

money and consumption

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this version: Monday 11th April, 2022 16:51

outline

ps comments

money and consumption obsession

one thing to read about it; another to experience it

Lexus=happiness?

i wish i hadnt worked so hard

some 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)
 - representative of what? ctry, muni, etc?
- what 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 summarize: mean, std, min, max
- always have a bunch of 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 Ebshoy'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) coefs

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we have so much stuff—and we dont realize it!!!

- again everyone except bottom decile (min wage or ~20k hh inc) has better qol than everyone except top decile 100 years ago (Bok, 2010)
- in 1890 most would live on 1\$ adj for inflation (J Peterson youtube)
- 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, SUVs, etc: all human energy geared towards stuff and never enough, never satiated

so much stuff and yet so unhappy

- true as per Pinker (eg “Enlightenment Now”) and Peterson (youtube): we never had so much
-
- at the same time: opioid epidemic, loneliness, anxiety, and mental health, eg [\(Wilkinson and Pickett, 2010\)](#)

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ditch consumption!—many did it

- maybe most famously Henry David Thoreau; excellent and relevant “Walden” (Thoreau, 1995 [1854])
- a more modern example is Tesson (2013)
- I kind of did it too: lived in Cali Colombia in a regular/local housing—rent was less than \$100/mo
- and was one of the happiest, if not the happiest, time in my life
 - social relationships
 - nature

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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 perfect example
- in Poland and Ukraine a black shiny BMW is the best thing in the world, 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 typically the second biggest purchase we make (after the house)
- in poor neighbourhoods too—houses may be falling apart, no money for proper nutrition, but there's plenty shiny Cadilacs and SUVs

fancy car, fake people, fake happiness



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 are useful eg:
 - Toyota Corolla, Prius, Honda Civic
- yet many are wasteful, eg:
 - Lexus, BMW, Chrysler, Land Rover
 - you buy them to show you are better than other people
 - as the above ads indicate

public v private transportation

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

theory/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

theory/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

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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Kondo 16 The Life-Changing Magic of Tidying Up

- a recent popular practical guide
- it advises how to decluter and get rid of most stuff

Veenhoven 21 Happiness and Consumption: A Research Synthesis Using an Online Finding Archive

- strikingly we don't know much swb and consumption
- this gives some overview of the studies
- an attempt to cover much of it
- but can't cover all the studies these days, just too much out there

Leonard 10, 'The story of stuff: How our obsession with stuff is trashing the planet, our communities, and our health-and a vision for change

- one of my fav!
- an ex-greenpeace activist in lively language demonstrates how bad is consumerism
- and see her website, and there's good info for kids
- and bunch of youtube vids

Joye 20, A diminishment of desire: Exposure to nature relative to urban environments dampens materialism

- a useful fascinating recent psy study
- exposure to nature decreases materialism

Schwartz 04 The Paradox of Choice: Why More Is Less

- a fascinating little book arguing counter-intuitive point
- usually, as opposed to what we think, the more choice does not help

Scitovsky 76 The joyless economy: An inquiry into human satisfaction and consumer dissatisfaction

- an old but timely classic
- rare to find economist (Bob Frank is another one) that acknowledges that consumption does not lead to happiness

Csikszentmihalyi 00 The costs and benefits of consuming

- Csikszentmihalyi is definitely one of the top 10 happiness scholars
- maybe the most incisive one
- read all he wrote

MAYBE/LATER ('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

BOK, D. (2010): The politics of happiness: What government can learn from the new research on well-being, Princeton University Press, Princeton NJ.

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

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

- TESSON, S. (2013): Consolations of the Forest: Alone in a Cabin in the Middle Taiga, Penguin, London UK.
- THOREAU, H. D. (1995 [1854]): Walden, Dover Publications, Mineola NY.
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- (2005b): The theory of the leisure class; an economic study of institutions, Aakar Books, New York NY.
- WILKINSON, R. G. AND K. E. PICKETT (2010): The spirit level: Why equality is better for everyone, Penguin, New York NY.