

Rising Aspirations Dampen Satisfaction*

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Abstract

We here appeal to novel Japanese data which includes measures of both actual happiness and the individual's ideal level of happiness. We consider that reported happiness depends on a comparison of the "pure" level of happiness that the individual feels to her happiness aspirations. Some variables may affect both aspirations and the pure level of happiness, leading to a muted or even zero effect on reported happiness. The availability of two happiness measures allows us to test this proposition. Separate regression analysis on reported and aspired happiness leads us to suggest that all of the happiness effect of high-school education is cancelled out by higher aspirations. The effect of post high-school education would have been twice as large had aspirations not changed. We equally underline a dampening effect of income, in that it is associated with both greater reported happiness but also higher aspirations. These findings underline the importance of changing aspiration levels in determining individual subjective well-being.

Keywords: Income Comparisons, Reference-Group Income, Reference Groups, Satisfaction.

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