

ARTICLE

Happiness fast and slow?

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Abstract

While in his early years, Kahneman followed the world of classic utilitarianism in which smart individuals base decisions on how they will truly feel each moment in the future, Kahneman in Mandel (2018) adopted a very different position, namely that what matters is the story people tell of their lives. He thus grappled with evolving stories of both the future and the past, and the presence of different decision-supporting evaluations for the short-run and the long-run.

Keywords: happiness; wellbeing; satisfaction; updating; Kahneman; utility

Introduction

There is much to be admired in the works of Daniel Kahneman. He brought psychological realism to both economics and his own view of how the world worked. What I admire and wish to highlight is that Kahneman was willing to disown what he thought previously when the evidence and his thinking led him onto different paths. He shared his growing up for others to learn from. That is rare. His willingness to openly update his evolving thoughts is exemplified, perhaps most of all, in his change of mind about what is important. It is not a small thing to change your mind about.

In a 2018 interview with Mandel (2018), a journalist for Haaretz, he thus sketched his own transition:

People don't want to be happy the way I've defined the term – what I experience here and now. In my view, it's much more important for them to be satisfied, to experience life satisfaction, from the perspective of 'What I remember,' of the story they tell about their lives.

In this quote, he acknowledges that what he once thought important (such as in Kahneman *et al.* (1997)) was how positively life is experienced at the moment ('experience utility'), but that he changed his mind towards a more story-telling view of what is important for people. He embraced life satisfaction, i.e. how satisfied people on reflection say they are with their life as a whole. You might say that as a

younger man, he valued fast evaluations, and as an older man he valued slow evaluations.

Fast and slow evaluations

The distinction between the two perspectives is quite fundamental because it embraces a departure from mainstream economics and, even more fundamentally, traditional utilitarianism. In this essay, I want to sketch this departure and thus this part of the legacy Kahneman has given us.

In traditional utilitarianism, a person is considered to experience utility in countable quantities, like pleasure and pain. In the 19th century, early psychophysicists were actively looking for ‘minimal perceptible’ increases in pleasure, formulating dose–response ‘laws’ (like the laws of Gossens or the Weber–Fechner law). Edgeworth (1881) and Bentham (1780) thus spoke of the ‘minimum sensible’, advocating policy to be based on measures of the multiples of this unit, anchoring policy to measures of momentary experiences. It was recognised that pleasure can come from savouring events to come and remembering things in the past, but one can then simply claim that it is hard to say what causes these experienced utils at any point in time, while retaining the idea that the only thing that ultimately matters is the experienced utils.

This tradition was adopted in economics and still dominates textbooks today, with the usual presumption that individuals try to maximise some discounted flow of these experiences from now till death. Policymakers supposedly should care about those ‘sums of utils’ of the population. Notwithstanding mainstream protestations of being mere ‘as if’ representations and the rejection of any candidate measure to actually represent these utils, this depiction remains dominant and ties economics to the idea that there is such a thing as a normative level of immediate evaluative experiences and that both policymakers and individuals (should) care about them.

‘Thinking fast’, the first half of the title of Kahneman’s best known book of 2011, involves these immediate evaluative experiences, like anger, emotion, snap-judgments, attraction, hunger, and convenience. In his book Kahneman ties these short-run evaluations to short-run decisions. These evaluations are somewhat measurable and one can attempt to construct aggregates of them for a day, a month, or a life. This is exactly what Kahneman attempted to do for years, championing Day Reconstruction Methods in which individuals were asked to break down a day into lots of episodes that were then each given a score. Average evaluations of days could be summed up to evaluations of lives. That DRM method, and other ‘experience sampling’ variants on the same theme, has since become a cottage-industry of papers, though not a highly influential one.¹

¹No clear momentary happiness measure (how something is experienced right now, such as the prevalence of frowns or smiles) appears in any official well-being policy evaluation that I know of, nor in the Human Development Index, in Sustainable Development Indices, and in Agenda 2030. For a review of the Day Reconstruction Method, see Diener and Tay (2014).

His initial interest in ‘experienced utility’ led Kahneman to find out how people summed up experiences when they remembered them. One well-known finding he hit upon was the ‘peak-end’ rule in Kahneman *et al.* (1993) that held that episodes are largely remembered by the peak moment of an episode and the last moment of an episode. That implied that a bad experience is remembered less negatively if the end is prolonged but with pain that is lower than the previous pain. Thus, dentists could, for instance, get their patients to think more fondly of a session if the dentists would not abruptly end a session while the patient is still in pain but keep their patients occupied in diminishing pain. Longer pain, but less pain at the end, hence remembered less badly.

Kahneman thus discovered a difference between life as it is experienced and life as it is remembered, leaving the question which one should count. Should the dentist care about the experiencing patient and thus not prolong a painful procedure, or should the dentist care about the remembering patient, who would also be the return customer? A tricky question that Kahneman initially answered with ‘the experiencing patient’ led him to try to estimate day reconstruction methods (DRMs) among groups of students and others, i.e. to measure life as it was lived measured as quickly as possible during or after experiences.

The problem with DRM turned out to be that individuals change their minds a lot about how they think about things over time. It turned out that people change their minds constantly about how they remember a day, not just a short time after any event, but also the next day and the next week. Kaefer *et al.* (2022) and others describe how memory bundles many experiences into simple choice-like bundles (a ‘holiday’, reading ‘that book’, going to ‘that restaurant’, etc.) that get re-evaluated constantly for all sorts of reasons, like whether they had a conversation that, in hindsight, could be negatively misconstrued. Memory is fickle and can easily be manipulated by social desirability (cf. Klinzing *et al.*, 2019).

The difference between the experience events and the longer-term memory of them is so great that many important individual choices do not line up with what you’d expect from the results of the DRMs: they turned out to be poor predictors of major life decisions. An important example is the finding in 2010 by Knabe *et al.* that the DRM-derived happiness of the unemployed is just as high as that of the employed, something they explain by saying that the unemployed are less happy at everything they do, but they spend less time on the unhappy activity of work. This has been replicated in other DRM-type studies (Kapteyn *et al.*, 2015; Flèche and Smith, 2017; Hudson *et al.*, 2020). This is at odds with the desperation of the unemployed to find jobs and the high degree of mental stress of unemployment, implying that ‘feeling fast’ does not line up with behaviour. Life satisfaction, on the other hand, is very strongly negatively affected by unemployment, in line with choice behaviour (Clark *et al.*, 2008; Clark, 2016).

Having found out that experienced utility differs strongly from how life is remembered, and that major decisions do not follow experienced utility but remembered life, Kahneman ended up advocating for life as it is told. ‘Feeling slow’, you might say.

Consider the radical departure that the centrality of the story-telling individual entails from classic utilitarianism in three dimensions. For one, life as it is told does not have a clear timing to it, unlike ‘pleasure and pain’. If an individual cares

about life as a story told to oneself, then there is no good reason to think that the future matters equally to everybody, or that the past matters equally. The ties between that story, the past, and the future will vary a lot over individuals, upsetting any clear time-lines. Moreover, the story of the past constantly evolves and can be manipulated by media and influencers, begging the question of which story of what moment a policymaker should care about. Only the story at the time of elections, or some average of the stories? And what can and should the policymaker do to distort memories to the better (or to the worse if the opponent is in power)?

Related to this is the question of how an individual then makes decisions if not on the basis of the valuation of what is going to happen from this moment onwards? If the story is what matters for the big decisions, how is the story 'maximised' and what are the trade-offs with more immediate pleasures? Just as with thinking fast vs thinking slow, the presence of more than one decision criterion inevitably means one gets inconsistent decision-making on the boundaries: what is decided quickly will not line up with what is decided slowly. So, for some things, individuals will rely on emotions and quick judgments, whereas with others they follow some notion of a life story with long-run beliefs on what is going to work out well or poorly. This leads one into a situational view of decision-making, completely counter to the standard economic story of consistent decision-making by an individual aware of options and trade-offs.

The third departure is then the implied policy criterion and the tools available. If what individuals mainly care about is their story about their life, then policy is about those stories, not what truly happened or how anyone truly feels. Manipulation of perceptions that allow for more positive stories (independent of truth) then become 'ok' from a policy point of view because the loss (less informed choices) is not what really matters unless the changed choices markedly worsen the stories.

By putting stories in the centre, a whole narrative and perceptive dimension is put centre stage into policy making. That is a radical departure from normal economics in which it is about 'the real economy' and wherein individuals supposedly know the truth and cannot be misled. When one values 'stories told', one not merely accepts that individuals are not grounded in truth, but the manipulation of perceived truth is a priori a mere tool of policy.

Related to this is a particular departure from assumptions of rationality and consistency in both the depiction of individual choice-making and policy. One is no longer depicting a world in which people know what is going on and manage to roughly optimise, but rather a world in which people and policymakers are stumbling in the dark, using various inputs to inform both quick decision-making and slow decision-making. One is suddenly talking about an ecology of complex and competing information, opportunities, evaluations, and mechanisms feeding into decisions. It is a much more realistic depiction, but also one that is unsatisfactory by its inherent messiness. It is certainly not utilitarianism as we know it.

Conclusions

Starting from the intellectually easy world of classic utilitarianism in which smart individuals base decisions on how they will truly feel each moment in the future, Kahneman in Mandel (2018) adopted the far murkier world of people caring

about their evolving stories of events past, present, and future, while bumbling along with various mechanisms and evaluations to make short-term and long-term decisions. He grew up, exhorting the rest of us to do the same.

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