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Applications to:

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Changes in male/female happiness





Modeling Happiness

Standard question in happiness literature asks if respondent is:

very happy

somewhat happy

not very happy

Sometimes modeled as 0, 1, 2

Frequently modeled in standard deviations (essentially the same)

Best, modeled as ordered probit/logit

Key point: Stochastic Dominance in Categories \mathcal{C}
Rankable Means

Example with Normality

Example 1

	Group A	Group B
Very happy	20	15
Pretty happy	25	30
Not too happy	55	55

Limits of ordered probit/logit

Should not normalize variance

implies different cutoffs between very happy/somewhat happy
for different groups

Limits of ordered probit/logit

Should not normalize variance

implies different cutpoints between very happy/somewhat happy
for different groups

Instead normalize cutpoints (e.g. 0, 1)





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Recall that only m/s is identified. Choosing a different cutoff changes m and s proportionally

$$m_1 = m_2, \quad s_2 = s_1$$

Let $\alpha = \exp(\dots)$

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$$m_1 + .5 \lambda^2 s_1^2 = m_2 + .5 \lambda^2 s_2^2,$$

$$= 2 \frac{m_1}{s_2^2} \frac{m_2}{s_1^2} - 0$$

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General Result for Two-Parameter Distributions

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MTO: Concluding Remarks

Solution in test gap paper is to tie scale to some other outcome

Seems roundabout here - might as well measure effect on other outcomes

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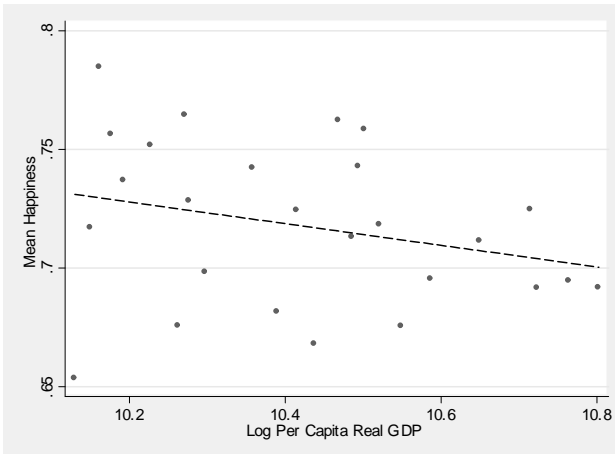
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Bene...cial results for psychological well-being are unchanged conditional on accepting medical scales

Easterlin Paradox: United States

Assuming Normality



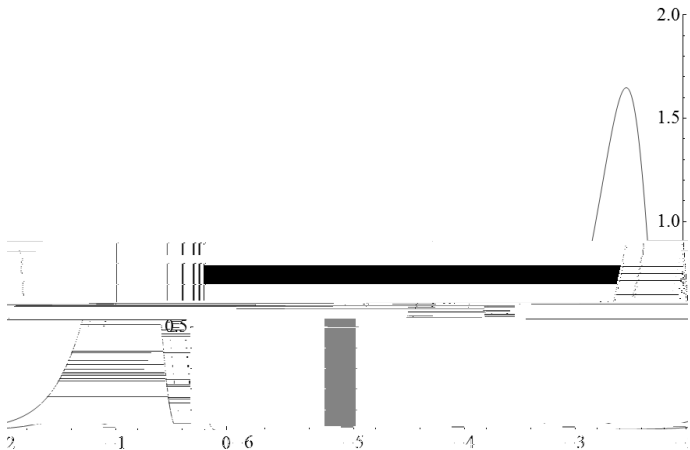
Variance: United States

Assuming Normality



Eliminating Easterlin Paradox: United States

Assuming Left-Skewed LogNormality ($C=.7$)



Easterlin Paradox: Internationally

World Values Survey

Use normal and log normal with $c=2, 0.5, -.5, 2$

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Rank-correlation between log-normal transformations with
 $c = 2$ and $c = 2$ is .156.

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Normal: Moldova, Iraq, Romania, Bulgaria, Zambia

Left-skewed: Ethiopia, Zambia, Ghana, Moldova, Peru

Conclusions

Houston, we have a problem.

Some ...xes do not seem promising

Assume the question gives the policy-relevant categories

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Some ...xes do not seem promising

- Assume the question gives the policy-relevant categories
- Scales with more points

More positive:

- Some results are robust (Moldova, Great Britain)

