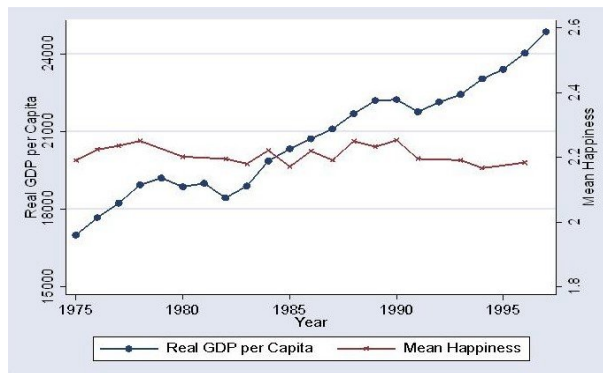


Subjective Well-being: Easterlin (Drucker) Paradox

For more than two decades (1975 – 1997) the subjective happiness of Americans (~2.2) appears not to have risen with their per capita production (evaluated by price: GDP, blue line below). But this needs experiential validation, such as if 1997 respondents had to forge happiness with 1975 possessions. A likely score below ~2.2 would clear the paradox but also suggest another key factor is at work, and being missed.

Consider an experiment conducted in *The 1900 House*, a reality television series¹. A modern family, living with old technology, was soon desperate for shampoo (instead of bar soap) for toothpaste (instead of baking soda) and for underwear that stretched (cotton fabric didn't in 1900) and for other conveniences of modern life, such as running (or any) hot water. They were hedonically adapted to 1999. Because hedonic adaptation is adjusting to 'what products do for us' the incorporation of that is what is being missed².



¹ Made by Britain's Channel Four Television in association with Thirteen/WNET New York (1999), and seen in the U.S. on PBS.

² Every economics book points out that customers do not buy a 'product', but what the product does for them. And then, every economics book promptly drops consideration of everything except the 'price'. What the product does for the customer is never mentioned again ... Peter F. Drucker (1985).