Comments on The Great Happiness Moderation, by Clark and Senik

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What I’m going to say

• Fascinating paper, clear finding, I could talk about it for hours

• But I won’t

• The reduction in the variance of reported happiness at a time when most measures of income have shown increased variance looks incompatible with most theories that make happiness a concave function of income, even relative income

• I have one statistical puzzle to report

• And a hypothesis to explain the finding
One statistical puzzle

• The reduction in variance of the distribution comes about via a transfer of probability mass from the extremes to points in the interior

• For the only three countries for which we have scales of more than 3 points (and therefore multiple interior points), the points that gain mass are well to the right of the distribution:

  • Great Britain (5 and 6 out of 7): Germany (6, 7 and 8 out of 10); Australia (7, 8 and 9 out of 10).

• Is this really compatible with a constant mean, and how should we evaluate it normatively?
So, what to make of these findings?

• I’m going to suggest a version of the rescaling interpretation

• Based on the idea that reported happiness is a function of actual states of well-being AND
  – An individual’s own self-understanding
  – Norms and conventions about reporting one’s own feelings
  – Strategic (signaling) motivations

• Changes in reported happiness can come from changes in well being and/or from changes in the other things
A misleading metaphor for happiness: the bathwater temperature.....
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How is your bathwater, madam?

- 10 – Aaah….perfect!
- 9 – a tiny adjustment please
- 8 – open the cold/hot tap a few more seconds….
- 2 – Aargh….
- 1 – o o o o o o o o O O O O O
How is the bathwater metaphor misleading?

• Reports of bathwater temperature are based on infallible subjective sensation – no reflection needed

• There’s (usually) no strategic motive for misrepresentation

• Answering the question “All things considered, how satisfied are you with your life these days” is rather different:
  – It demands reflection, consumes cognitive resources and improves with training: more like “How satisfying was that novel you just read?”
  – It is potentially strategic – it can be part of an implicit negotiation with others
  – It is subject to norms and conventions (age or gender-dependent?)
Are US women really less happy than they were 35 ago? According to Stevenson-Wolfers (2009), yes…
How to explain the great (reported) moderation?

• What could explain greater unwillingness by individuals to report themselves as at the extremes of the distribution?

• How about – knowledge of a wider range of personal experience among each person’s reference group, due to
  – Education and a greater capacity for empathic identification with the extremes (and an ability to see that they themselves are not at the extremes)
  – Greater media exposure
  – Improved communications, social media etc

• All of these things might make people more willing to report themselves as 7 or 8, but not 9 or 10
Finally, a word from our sponsors…
According to Slate.com (31/10/11): « Mr. Madoff says he is happier in prison than he was before »
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