Happy drinking habits?

Analyzing Relationships between Life Satisfaction Indices and the Level of and Structural Changes in the Consumption of Alcohol in OECD Countries

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The purpose of the present analysis is to investigate for relationships between alcohol consumption and happiness - where the latter is represented by the so-called 'life satisfaction indices' which have been applied and used in various connections. Obviously, the increase during the last decades in the intake of alcohol must be assumed to have had some positive influences concerning utility levels or 'happiness' - assuming some degree of rational behavior. Usually, the level of alcohol consumption is defined or measured as the simple sum of the per capita consumption of the respective beverages, i.e. beer, wine and spirits, measured in liters of pure alcohol. An obvious problem with this definition of 'total alcohol consumption' is the adding together of the specific beverages as though these were perfect substitutes. Therefore, the present analysis takes an alternative point of departure with the purpose of analyzing both trends in levels as well as structural effects related to alcohol consumption. The basic idea is to let total alcohol consumption be represented by a 3-element vector including beer, wine and spirits and the length of this vector in Euclidian space is perceived as the alternative measurement of 'total consumption' and differences in the angles among these vectors for the countries involved represent structural deviations concerning the consumption pattern of beer, wine and spirit. These measures of alcohol consumption levels and drinking patterns are analyzed in relation to life satisfaction indices - and including data for most of the OECD countries covering the time span from 1961 to 2005 gives a panel data set of reasonable size (N=20, T=45). Additional to these data we include information on cultural dimensions, e.g. dummy variables representing religion, in the panel data set. The overall conclusions from the econometric analysis of these data do not seem to give much support to a hypothesis of a positive relationship from the alcohol consumption (level/drinking pattern) to the level of happiness or 'life satisfaction'.