ducted a poll that asked people in 14 countries what would make them happy. The number one answer everywhere: more.

When asked how much money it would take to make them completely happy, Americans typically name an income about 20 percent higher than their current one, reports Easterlin. It's true that people with higher incomes report higher levels of happiness, on average. The problem is that increasing their wealth doesn't make them any happier. That's because we tend to compare our material situation with our peers, the proverbial Joneses. A study that began tracking a group of Americans who were in their twenties in 1972 found that their incomes had more than doubled by 2000. But the measure of happiness they reported changed not at all.

All of this confounds the predictions of Easterlin's fellow economists. Yet psychologists don't have a better grip on the sources of happiness. In psychology, the vogue is for a "set-point" theory, which holds that each individual has a fixed level of happiness, determined by genetics and personality. Events such as marriage or divorce make only a temporary difference on the individual's happiness meter. Before long, the old self, happy or sad, reappears.

Some studies lend support to this idea, according to Easterlin, but a lot of others (and common sense) contradict it. Marriage, for example, really does make most people happier over the long term.

Easterlin's advice: If you're offered that higher-paying job, ignore the economists and psychologists and strongly question your own "commonsense" impulse to go for the money.

Castoff Cornucopia

"Reverse Supply Chains for Commercial Returns" by Joseph D. Blackburn, V. Daniel R. Guide, Jr., Gilvan C. Souza, and Luk N. Van Wassenhove, in *California Management Review* (Winter 2004), F501 Haas School of Business #1900, Berkeley, Calif. 94720–1900.

You're back at the mall again. That racy purple peignoir you hurriedly bought for your wife's birthday got the classic icy smile. Or maybe a knob fell off that sleek new television. Whatever the reason, Americans are returning goods in ever-greater numbers. Product returns now amount to about $100 billion annually.

So what happens to all that stuff? Only 20 percent of returned merchandise is put back on the shelf as new. Fifty-five percent is refurbished, repaired, or "remanufactured" in some way and sold at a discount. Ten percent is salvaged for components. And 15 percent winds up at the local dump. In the end, the sellers recover only 45 percent of the value of the returned goods. That's a loss of $55 billion.

The authors, all business professors at different universities, report that retailers haven't paid much attention to what they call "the reverse supply chain." Mainly, sellers try to minimize costs. It would be smarter to focus on speeding up the process. A returned computer loses one percent of its value every week, and at one company the authors studied, the opened boxes sat around for more than three months. Other items age much more slowly because the technology and styles don't change quickly. A power drill, for example, depreciates by one percent per month.

The authors make a number of suggestions to help cope with the problem, but some seemingly obvious ones aren't mentioned, such as selling better products—or providing aesthetic counseling to taste-impaired men.

The ABCs of CEO Success

"What Makes an Effective Executive" by Peter F. Drucker, in *Harvard Business Review* (June 2004), 60 Harvard Way, Boston, Mass. 02163.

The legendary management guru Peter Drucker has known a remarkable number of chief executives in his 65 years as a consultant, and he concludes that no single personality type characterizes the most effective of them. The best CEOs have "ranged from