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Feeling Our Way Out of the Recession

By John Cloud Thursday, Jan. 29, 2009

The inauguration gave some Americans a reason to revel for a couple of days, but overall, ours remains a sullen nation. If you haven't been laid off, you're probably working harder, maybe for less money--and almost certainly with less job security. People are anxious, depressed--and pissed. Which raises a question: Is there any way to use these emotions to help us pull through this mess? Actually, yes.

Over the past few years, psychologists and behavioral economists have been studying how emotions affect our decisions. You can make a good argument that complacent cheerfulness, in the form of blind faith in our credit cards and home values, got us into this situation. And there's evidence that certain so-called negative emotions can help us get out of it. In his new book, Born to Be Good: The Science of a Meaningful Life, esteemed psychologist Dacher Keltner of the University of California, Berkeley, notes that we usually conceive of emotions as diseases: we say we are "mad with rage," for instance, or "sick with love." We think the ideal economic decision maker is an analytical automaton. But Keltner, who has made a career of studying the social effects of our emotions, says emotional behavior is sometimes just what we need.

In fact, the latest research points to a surprising emotional road map for helping us get out of the recession:

1. **Be sad** Sadness is terrible because, obviously, it hurts. But as a team of researchers pointed out last year in a study in the journal Psychological Science, sadness can stimulate something this economy badly needs: consumer spending. According to the Department of Commerce, just when the economy was tanking during the third quarter of last year, the personal-savings rate jumped to its highest level in nearly four years. In the long term, a higher savings rate will help prevent future credit meltdowns, but most economists agree that in the short term, we need to stop stuffing paychecks into mattresses. Being sad can help do this because, as the authors put it in the title of the Psychological Science paper, "misery is not miserly." People feeling depressed about their lives are more likely to spend than those who feel neutral.

In the experiment, some people were asked to watch the last few mawkish minutes of the 1979 film The Champ, which involves a dying boxer and his wailing boy. Others watched a dry nature clip. Subjects induced to feel sad were willing to spend significantly more money on a sporty insulated water bottle offered for purchase postviewing. "This void of loss people feel makes them want to fill it up with something," says Keltner--and often that means spending a little more for a luxury item. This doesn't mean you should take on a second mortgage, 2006-style, but it wouldn't hurt you or your local coffee roaster to splurge on a cappuccino now and then.

2. **Be angry** Anger is usually seen as a negative emotion, but it has at least one effect that would be useful in shortening the recession. Right now, lenders and ordinary consumers aren't risking enough. Entrepreneurs--even those with solid business ideas--can't get funding, so they can't hire, so the recession continues.

Anger, by contrast, usually makes people more willing to take risks. Harvard public-policy professor Jennifer Lerner has shown this in a series of papers. She and her colleagues gave random groups of people a classic risk test in which they were asked how they would respond to a disease outbreak expected to kill 600. The subjects were told that if program A were adopted, 200 people would be saved and 400 would die, and that if program B were adopted, there would be a one-third probability that all 600 would live and a two-thirds probability that all would die. Program B is riskier: you might save everyone, but you'll probably kill everyone.

Subjects with a demonstrated propensity toward anger were much more likely to opt for B. That may be a scary outcome when you're talking about public health, but our economy needs people willing to give up certainty for the possibility of grand success. Of course, some people take on too much risk: the day trader who loses his house; the hedge funder who turns an investor's life savings into dust overnight. But right now policymakers should not be afraid of stoking our anger--and therefore our risk-taking. As Lerner has written, anger is associated with a desire to "change a situation for the better."

3. **Don't be scared** Fear is the enemy of action. Lerner and Keltner showed the corrosive effects of fear in a 2001 paper in the Journal of Personality and Social Psychology. Those who scored high on measures of fear, they found, were consistently less willing to take risks during games and more likely to predict their lives would turn out badly. The fearful are far more pessimistic, and it's a short journey from pessimism to withdrawal.

These findings have policy implications. Keltner has noticed that so far, government and media types have portrayed the prospect of a Greater Depression as "something to be enormously fearful of." He says, "If you listen to these messages, this problem is framed as an abyss, a downward spiral."

Which doesn't mean that Barack Obama should begin weeping at press conferences to make us sad or bang his fist on a lectern to goad our anger. But his Administration might want to avoid messages that portray the recession as a frightening monster rather than as a maddening, depressing but solvable problem.

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