrepreneurship.

Now let's take the other case: An heir is initially spared the stress of this creative uncertainty. He already lives in security. He therefore has to seek and develop his own lifestyle and motivation. Of course, there are brilliant heirs who have an entrepreneurial idea of their own, there are others who multiply and build upon their inheritance. But unfortunately, there are many who literally break down under the burden of an inheritance or squander it.

A large part of your wealth research deals with the increasing number of affluent, but also wealthy people, who do good with their money. They set up foundations, make donations and support charitable projects. How widespread is this phenomenon now?

Druyen: The study *Vermögen in Deutschland*, which will be published in a few weeks time, clearly shows that three quarters of the affluent respondents are ready to shoulder responsibility. It appears that the rather worn-out metaphor of one boat in which we are all sitting is increasingly being accepted as reality. Alongside an increasing and essential social commitment, consideration is also starting to be given to how social problems can be solved with entrepreneurial means? We call this a wealthible economy, and together with charity it will play an important role in future. This would offer the wealthy an alternative, entrepreneurial means of participating in the process to shape society. Ultimately, investments in social enterprises also create jobs. And to me this seems to be the greatest philanthropic and societal gain.

To what extent does faith play a role among the wealthible?

Druyen: It is an important and frequently found motive, incidentally throughout the world. We study wealthibility not only in Germany, but also in Switzerland, the United Kingdom, in China and in India.

Religion, or to an increasing degree spirituality, plays an influential role almost everywhere. We have found a clear link: The more important someone's religion is to them, the greater their beneficence.

Of course, one could object that charity is often turned into a public display to boost the ego and enhance the status of the donor – not only, but also in Dusseldorf...

Druyen: I'll answer that by quoting Fontane: That is a wide field. It is certainly true that "good deeds" can be motivated by a desire to enhance the donor's status and reputation, out of vanity, because the donor has a bad conscience or out of self-interest. We know that huge benefit concerts are commendable, but that they boost musicians' sales. We know of D-list celebrities who for lack of professional alternatives like to make themselves available to humanitarian organisations just so they can get their names into the newspaper again. For research purposes, we draw a distinction between non-profit, the culture of wealthibility and charity. The latter also has to be subjected to careful scrutiny in order to separate the wheat from the chaff. Incidentally, it is important to note that our foundation system does a great service to the common weal. The 17,000 foundations in Germany are impressive proof of this. However, we ought to remember that 150 years ago there were also approximately 100,000 foundations - generosity and beneficence are not a modern-day invention.

The German constitution states that property entails responsibility. However, this has not had any noticeable consequences

Druyen: I firmly believe that social entrepreneurship is a promising approach. If in Dusseldorf, for example, a couple of wealthy families get together and join forces with a few former physicians, nurses, unemployed people and volunteers to help found a nursing company, it's more than just an entrepreneurial investment. The consequence is that human qualities are used, livelihoods are earned and taxes can be paid.

If the venture is successful, these investments can even be repaid in part. This would not only be a good system to fulfil our individual responsibilities, it would also be a pragmatic response to the challenges of the demographic shift. In this respect, I would say: All forms of property entail responsibility.

What are the preferred fields of work for philanthropists and foundations?

Druyen: The main areas are social work, education, the arts and culture, science and research, and environmental protection. However, as this market is very fragmented a number of institutions are joining forces to provide a serious and verified overview. You have to imagine this as a kind of TÜV [certification body]. This will lead to increasing transparency. Overall, foundations should become more professional and improve their networking so that problems can be solved systematically and not just subjectively.

What would you advise someone who would like to set up a foundation – how and where should they get involved?

Druyen: I don't believe that generalised recommendations are helpful. This kind of initiative must reflect the character of the person and the foundation purpose should also incorporate the aspect of sustainability. This requires professional advice. Making contact with the *Stifterverband* would open a lot of doors.

Let's close our discussion with a mental experiment: Given everything you have described so far, wouldn't it be better to live a simpler life, i.e. to become a monk straight away and not an entrepreneur who only quits the rat race when he is 54 and then does good? Who will look back on their life with greater joy: The monk or the entrepreneur?

Druyen: We know from studies carried out by British colleagues that monks and nuns who have dedicated their lives to religion or an order have a 20 percent longer life expectancy than others. However, if each one of us could increase the compassion in our lives by 20 percent, then happiness would become an earthly chance for very many people.

Thank you for the interview!