

Science of Happiness

WEEK 3



"Official dogma" of western industrial societies

- Maximize welfare of citizens
- This means maximize freedom
- That is maximize choice
- Because more choice means more freedom
- More freedom means more welfare

- However.....this might not be straightforward relationship...why?

- Some choice is better than none
- BUT
- More choice **DOES NOT EQUAL** more welfare

Decision making

- More choice - greater expectations
- Greater expectations ---> greater satisfaction???

- Relation between autonomy and choice

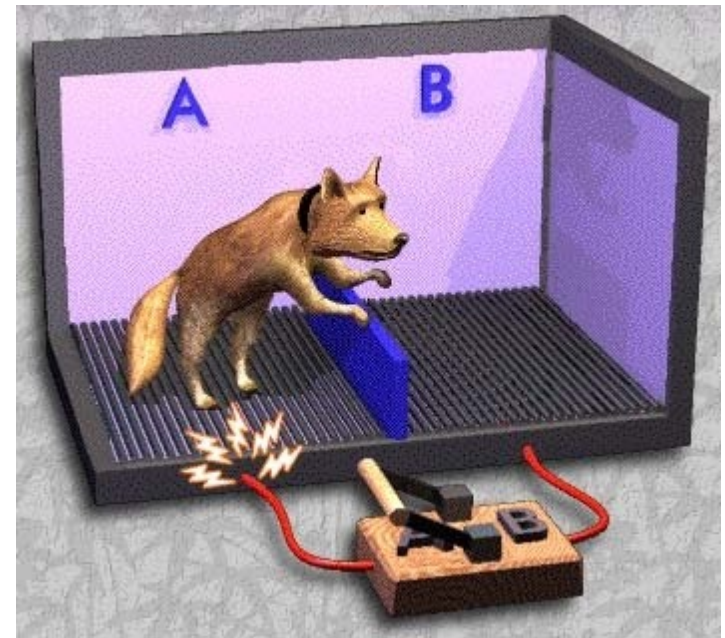
Choice and Happiness

- Too much vs. too little choice – happiness
- Benefits of the choice
 - Instrumental - gets us what we need/want
 - Expressive - tells who we are
 - Psychological - sense of engagement with life, control
- Too much choice – overwhelming, paradox
- No choice – lack of freedom

- Some choice better (psychologically) than no choice
- e.g. learned helplessness - when choice is taken away - psychological impact

Learned Helplessness

- Experiment:
 - 3 conditions
 - no prior exposure
 - prior exposure - escape
 - prior exposure- no escape



Learned Helplessness

- Experiment:
- University of Pennsylvania in 1967
- learned helplessness - *psychological condition in which a human being or an animal has learned to act or behave helplessly in a particular situation – usually after experiencing some inability to avoid an adverse situation – **even when it actually has the power to change its unpleasant or even harmful circumstance.***
- clinical depression and related mental illnesses - partially from a perceived **absence of control** over the outcome of a situation

Learned Helplessness

- Choice means control
- LH - loss of control, sense of no control over the outcome
- can help explain: why women stay in abusive and violent relationships
- or why children who perform poorly in one subject lose motivation to study or even transfer this poor motivation to other subjects
- In world of politics- low voting turn-out

Positive psychology

- Martin Seligman – “father of the research on happiness”
- Martin Seligman and Mihaly Csikszentmihalyi, Positive psychologists seek "to find and nurture genius and talent" and "to make normal life more fulfilling", rather than merely treating mental illness.
- PERMA - to summarize correlational findings: people seem happier when experiencing ...
 - *P*
 - *E*
 - *R*
 - *M*
 - *A*

Learned Helplessness

- PERMA - building blocks of happiness (Why and how)



- *Positive emotion/ Pleasure* (tasty foods, warm baths...),
- *Engagement* (or flow, the absorption of an enjoyed yet challenging activity),
- *Relationships* (social ties),
- *Meaning* (a perceived belonging to something bigger),
- *Accomplishments* (having realized tangible goals).

Measuring Happiness

- Different approaches
 - Happiness as general satisfaction (e.g. PERMA model)
 - Happiness as physical state
 - Happiness and money - choice and autonomy
 - Happiness as....
 - Definition of happiness

Money and Happiness

- Number of theories:

- 1, Livability theory (Veenhoven 1991,1995)

subjective appreciation of life depends in the first place on the **objective** quality of life

the better the living-conditions in a country, the happier its inhabitants will be

Linked to the idea that there are universal human needs

Money and Happiness

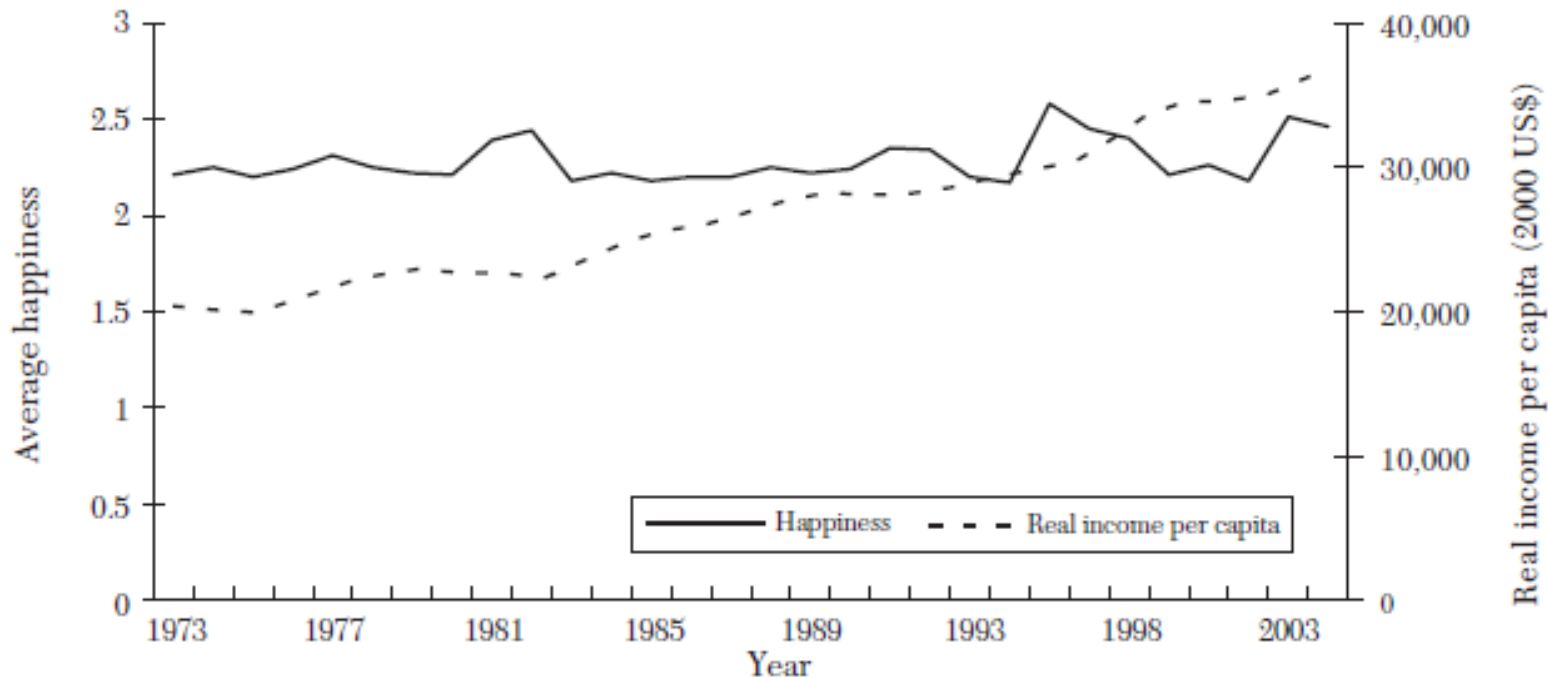


Figure 1. Happiness and Real Income Per Capita in the United States, 1973–2004

Source: World Database of Happiness and Penn World Tables. Happiness is the average reply to the following question: “Taken all together, how would you say things are these days? Would you say that you are...?” The responses are coded as (3) Very Happy, (2) Pretty Happy, and (1) Not too Happy. Happiness data are drawn from the General Social Survey.

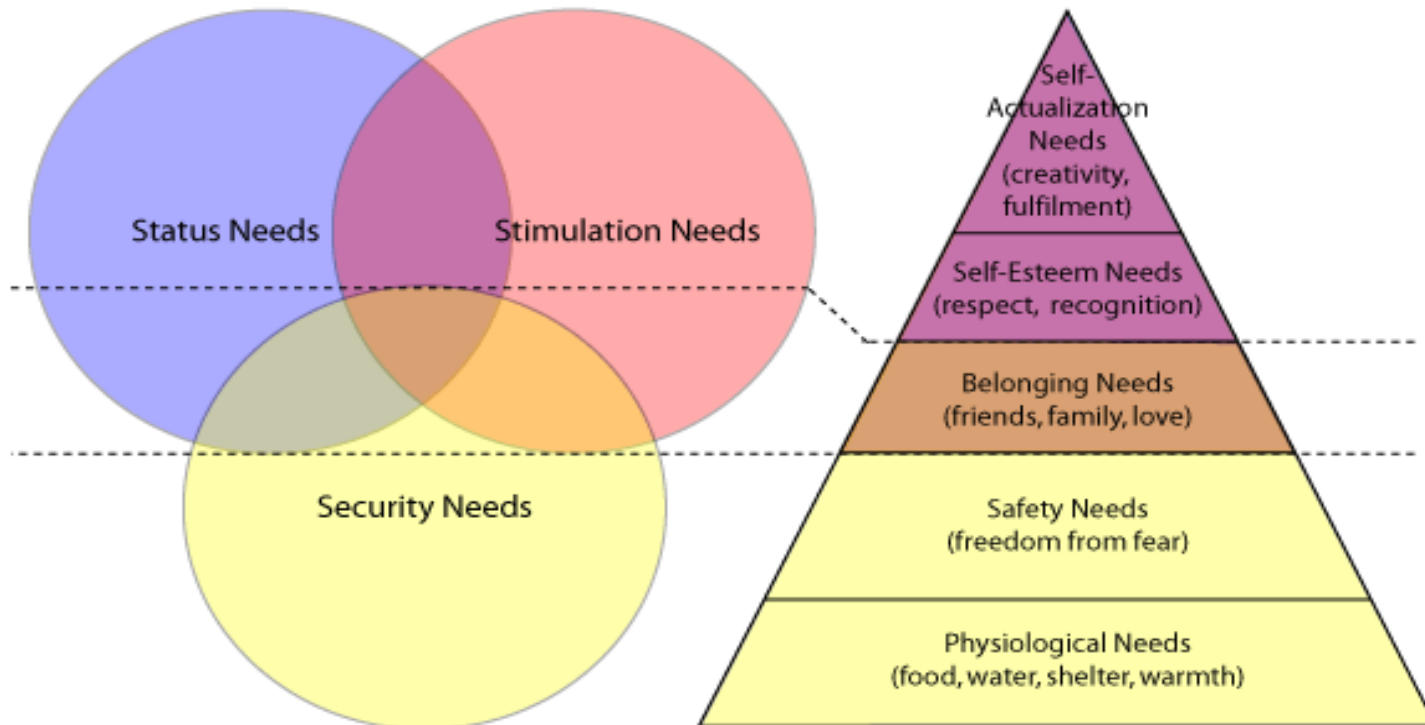
Clark, A. E., Frijters, P., Shields, M. A. (2008) Income, Happiness, and the Easterlin Paradox, *Journal of Economic Literature*, 46:1, 95–144

Money and Happiness

2, Extension of Veenhoven's theory (based on Maslow's theory of needs)

Comparison of the *Fundamental Needs Model* with Abraham Maslow's *Hierarchy of Needs*

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Money and Happiness

- 2, Extension of Veenhoven's theory (based on Maslow's theory of needs)
 - meeting needs – increases happiness
 - self-actualization need – opens door to vast array of rewarding activities with increased income

Needs as explanation of INCOME – SWB relationship
...increase in income above the basic level needs
produce increase in SWB, when income used for
fulfillment of self-actualizing needs (morality,
creativity, spontaneity)

Money and Happiness

- 3, Comparison theory
- Brickman and Campbell (1971) & Easterlin (1974) & Lance, Mallard, & Micvhalos (1995)
- perceptions of life-as-it-is are weighted against standards of how-life-should-be
- People use comparisons when assessing “what life should be” – experiences, other people
- Middle class person living next to
 - Well off person ... < SWB
 - Lower class family ... > SWB

Money and Happiness

- There are two main variants of this theory: ‘social -comparison’ and ‘lifetime-comparison’.
- The social-comparison variant
 - comparison with other people; people will be unhappy in spite of good conditions if they compare with others who are in an even better situation. Likewise, people would be happy in adverse conditions if they compare with others who suffer even more.

Money and Happiness

- There are two main variants of this theory: ‘social -comparison’ and ‘lifetime-comparison’.
- The lifetime-comparison variant
 - that we judge our life in the cognitive context of our best and worst experiences. This variant claims that people will be unhappy in good conditions if they happen to have enjoyed even better before. Conversely, people would be happy in adverse conditions if life was even worse before.

Money and Happiness

- In both variants **relative** deprivation determines happiness; not absolute deprivation.

Money and Happiness

...and more

- Context of the countries (research has found relationship between absolute level of GDP and life-satisfaction, BUT change in income in 5 year time period was not found)
- What are we measuring and how?
- Unified measure?
- Survey vs. Experience sampling method

Money and Happiness

- Greater increase – greater opportunities
- Greater opportunities – more choice
- More choice – greater happiness ???

- How do people eliminate making decisions???

- **Second-order decisions**

- **Rules**
- **Presumptions**
- **Standards**
- **Routine**

Most strict/rigorous



Least strict

What happens when we choose?

- Evaluation options
- TRADE-OFFS
 - Affects level of subjective satisfaction
 - Facing trade-offs – decrease happiness, increase indecisiveness
 - More options – more trade-offs – avoiding decision
 - BUT inferior choice – less conflict

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What happens when we choose?

- Evaluation options
- TRADE-OFFS
 - Evaluation of negatives between choices
 - Anchoring
 - Framing

Regret

- Decision making – difficult enough...but then...

REGRET

Anticipated regret – harder to make decision

Postdecision regret – harder to enjoy decision



Regret score -



less happy, satisfied
with life, optimistic,
more depressed

Regret

- Decision making – difficult enough...but then...
REGRET

Anticipated regret – harder to make decision

Postdecision regret – harder to enjoy decision



- When do we tend to regret more????

Regret

Anticipated regret – harder to make decision

Postdecision regret – harder to enjoy decision

- When do we tend to regret more???? – personal significance, maximizing....

„Mr. Paul owns shares in Company A. During the past year he considered switching to stock in Company B, but he decided against it. He now finds out that he would have been better off by \$1,200 if he had switched to the stock of company B. Mr. George owned shares in company B. During the past year he switched to stock in Company A. He now finds that he would have been better off by \$1,200 if he had kept his stock in Company B. Who feels greater regret? „

Which one feels worse???

„Mr. Paul owns shares in Company A. During the past year he considered switching to stock in Company B, but he decided against it. He now finds out that he would have been better off by \$1,200 if he had switched to the stock of company B. Mr. George owned shares in company B. During the past year he switched to stock in Company A. He now finds that he would have been better off by \$1,200 if he had kept his stock in Company B. Who feels greater regret? „

Which one feels worse???

- omission bias**
- time perspective**
- prospect theory - gain/loss**
- Near misses**

Factors affecting regret

- Omission bias
- Time
- Near misses
- Responsibility – attributed to self or outside self
- Counterfactual thinking
 - Upward
 - Downward – more rare?

Avoiding regret

- Avoiding risk ...taking sure thing
- Inaction inertia
 - Avoid making decision to avoid regret
 - Avoid to change decision after, to avoid even bigger regret
- Sunk costs
- “Positives” of regret:
 - Anticipating regret – we take decisions seriously
 - Focus on the consequences
 - Mobilizing and motivation function to improve negative consequences
 - Show that we care

Why choice makes people miserable

- regret and anticipated regret
- opportunity cost
- escalation of expectations
- self-blame

Discussion

- Design a research (or experiment) dealing with one of the topics we covered.
- Create research question (be as specific as possible)
- Think of proper way to approach the problem – experiment, survey, experience sampling method
- Describe what and how would you measure, in what order
- What would you need to control for – what else can influence your results

Discussion

- Example: (Baron, Ritov, 2004)
- Omission bias
 - Preference for harm caused by omission (inaction) over equal or lesser harm caused by act
 - Is this the general phenomena?
 - What about opposite bias (action bias)? – that is people prefer harm caused by action than by inaction (even if the risks are the same – that is it's better to try than do nothing)
 - When do people prefer omission and when action:
 - Experiment:
 - Can it be related to question of blame (direct or indirect causation)?
 - Can it be related to question of preference for what is normal (common) to uncommon?

Discussion

- Example: (Baron, Ritov, 2004)
- Omission bias
 - Experiment:
 - Can it be related to question of blame (direct or indirect causation)?
 - Can it be related to question of preference for what is normal (common) to uncommon?
 - Medical case – virus, measured: decision, regret, blame
 - Mixed findings- omission bias does exist but is not universal, some people preferred action- those whose responses indicated that “doing nothing” is wrong (blame and regret attributed to inaction variant)