

Nobel laureate **Daniel Kahneman** talks to *CentrePiece* editor **Romesh Vaitilingam** about how we should go about understanding happiness as an indicator of social progress.

Understanding happiness:

the distinction between living – and thinking about it

For at least two hundred years, people have asked of a society 'how happy are its people?' and likewise of a policy 'will it make people happier?' Until recently, there was very little scientific information to answer these questions. But in the past few decades, things have changed radically, mainly due to progress in social surveys, in psychology and in medical science.

With a few important exceptions, most of the best work has been done in the United States. With a view to launching a major research programme in Britain, Professors Richard Layard and Paul Dolan convened an international workshop on happiness research at CEP in October 2008.

The programme would combine fundamental research and applied work on the effectiveness of different policy

interventions, and include researchers from economics, psychology, medical science, philosophy, politics and sociology. It would make use of the vast mass of unexploited data on happiness as well as collecting new data, both experimental and non-experimental.

The opening presentation at the workshop was by Professor Daniel Kahneman of Princeton University, who is a pioneer in this field of research and the only psychologist to be awarded the Nobel Prize in economics, an accolade he received in 2002. Afterwards, Romesh Vaitilingam interviewed him about how we should go about understanding happiness (or 'subjective well-being') as an indicator of social progress.

Romesh Vaitilingam: You make a distinction between living and thinking about it – and between what you call our

'experiencing-self' and our 'remembering-self'. Could you explain these ideas and their significance for happiness research?

Daniel Kahneman: We keep insisting that there is one notion of happiness or well-being. I argue that we need at least two. One measurement you obtain when you ask people how they feel right now – I call this experience happiness. Another you obtain when you ask people how they think about their life – this is life evaluation.

It turns out that experience happiness and life evaluation have very different determinants and very different consequences. They are both legitimate parts of well-being but we need to look at them separately.

RV: You also talk about the focusing illusion. Could you explain this idea?

DK: What we pay attention to plays a central role in every aspect of well-being. You basically enjoy what you attend to: you may like the idea of being in a luxury car, but if you are in a luxury car but quarrelling with your spouse, you are not enjoying yourself. Indeed, you are better off not being in a luxury car when you are quarrelling with your spouse: it does nothing for you.

So attention is absolutely critical for your experiencing-self. What you are paying attention to is also critical when asked what you think about your life – your remembering-self. And attention

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finally is critical when you are thinking about life in general or about any aspect of life.

Most of us exaggerate the importance of almost anything as a determinant of happiness. We think that living in a good climate is great, we think that having high income is wonderful and so on. But in fact people who live in a good climate very rarely think about it.

The focusing illusion is that when we think about people living in a wonderful climate, say in California, we make a terrible mistake. We imagine somebody in California who is thinking about living in California and enjoying living in California because it is so special. But the amount of time that people in California spend doing that is tiny and has essentially no impact on their well-being.

We need to understand this focusing illusion and we need to think about the different aspects of well-being. And we must give up talking about one notion of well-being and saying that it doesn't matter how we measure it. It matters a lot and different measurements lead to very different conclusions.

RV: So this must have implications for how we use surveys to find out about people's happiness?

DK: Absolutely. Each survey will direct your attention to different aspects of life. For example, if you ask people to place themselves on a ladder of life in which 10 is the best life you can have and 0 is the worst life you can have, they give you a very objective assessment of their material circumstances. And whether they are in Togo or Denmark, people seem to apply the same standard for what is a very good life.

But asking people 'how satisfied are you with your life these days?' is different. You are asking them 'what emotions do you have when you think about your life?', which is not the same thing as 'what emotions do you experience when you are living?' And it is not the same thing as the judgement they make about where they fit on the ladder of life. Each question focuses people's attention on different aspects of well-being.

RV: Presumably this has implications for



the way we treat people's unhappiness and the way we think about public policy trying to make people happier?

DK: Certainly. The question is which kind of happiness are you most interested in promoting and developing: is it the happiness of the experiencing-self or of the remembering-self? The interventions of positive psychology are basically designed to make people more satisfied with their lives. That can be very good, but it is not the same thing as making them happier as they live.

Another significant issue for policy is that when we focus on experience, we are drawn to focus on misery, and rightly so. Some people in society suffer much more than others: mentally ill people and people with physical pain suffer dreadfully. Focusing on physical pain and depression as objectives for policy is a direct consequence of one way of thinking about well-being.

RV: Do we have enough data at the moment to be able to distinguish between the determinants of experience happiness and of evaluated well-being?

DK: This line of research is developing very rapidly. We know, for example, that aspects of material well-being are extremely important to life evaluation. When you ask people to evaluate their lives, they don't primarily think of their spiritual well-being, they think of their material well-being.

On the other hand, we know that the emotions that people experience within a population depend a great deal on social relationships. For example, people are much happier if they spend a lot of time with people.

People in a nation are also happier if they can trust strangers. We know this

The emotions that people experience depend a great deal on social relationships

Positive psychology aims to make people more satisfied with their lives – this is not the same thing as making them happier as they live

from the lost wallet experiment, where you drop a wallet with an address and see whether it is returned. There are large differences between countries in the likelihood that a wallet will be returned, and these are correlated with the national level of corruption and with the national level of experience happiness. Countries where the level of trust is higher at any given level of GDP tend to be happier countries.

RV: What do you see as the big questions we need to address in happiness research?

DK: It is very clear at the moment that the interface of well-being research and health research is one absolutely critical area. Research is going to make major advances in the next decade in understanding the determinants and the complicated connections between the happiness of the remembering-self and the happiness of the experiencing-self, and the consequences of these for our health.

Daniel Kahneman is a senior scholar at the Woodrow Wilson School of Public and International Affairs at Princeton University. More on his research can be found here: <http://www.princeton.edu/~kahneman/>

The full audio interview is available here: <http://www.voxeu.eu/index.php?q=node/2581>

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