

money,consumption

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outline

ps comments

money and consumption obsession

one thing to read about another to experience

Lexus=happiness?

i wish i hadnt worked so hard

literature

first flip the class and work on papers, discuss my comments;
QandA

make it look like a published paper

- ◇ again to get an A, it's gotta be a publishable paper
- ◇ make it look like one!
 - everything, amount of lit etc, structure, feel
- ◇ see the journals like johs, sir, ariq
- ◇ yes i may be obsessed with data and stata, but paper does need the and lit

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we have so much stuff and we dont realize it

- ◇ again evryone except bottom decile has better qol than everyone except top decile 100 years ago BOK
- ◇ median or most in 1890 on 1\$ adj for inflation Peterson
- ◇ perhaps the most incomprehensible thing today: materialism/conspicuous consumption
- ◇ arguably in couple decades or couple centuries humans would wonder what are we doing now with suburbs mc mansions and SUVs: all human energy geared towards stuff and never enough never satiated

so much stuff and yet so unhappy

- ◇ true pinker enlightenment now and Peterson we never had so much
- ◇ And yet look at what's happening, spirit level eg and opioid epidemic and loneliness and anxiety and mental health

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many did it

- ◇ maybe most famously Henry David Thoreau; excellent and relevant “Walden”
- ◇ a more modern guy is Tesson
- ◇ I kind of did it too: lived in Cali Colombia in a regular/local housing—rent was less than \$100 a month
- ◇ and was one of the happiest, if not the happiest, time in my life

personal experience probably best to really

understand

- ◇ I surely was reading about it but never fully understood until I lived in Colombia. My friends making less than \$500 a mo, and yet happy. I I surely was happier there too, mostly because of social relationships and nature. I almost stayed there. I surely was happier there than here, just cannot picture myself making say \$1000 a month, which would be plenty to satisfy my needs, so yes I'm greedy.

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the obsession

- ◇ Okulicz-Kozaryn and Tursi (2015)
- ◇ perhaps East Europeans are miserable because they are obsessed about luxuries
- ◇ cars are a great example
- ◇ for Poland and Ukraine a black shiny BMW is the greatest happiness, but is it?

car has changed our lives

- ◇ much truth in popular wisdom:
"car has changed our lives"
- ◇ especially in America, cannot imagine our life without a car
- ◇ car is often the second biggest purchase we make (after the house)

an object of envy, an object defining status

- ◇ psychologically, owning a car is a very important thing, especially for a male
- ◇ but does it make him happy ?
- ◇ do different cars contribute to overall happiness differently ?

public transportation vs private transportation

- ◇ let's take a public policy perspective
- ◇ cars are substitutes to public transportation
 - the more cars, the less (worse) public transportation
 - e.g. given limited public money you can either build hwy or rail
- ◇ America's infrastructure is made for cars
 - and America has terrible public transportation

tradeoffs

- ◇ cars cost more, pollute more and create more congestion than public transportation
- ◇ cars are often more convenient and offer more "freedom" than public transportation
- ◇ a question remains whether there is any difference in happiness between people who use car and those who use public transportation

Prius

- ◇ when you want to see the future, look at California
 - (what is happening now in California, will happen later in the US)
 - (and what happens in the US, will happen in Europe)
- ◇ Toyota Prius tops Honda Civic as California's bestselling vehicle
 - <http://articles.latimes.com/2013/jan/23/business/la-fi-autos-prius-20130123>

fancy car, fake people, fake happiness



marketing babble to make you feel special



**STYLE VS. STYLISH.
PASSION WINS.**

Lexus=happiness?

conspicuous/wasteful consumption

- ◇ arguably, much of car consumption is conspicuous or wasteful
 - (Veblen, 2005a,b)
- ◇ yes, some models are useful...for instance:
 - Toyota Corolla, Prius, Honda Civic, VW Jetta
- ◇ yet many car makes are waste:
 - Lexus, BMW, Chrysler, Land Rover
 - you buy them to show you are better than other people
 - as the above ads indicate

hypotheses

- ◇ car may increase happiness (livability theory)
 - unlikely that Lexus increases livability more than Corolla
 - or in Europe, compare cheap VW with pricey BMW
- ◇ car may have no effect of decrease happiness
 - given limited resources, if we buy a car, we do not buy something else
 - and given that much of car consumption is a waste we end up less happy

hypotheses

- ◇ per hedonic treadmill theory, we get used to pecuniary goods
- ◇ at macro scale, according to MDT, we do not become any happier; also see [\(Frank, 2012, 2005\)](#)
- ◇ hence, one frugal car per household helps; more is a waste resulting in no happiness

data

- ◇ psid, but just one year
- ◇ only 2 years of happiness data so far
- ◇ when more years, should do fe

OLS of happiness

	b1	b2	b3	b4
own car				
1 car	-0.03	-0.05	-0.09*	-0.13***
2 cars	0.26***	0.20***	0.10*	-0.05
3 cars	0.30***	0.22***	0.10*	-0.02
4 or more cars	0.22***	0.12*	-0.01	-0.15*
total family income		0.00***	0.00***	0.00***
rent a dwelling			-0.18***	-0.07**
other than own/rent			-0.29***	-0.19***
◇ num of child in hh				0.04***
health				0.20***
male				-0.06*
married				0.28***
age				-0.03***
age2				0.00***
state dummies	no	no	no	yes
constant	7.70***	7.68***	7.85***	7.50***

OLS of happiness



	c1	c2	c3	c4
car \$ 0-5k	-0.03	-0.03	-0.06	-0.05
car \$ 5-15k	0.11*	0.09+	0.02	-0.05
car \$ 15-23k	0.23***	0.19***	0.09+	-0.00
car \$ 23-35k	0.33***	0.27***	0.15**	0.03
car \$ > 35k	0.36***	0.24**	0.11	-0.05
total family income		0.00***	0.00***	0.00**
rent a dwelling			-0.19***	-0.04
other than own/rent a dwelling			-0.27***	-0.13+
number of children in household				0.04**
health				0.20***
male				-0.07
married				0.29***
age				-0.03***
age2				0.00***

but may be reverse causality

- ◇ rev causality being upset first go shopping second

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todo have a like a slide on each one

kondo16 The Life-Changing Magic of Tidying Up
veenhoven21 Happiness and Consumption: A Research
Synthesis Using an Online Finding Archive' ('leonard10',
'The story of stuff: How our obsession with stuff is trashing
the planet, our communities, and our health-and a vision for
change') ('joye20', 'A diminishment of desire: Exposure to
nature relative to urban environments dampens materialism')
('schwartz04', 'The Paradox of Choice: Why More Is Less')
('scitovsky76', 'The joyless economy: An inquiry into human
satisfaction and consumer dissatisfaction.')
('csikszentmihalyi00', 'The costs and benefits of consuming')

('carver16', 'Income or Consumption: Which Better Predicts Subjective Wellbeing?') ('brule19', 'Wealth (s) and Subjective Well-being') and my review ('miles98', 'Consumerism: as a way of life') MAYBE ('straussCL16jan3', 'The Case for the Commons') ('ahuvia02', 'Individualism/collectivism and cultures of happiness: A theoretical conjecture on the relationship between consumption, culture and subjective well-being at the national level') ('urry95', 'Consuming places') MAYBE

FRANK, R. (2012): The Darwin economy: Liberty, competition, and the common good, Princeton University Press, Princeton NJ.

FRANK, R. H. (2005): "Does Absolute Income Matter," in Economics and Happiness, ed. by L. Bruni and P. L. Porta, Oxford University Press, New York NY.

OKULICZ-KOZARYN, A. AND N. O. TURSI (2015): "Luxury Car Owners Are Not Happier Than Frugal Car Owners," Forthcoming in International Review of Economics.

VEBLER, T. (2005a): Conspicuous consumption, vol. 38, ePenguin, New York NY.

——— (2005b): The theory of the leisure class; an economic study of institutions, Aakar Books, New York NY.