

money and 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, etc
- see the journals like johs, sir, ariq
- yes i may be obsessed with data and stata, but paper does need theory and lit
- we're at the stage it needs to start looking nice, publication quality
- also dont forget abstract and keywords

describe data in detail

- at very minimum like a para
- what kind of sampling (eg random) and data collection (eg face-to-face)
- do make sure whether you need sampling weights!; eg fine with gss, wvs; but need for brfss
- what non-response rate

control vars must be motivated by lit!

- dont just run a bunch of regressions with random stuff!
- do read about what predicts your DV, cite it!!! and control for it!

do have meaningful des sta

- again never ever do inferential stats like regressions without des sta
- not only mindless summarise: mean, std, min, max
- always have a hist of all key vars
- do tabs and crosstabs! eg counts of drug use and counts of 2 drug uses (crosstabs)

practical or substantive sig

- not only look at stat sig but also at practical or substantive significance and interpret it
- eg Ebschay's 1pt on 1-10 swb scale is like 3 steps on health (.3) say from very poor to fair; also across countries one of the largest effects
- can also use beta (fully standardized) coeffs

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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



Lexus=happiness?

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marketing babble to make you feel special



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

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 or 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***
year in which acquired first car				
state dummies	no	no	no	yes

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') ('urrry95', '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.

VEBLEN, 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.