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Happiness, Time-Use and Public Policy

Many economists are feeling increasingly uneasy about using observed choices as an indicator of individual welfare and claim that using subjective assessments of well-being may be an alternative, and in some situations a more appropriate way to measure individual welfare. In the three lectures, I will contrast the happiness approach with the neoclassical approach in economics, present different ways of measuring happiness and discuss which implications the results derived from happiness economics will have for public policy.

Lecture 1 (Tuesday, April 20): Choices and Happiness

- Kahneman, Daniel, Peter P. Wakker und Rakesh Sarin (1997): “Back to Bentham? Explorations of Experienced Utility”, *Quarterly Journal of Economics* 112, 375-405.
- Kahneman, Daniel, Ed Diener and Norbert Schwarz (1999): *Well-Being. The Foundations of Hedonic Psychology*, Russell Sage Foundation: New York.
- Kahneman, Daniel and Richard H. Thaler (2006): “Anomalies: Utility Maximization and Experienced Utility”, *Journal of Economic Perspectives* 20, Winter 221-234.
- Kimball, Miles and Robert Willis (2006): *Utility and Happiness*, mimeo, University of Michigan.
- Rayo, Luis and Gary Becker (2007): “Evolutionary Efficiency and Happiness”, *Journal of Political Economy* 115, 302-337.

Lecture 2 (Thursday, April 22): Dissatisfied with Life, but Having a Good Day: Time-Use and Well-Being of the Unemployed

- Kahneman, Daniel, Alan B. Krueger, David A. Schkade, Norbert Schwarz and Arthur A. Stone (2004a): “A Survey Method for Characterizing Daily Life Experience: The Day Reconstruction Method”, *Science* 306(5702), 1776–780.
- Knabe, Andreas, Steffen Rätzel, Ronnie Schöb and Joachim Weimann (2009): “Dissatisfied with Life, but Having a Good Day: Time-Use and Well-Being of the Unemployed”, forthcoming in: *Economic Journal* (CESifo Working Paper No. 2604, April 2009).
- Krueger, Alan B., Daniel Kahneman, David A. Schkade, Norbert Schwarz, and Arthur A. Stone (2009): “National Time Accounting: The Currency of Life”, in A. Krueger: *Measuring the Subjective Well-Being of Nations: National Accounts of Time Use and Well-Being*, Chicago: University of Chicago Press.
- Krueger, Alan B. and Andreas Mueller (2008): *The Lot of the Unemployed: A Time Use Perspective*, IZA Discussion Paper No. 3490, May.
- White, Mathew P. and Paul Dolan (2009): “Accounting for the Richness of Our Daily Activities”, *Psychological Science* 20, 1000-1008.

Lecture 3 (Tuesday, April 27): Happiness and Public Policy

- Diener, Ed, Richard E. Lucas, Ulrich Schimmack and John F. Helliwell (2009): *Well-Being for Public Policy*, Oxford University Press: Oxford.
- Dolan, Paul and Mathew P. White (2007): "How Can Measures of Subjective Well-Being Be Used to Inform Public Policy?" *Perspectives of Psychological Science* 2, 71-85.
- Frey, Bruno S. (2008): *Happiness. A Revolution in Economics*, Cambridge, MA: MIT Press.
- Helliwell, John F. (2006): "Well-Being, Social Capital and Public Policy: What's New?" *Economic Journal* 116, C34-45.
- Layard, Richard (2006): "Happiness and Public Policy: A Challenge to the Profession", *Economic Journal* 116, C24-C33.
- Loewenstein, Georges and Peter A. Ubel (2008): "Hedonic Adaptation and the Role of Decision and Experience Utility in Public Policy", *Journal of Public Economics* 92, 1195-1205.
- Stiglitz, Joseph E., Amartya Sen and Jean-Paul Fitoussi (2009): *Report by the Commission on the Measurement of Economic Performance and Social Progress*, mimeo (www.stiglitz-sen-fitoussi.fr).