STATEC INVITATION

Measuring Progress: STATEC Well-being Seminar Series

17:00 CET (11:00 AM Eastern) – 18:00 CET (12:00 PM Eastern)

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Does Money Buy Happiness? The Role of Well-Being Measures and Modeling Choices

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Abstract: Does money buy happiness—and is there an income level beyond which more money no longer improves well-being? In an influential study, Kahneman and Deaton (2010) found that higher income is associated with better life evaluations, while emotional well-being stops improving beyond approximately $75,000. Subsequent research has challenged this finding, fueling an ongoing debate about income satiation. In this talk, we revisit this debate by examining two potential sources of conflicting findings: assumptions about the functional form of the income–well-being relationship and differences in how well-being is measured. We first demonstrate, using experience-sampling data, that modeling choices—particularly whether continuity is imposed at an income threshold—can fundamentally alter conclusions about satiation. We then use data from the American Time Use Survey to investigate how the relationship differs across cognitive (life evaluation), affective (happiness and sadness), and eudaimonic (meaning) dimensions of well-being. Using flexible regression models and a specification curve analysis covering 9,216 specifications per outcome, we systematically assess the robustness of the findings. Our results reveal striking differences across well-being measures. Higher income is associated with better life evaluations and less sadness, but tends to be weakly negatively associated with happiness and meaning. Evidence of satiation is strongest for sadness and largely absent for the other measures. Overall, whether money buys happiness depends crucially on what we measure and how we model the relationship.

Prof. Andreas Knabe holds the Chair in Public Economics at Otto-von-Guericke University Magdeburg. He studied economics at Otto-von-Guericke University Magdeburg and the University of Kentucky and received his PhD from Magdeburg in 2008. From 2008 to 2012, he was Junior Professor of Labor Market and Social Policy at Freie Universität Berlin. His research focuses on labor economics, social policy, and the economics of wellbeing. He is a Research Professor at the Halle Institute for Economic Research (IWH), a Research Fellow of the CESifo Research Network and the Global Labor Organization, and a member of the Social Policy and Public Economics Research Committees of the Verein für Socialpolitik (German Economic Association). He also serves on the Scientific Advisory Boards of IWH and Leibniz-Fachhochschule Hannover and is an Associate Editor of several academic journals.

The webinar will be held in English via Cisco Webex and recorded.

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