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Review Article: The Rise of Studying Happiness, but what of the Shadow of Unhappiness from Mental Illness?[1]

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Abstract *This essay is concerned with describing some issues associated with a relatively recent development in economics, viz. the economics of happiness literature. After providing a very brief account of the history of the concept of happiness, and the recent literature in economics, the focus turns to two issues that have been relatively neglected. First, there has been little attention in this recent literature to the concept of virtue or a flourishing life, or a moral disposition to happiness. Second, it is argued that the focus on aggregate happiness for a society in general may be misplaced: focus on subgroups, such as the mentally ill, may be more appropriate.*

Keywords: economics; happiness; mental illness; unhappiness

Handbook on the Economics of Happiness
L. Bruni and P. L. Porta (Eds)
Cheltenham, Edward Elgar, 2007, xxxvii+596 pp.

Introduction

The seeking of happiness, in numerous Western countries, can be regarded as a multi-faceted industry: there are expensive retreats, a plethora of meditation centres, formal and informal courses on how to improve one's psychological and/or spiritual wellbeing. In addition there are numerous websites, free to anyone with access to the Internet, as well as CDs, audio tapes etc. And of course there is still the 'old' medium of the printed word, books that are usually grouped together in bookstores in a section often described as 'self-help', 'self-development', or 'new age'. The pursuit of happiness even extends to the use of medicaments: 'There is a community expectation of a quick fix … Patients want a prescription for, I guess you can say, happiness'.[2]

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An arbitrary collection of self-help titles is as follows: *Self Matters: Creating Your Life from the Inside Out*; *You Inc: How to Attract Amazing Success into Your Life and Business*; *Learn to Find Inner Peace*; *The Power is Within You*; *Magi Astrology: The Key to Success in Love and Money*; and *The Portfolio Years: The Happiest Days of Your Life*. A quite recent addition to the self-help happiness literature is by Terri Hatcher (*Burnt Toast: and Other Philosophies of Life*), an American actress who has received considerable publicity given her character in the American TV series *Desperate Housewives*. *Burnt Toast* … gives us 'lessons we need to learn on the road to happiness'.

In addition to such titles, there are some more thoughtful recent publications such as *The Architecture of Happiness* by the philosopher de Botton,[3] and Stephanie Dowrick's *Choosing Happiness*.[4] In the same genre is Bstan-'dzin-rgya-mtsho and Cutler's *The Art of Happiness: A Handbook for Living*.[5] Alain de Botton's book is concerned with pointing to an important dimension of the built environment which can improve our physical and emotional comfort, and thus, he argues, improve happiness. Note also the recent work in history by McMahon.[6] Another relevant observation is that there was a paper on 'knowledge and happiness' in the previous issue of this journal.[7]

The purpose of this essay is to review a recent book on the 'economics of happiness' theme, *viz*. *Handbook on the Economics of Happiness*. However it should be recognised that this is but one of the latest of a number of recent books on 'happiness and economics'. For example there were two relevant works in 2002, one being a reprint of some of the early papers,[8] and the other being a step-by-step account of the 'happiness study' by Frey and Stutzer of Switzerland.[9] Then there was Bruni and Porta's edited 2005 collection, *Economics and Happiness: Framing the Analysis*,[10] and Layard's *Happiness: Lessons from a New Science*,[11] with two further publications in 2006, *viz*. Bruni's *Civil Happiness: Economics and Human Flourishing in Historical Perspective*[12] and Ng and Ho's *Happiness and Public Policy: Theory, Case Studies and Implications*.[13]

It is useful to observe that Layard's book puts him in the company of other well-known economists who, as their ages lengthened, wrote reflective works, musing on the general state of economics. People who come to mind include Hirsch,[14] Scitovsky[15] and Easterlin.[16] The flavour of these books is neatly caught by Easterlin who stated that his work was 'My attempt to make sense of these [ways people live and work] and other striking changes in human experience'.[17] There will be some discussion of their work below.

The book under review, *Handbook on the Economics of Happiness*, is mis-titled. The term 'Handbook' connotes an encyclopaedic compendium of the 'state of knowledge' in a particular field. For example in economics, there are 26 collections in the North-Holland 'Handbook in Economics' Series, covering areas such as Industrial Economics,[18] Public Finance,[19] and Health Economics,[20] a recent addition to this series being the *Handbook on the Economics of Art and Culture*.[21] The Bruni and Porta volume consists of some revised versions of papers presented at 'The Paradoxes of Happiness in Economics' conference at the Bicocca University of Milan in March 2003. As such it does not possess the characteristics of a 'Handbook' as described here. The first six chapters of the book, 'Part I: Lessons from the Past', are historical in nature in that they attempt to place the recent emphasis on happiness in the long history of ideas. The emphasis is on Western thought since the time of the ancient Greeks and Romans: no attention is directed to other world views (see Ng for some comments on Confucian cultures).[22]

There are then another six chapters devoted to the 'Happiness Paradox' or the 'Easterlin Paradox'. The next six chapters (Part III) are then related to 'Relational Goods', conceived of as sociality associated with interpersonal relations. Some examples include the following: exercising, resting, commuting, domestic work and volunteer work. These activities are enjoyed more when undertaken with others rather than alone. The last section, Part IV 'Data and Policies', also consists of six chapters, and deals with topics such as sustainability, conformism/reciprocity and health equity, in various countries such as Mexico, South Africa and Switzerland.

It is not implied here that the content of this book is of little value, or that it is inappropriate. The proceedings of this conference are a useful addition to the literature, given that the staff at the University of Bicocca in Italy are some of the leading scholars in this field. However to gain a perspective of the field the reader may need to look elsewhere.[23] The content of this volume is targeted to the specialist reader.

The 2006 book *Civil Happiness* by Bruni provides a more readable account of the 'history of thought' perspective on happiness than the content of Part A of the *Handbook*. In fact, I found *Civil Happiness* to be an excellent read. In part, it is argued that the dominant style of neoclassical economics, which is dominated by a 'happiness is pleasure' conception, is divorced from a tradition of 'civil economy'. It is argued that a detailed emphasis on 'the civil' can be found in the work of Antonio Genovesi (1713–69) from Naples. Thus there is an Italian conception that can be described as a school of public happiness and civic virtues. Ludovico Antonio Muratori was the first writer to use the term *pubblica felicità* (public happiness) and the term was subsequently used by numerous writers.[24] Bruni argues that Genovesi's conception of happiness is essentially the same as that of the classical tradition emanating from Aristotle. Thus the virtues take a central place and for Genovesi, who was a priest, the virtues are Christian. In addition, Genovesi considered the virtues to be an economic resource in that they promote economic development through trust and what we now call 'social capital'.[25] *Fede pubblica* (public trust) was a term he used in the context of sociality and reciprocal relationships.

These notions do not now really exist in economics (as come down to us from the Scottish Enlightenment), or as Bruni[26] puts it, the 'discipline has lost any connection with the terrain of Civic Happiness'. The explanation for this is the dominant role of English-speaking economists in the discipline since Adam Smith. Malthus took the view that Smith was somewhat ambivalent about the connection between 'the wealth of nations' and happiness:

> The professed object of Dr Adam Smith's inquiry is the nature and causes of the wealth of nations. There is another inquiry however perhaps even more interesting, which he occasionally includes in his studies and that is the inquiry into the causes which affect the happiness of nations …[27]

However in the nineteenth century, under the influence of the utilitarians, these hints of happiness in Smith's work disappeared from the dominant stream of economic thought.

Civil Happiness is a detailed exercise in exegesis. Bruni engages in a close examination of the various texts to show how, over the centuries, the focus has shifted from happiness to wealth (an argument developed also by Pasinetti[28]), from production to subjective satisfaction, i.e. the more narrow focus of neoclassical economics. While reading Bruni I was reminded of my reaction on reading (in the

early 1970s) Myrdal's *The Political Element in the Development of Economic Theory*:[29] this work also is an exercise of exegesis of economic texts. Bruni is clearly well read.[30]

But these considerations are, to some extent, putting the cart before the horse: put otherwise, these arguments may appear to be presented in a vacuum. To place these issues in perspective it is useful to present a brief account of the meaning that has been attached to the term 'happiness' in Western thought. The next section attempts to do just that. Attention is then directed to the more recent happiness literature since the 1970s.

Happiness in History

The pursuit of happiness has a long history. According to McMahon, the first written account in the West is in the *History* of Herodotus.[31] Croesus, the wealthy king of Lydia, summons the sage Solon, and wants an answer to the following question: 'who is the happiest man in the world?' Expecting to be told that he (Croesus) was that man, Solon's answer displeases Croesus, *viz.* Teller (a father from Athens, who in the prime of life, was killed in battle) is the happiest man. Herodotus uses various words to describe the key word in Croesus's question, *viz. olbios, makarios*, (an imperfect translation being 'blessed' or 'fortunate'), *eutychia* ('luck') and the noun *eudaimonia* and the adjective *eudaimon* which connote a flourishing life. Essentially, happiness is not a feeling, an emotional subjective state, as some would say today in the twenty-first century. Rather it is 'a characterisation of an entire life that can be reckoned only at death'.[32] But the most important person in Greek thought on happiness is Aristotle.

It is in his *Ethics* that we find Aristotle's conception of happiness.[33] It is relevant to observe that, for Aristotle, everything has a purpose, or 'the good is that at which all things aim'. This is true also for human beings, who thus have a purpose, or a teleology. He does not accept that happiness is just pleasure, which is appropriate for 'dumb grazing animals', not human beings. The significance of human beings is that they have *reason*. The highest good is happiness through life, using our reason. Indeed, happiness is an 'activity of the soul expressing virtue'. In a more concrete way, Aristotle says that pleasure is a component of happiness, as are money, friends, children, physical beauty, as we

> cannot … engage in noble enterprises without money … friends, honoured ancestors or children, or personal beauty … [and] you cannot quite regard a man as happy if he be very ugly to look at, or of humble origin or alone in the world or childless …[34]

But the central message is that happiness is brought about through virtuous activity. Another way of putting it is that by acting in an ethical fashion, a person is happy as a by-product. This is neatly captured by the following statement by Nussbaum:

> happiness is something like flourishing human living, a kind of living that is active, inclusive of all that has intrinsic value, and complete, meaning lacking in nothing that would make it richer or better … [Happiness is identified] with a specific plurality of valuable activities, including activity … of many sorts, [such as] ethical, intellectual and political excellences, and activities involved in love and friendship.[35]

It is important to recognise that happiness ('an *activity* in accordance with virtue', emphasis added) is not to be thought of as a possession, as it occurs when one engages in virtuous actions. 'For "doing well" the happy man will of necessity *do*.'[36] Thus, happiness is not a stock concept, but rather a flow variable, which occurs through a person's life.

Another major influence on Western conceptions of happiness is, of course, Christianity. There are contrasting emphases within Christian belief, for example, *Genesis* gives an account of the Fall and the problem of evil, as well as the argument that the human race was to be subject to suffering. Eve was to bring forth children in pain, and Adam was to toil 'all the days of [his] life' (Genesis 3:16–17). This account is a story of happiness lost from myopic self-gratification by Adam and Eve. However the New Testament offers a way out of this world of 'thorns and thistles'. For example 'These things have I spoken unto you, that my joy might remain in you, and that your joy might be full' (John 15:11). The issue of happiness and/or joy occurs in numerous places in the New Testament. Another example is 'The matter of a Christian's joy is the remembrance of the happiness laid up for him. It is incorruptible … it is an estate that cannot be spent' (1 Peter 1:8). Furthermore, the happiness to come is beyond human description: 'Eye hath not seen, nor ear heard, neither have entered into the heart of man, the things which God hath prepared for them that love him' (1 Corinthians 2:9). We can only now conceive this imperfectly '… through a glass darkly; but then face to face …' (1 Corinthians 13:12). What is poorly seen now will be subsequently made clear. However, a very relevant passage in the present context (goods giving pleasure and living virtuously) is from Matthew 6:25–33.

Initially it is argued that people should not be concerned with commodities (food, drink, clothing), and they should

> consider the lilies of the field, how they grow; they toil not, neither do they spin … Wherefore, if God so clothe the grass of the field … shall he not more clothe you, O ye of little faith? … But seek ye first the kingdom of God and his righteousness; and all these things shall be added unto you (Matthew 6:25–33).

There is an injunction to 'seek the kingdom of God', by following say the Golden Rule, 'As ye would that men should do to you do ye to them likewise' (Luke 6:31). Jesus, also known as the Christ ('The Anointed One'), emphasised that his objective was not to destroy, but to fulfil the Old Testament, but there was a difference: 'A new commandment I give unto you, that you love one another; as I have loved you …' (John 13:34). This clearly resonates with the Aristotlean notion that happiness comes from living in accordance with virtue. However, there are some important differences. Happiness can be had here on earth, as well as in heaven: 'Rejoice and be glad … for great is your reward in heaven' (Matthew 5:12). With this in mind McMahon's comment is most apposite: Christianity involved 'a radical new vision of human happiness'.[37]

Our modern conceptions (that we could be happy, and that we *should* be happy in *this* life) were born in the periods commonly called the Renaissance and the Enlightenment. An important Renaissance work (1486) was *De Dignitate Hominis* (*On the Dignity of Man*) by Giovanni Pico della Mirandola (1463–94). The significance of this short work was that it involved a turning point: 'Slowly man was moving from misery to dignity, and from there, to happiness on earth'.[38] Leaving

aside the arguments from Luther, such as 'All sadness is from Satan', the next landmark was Locke's *Essay Concerning Human Understanding* in 1698. Apart from the concept of the *tabula rasa*, the argument that people are born into the world with minds like 'a clean slate', 'an empty cabinet' or 'a white piece of paper', a central argument in Locke relates to man's motivation or, in Locke's words, 'what 'tis moves *desire*?' Locke's answer is clear and unambiguous: 'I answer happiness and that alone. *Happiness* and *Misery* are the names of two extremes … *Happiness* then in its full extent is the utmost *Pleasure* we are capable of, and Misery, the utmost Pain …'.[39]

It is important to note how closely Jeremy Bentham, the father of utilitarianism, followed on from Locke. Consider the following statement from *An Introduction to the Principles of Morals and Legislation* (1789):

> Nature has placed mankind under the governance of two sovereign masters, *pain* and *pleasure*. It is for them to point out what we ought to do, as well as determine what we shall do … They govern us in all we do, in all we say, in all we think. The principle of utility recognises this subjection and assumes it for the foundation of that system, the object of which is to rear the fabric of felicity by the hands of reason and of law. Systems which attempt to question it, deal in sounds instead of senses, in caprice instead of reason, in darkness instead of light …[40]

Bentham then points out that 'the principle of utility' (also called hedonism) is the fundamental concept in his work and that

> By the principle of utility is meant that principle which approves or disapproves of every action whatsoever, according to the tendency which it appears to have to augment or diminish the happiness of the party whose interest is in question.[41]

And utility is defined as 'that property of an object to produce benefit, pleasure, good or happiness'.[42] This is a definition that resonates throughout the cardinalist school in economics, e.g. Marshall states that total utility of a thing is '… the total pleasure or other benefit it yields …'.[43]

Another very important term is 'the party whose interest is in question'. This term can either be an individual (and thus we are interested in the utility of the individual) or the general community which then involves an aggregation of some kind. Bentham, in explaining his aggregation, defines his theory of the state.

> The community is a fictitious body, composed of the individual persons who are considered as constituting as it were its *members*. The interest of the community then is, *what*? the sum of the interests of the several members who compose it.[44]

Not surprisingly when 'the party whose interest is in question' is an individual, the interest of that individual is measured by 'the sum total of his pleasures, or what comes to the same thing, to diminish the sum total of his pains'.[45]

It is of value to give a detailed description of Bentham's method, in his own words:

> To take an exact account then of the general tendency of any act, by which the interests of a community are affected, proceed as follows. Begin with any one person of those interests seem most immediately to be affected by it: and take an account,
>
> 1. of the value of each distinguishable *pleasure* which appears to be produced by it in the *first* instance,
> 2. of the value of each *pain* which appears to be produced by it in the first instance,
> 3. of the value of each *pleasure* which appears to be produced by it *after* the first [instance] …
> 4. of the value of each *pain* which appears to be produced by it *after* the first [instance] …
> 5. sum up all the values of all the *pleasures* on the one side, and those of all the *pains* on the other.
>
> The balance, if it be on the side of pleasure, will give the *good* tendency of the act upon the whole, with respect to the interests of that *individual* person; if on the side of pain, the *bad* tendency of it upon the whole.
>
> 6. Take an account of the *number* of persons whose interests appear to be concerned, and repeat the above process with respect to each. Sum up the numbers expressive of the degrees of *good* tendency, which the act has, with respect to each individual, in regard to whom the tendency of it is *good* upon the whole. Take the *balance*, which if on the side of *pleasure*, will give the general *good tendency* of the act, with respect to the total number or community of individuals concerned; if on the side of pain, the general *evil tendency*, with respect to the same community.[46]

These quotations indicate that Bentham's concept of the state is an individualistic one.[47] This can be contrasted with the autocratic/organic view of the state (possibly apocryphal) attributed to the French monarch, Louis XIV (1638–1715), also known as 'The Sun King', *viz. 'L'ètat, c'est moi'* ('I am the state').[48]

Bentham was a major figure in the Enlightenment, that period of European history that produced not only *An Inquiry into the Nature and Causes of the Wealth of Nations*, but also famous political documents such as the American *Declaration of Independence* (1776) and the (French) *Declaration of the Rights of Man and the Citizen* (1789). It is interesting to observe the common tone of these documents. In the former case we have the following much-quoted statement:

> We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness.

And consider now Articles 1 and 2 from the *Declaration of the Rights of Man and the Citizen*:

> Men are born and remain free and equal in rights. Social distinctions can be founded only on the common utility … The goal of any political association is

> the conservation of the natural and inviolable rights of man. These rights are liberty, property, safety and resistance against oppression.

It is relevant also to observe that these two documents, although appearing to be general statements, had some omissions. First, a particular sub-group, *viz.* women, was excluded from the population being covered by these 'general' principles. Some issues surrounding sub-groups will be raised later in this paper. Second, the institution of slavery was ignored in both documents, while other institutions (e.g. government and the law) were given particular attention.

It is argued in Bruni[49] and elsewhere[50] that economics not only became the study of wealth, post-Bentham, but also it equated happiness with pleasure. Thus, although there are *two traditions* of conceiving happiness, eudainonism and hedonism, it is the latter that has dominated the economics discipline.

The Recent Literature

In the Beginning …

The 'modern', or current, economics and happiness literature begins in 1974 with the publication of Easterlin's 'Does economic growth improve the human lot? Some empirical evidence'.[51] This paper, generally, is concerned with the relationship between income and happiness. The analysis involves the 'results of surveys of human happiness that have been conducted in nineteen countries … [since] World War II'.[52] This general question is disaggregated into several more specific questions, *viz.* are people with high incomes (in a particular society) happier than people with low incomes? Second, are the people in high-income countries happier (in aggregate) than the people in low-income countries? Third, does the level of happiness (in a particular country) increase as economic development takes place, or 'does economic growth improve the human lot?'[53]

Easterlin's results, essentially, are as follows. First, within a country there is a positive relationship between income and happiness: people with high incomes are happier than people with low incomes. This result holds, not simply for a single country, but for many countries. The second conclusion, relating to inter-country comparisons, was as follows: the happiness scores for rich and poor countries do not reflect the differences one expects from the within-country income–happiness relationship. Third, higher happiness is not correlated with economic growth through time. Easterlin's explanation for his results, which are now referred to as 'Easterlin's paradox', was to invoke the relative utility arguments by Duesenberry.[54] Before we turn to consider these conclusions in detail it is relevant to note a point about the origin of the literature.

On the other hand, Bruni and Porta[55] argue that the 'real' beginning of the recent happiness literature is to be found in the work of two psychologists (Brickman and Campbell) whose paper 'Hedonic relativism and planning the good society' was published in 1971.[56] Their work lay dormant and unknown to economists for many years. What Brickman and Campbell did was to apply the 'adaption level' theory in psychology to individual and collective happiness. Their (pessimistic) conclusion was that rising economic variables (income or wealth) produced no lasting effects on personal well-being. (It is 'pessimistic' in the sense that government, or any societal institution, is unable to increase human happiness.) It is important to realise that the recent study of human happiness is, by no means, the sole preserve of

economists: other social scientists, e.g. psychologists (notably Daniel Kahneman who was awarded the Nobel Prize in Economic Science in 2002), political scientists (such as Robert Lane) and sociologists (particularly Ruut Veenhoven) are involved, as well as epidemiologists, philosophers and neuropsychologists. No single discipline can hope to claim a monopoly on this research programme. The multi-disciplinary nature of recent work is emphasised by Layard.[57]

It should be noted that a large part of the post-Easterlin (1974) economic literature on happiness is concerned with the 'Paradox' problem: the *Handbook on the Economics of Happiness* is no exception to this statement. The six chapters in Part II are directly concerned with this issue, and the papers in Part III are indirectly so.

There is now a large literature on the Paradox issues, and it is not the purpose here to detail the twists and turns in that literature. Several summary statements will suffice. With respect to income and happiness in a single country at a particular time, '… almost all [economists] agree that a causal correlation running from income to happiness exists and is robust'.[58] Layard agrees: 'Of course, within countries the rich are always happier than the poor'.[59] But through time in many individual countries there is no increase in happiness scores, as income rises:

> over time and across OEDC countries rises in aggregate income are not associated with rises in aggregate happiness … At the aggregate level, there has been no increase in reported happiness over the last 50 years in the US and Japan, nor in Europe since 1973 when the records began.[60]

But the relationship between income and happiness (when making inter-country comparisons) is complex. If we confine our attention to countries with per capita incomes over $15,000 '… there is no evidence that richer countries are happier than poorer ones'.[61] New Zealand is on a par with the US in terms of happiness. But there is a different relationship when countries with per capita incomes less than $15,000 are considered. In this case 'things are different, since people are nearer to the absolute breadline'. At these income levels richer countries *are* happier than poorer ones. And in countries like India, Mexico and the Philippines, where we have time-series data, '*happiness has grown as income levels have risen*'[62] (emphasis added).

There is an extensive literature on these issues particularly on the non-increase in happiness through time in Western countries. The dominant explanations revolve around *relative* concepts. In this context see the discussion of 'positional goods' in Hirsch,[63] Ng[64] and Frank.[65]

Within two years of Easterlin's 1974 paper, another important study, Scitovsky's *The Joyless Economy*[66] was published. Scitovsky subsequently stated that the objective of *The Joyless Economy* was to 'acquaint [people] with, and lure them into spending their time and money on the more stimulating and longer-lasting satisfactions of cultural activities'.[67] His original focus was on 'the boredom of the idle rich' or 'the happiness of the well-to-do leisure classes'.

The publication of *The Joyless Economy* was greeted with unanimous hostility from economists on the left and the right. What is different about his work, apart from drawing on the work of psychologists, is his argument about the tendency of modern (Western) society to have, simultaneously, too much of some of the good things of life, and too little of some of the other good things. Examples of goods

consumed in surfeit include the consumption of food (leading to obesity); medical care; plain dull food rather than nutritious tasty food; recreation that is stimulus-free etc. On the other hand things that are under-consumed include the mental effort of thinking, reflecting, judging and deciding. Furthermore, freedom from responsibility is also a characteristic, manifesting in not turning off lights, TVs etc. This is summed up by 'we seek and secure the comfortable life to excess'. Scitovsky argues that these trends are explained, in part, by American 'distain for culture' and the 'ghost' of the Puritan ethic.

In terms of economic theory, Scitovsky is unwilling to accept the value judgement of conventional economics, *viz.* that the consumer is the best judge of his/her welfare: his view is not unlike that of writers in the 'endogenous preferences' literature.[68] This disposition is not new to Scitovsky, e.g. he welcomed the characteristics theory of consumer demand, but wrote, in part,[69]

> There is nothing more frustrating than to watch, and watch silently the stupid way in which some people squander their money … I used to be told that I may not criticise them … [because] as an economist I must respect the other consumer's sovereignty … At last I can look down my nose, without a pang of professional conscience upon the sorry mess some people make of the noble art of spending money. Now I can respect the poor sucker's sovereignty and still criticise him for his inefficiency in catering to his own sovereign tastes.

A revised edition of this book was published in 1992, as interest in Scitovsky's arguments accumulated.[70] The basic argument was left unchanged, but there was a new emphasis. Scitovsky admitted that he had insufficiently recognised boredom, particularly amongst those people in the increasing ranks of the underclass. He argues that boredom is as powerful a drive as hunger, and the 'only sources of excitement accessible to [the unskilled poor] seem to be violence, crime, illegal activities, and addictive drugs … to escape boredom and release their unused energies'.[71] See also the Appendix entitled 'Culture is a good thing',[72] particularly his comments on Alfred Marshall's recognition of the importance of 'activities pursued for their own sake' (including science, literature, the arts, athletic games and travel). However Marshall was unable to incorporate such activities in his *Principles of Economics*.[73] Scitovsky continues this theme of his underestimation of boredom for the underclass in his subsequent 'review' of *The Joyless Economy* on the occasion of its 20th 'birthday'[74] (see also Friedman and McCabe[75] and Sen[76]). It is useful to consider Sen's favourable comments on Scitovsky's work. In part, Sen argues that happiness is valuable to people, and thus there is reason to be concerned with, say, the standard of living. But there are other issues in life that are also important: happiness is not a sole, or exclusive, objective.

> Consider a very deprived person who is poor, exploited, overworked and ill, but who has been made satisfied with his lot by social conditioning (through, say religion, political propaganda, or cultural pressure). Can we possibly believe he is doing well just because he is happy and satisfied? Can the living standard of a person be high if the life that he or she leads is full of deprivation? The standard of life cannot be so detached from the nature of the life the person leads.[77]

Sen's view is that issues other than happiness, e.g. freedom and justice, also matter. This multi-dimensionality disposition can also be found in other papers, e.g. in Sen's argument about multiple approaches (length of life, service utilisation, rights, etc.) to health equity.[78]

Some Important Issues

The happiness literature has raised some important issues in the general corpus of economic theory. One example of this relates to revival of interest in cardinality, a manifestation of which is the increased interest in the work of the Leyden school[79] (see also Ferrer-i-Carbonell and Frijters[80]).

There is little unanimity in the economic literature as to what is being measured, i.e. the definition of happiness. For Easterlin happiness, utility, satisfaction, subjective well-being, well-being and welfare are used 'interchangeably',[81] for Ng happiness is welfare,[82] and for Oswald it is 'pleasure' or 'satisfaction'.[83] Ruut Veenhoven, more recently, has used the terms 'happiness' and 'life satisfaction' as a measure of comprehensive judgement.[84] However I like the use of the latent variable/proxy terminology by Frey and Stutzer: 'Happiness research in economics takes reported subjective well-being as a proxy measure for utility'.[85]

Empirically happiness (or life satisfaction) has been measured by self-reported answers given to a single question (with scales having various points) or multiple questions. There are a number of different frameworks (the Eurobarometer, the World Values survey, etc.) using this approach, and the generic term for what is being measured is 'subjective well-being' (SWB). It has been argued strongly by Keyes, Shmotkin and Ryff that the SWB measures are essentially in the hedonic tradition of happiness, and may be more appropriately described as 'hedonic well-being'.[86] However these measures often also seek information on 'life satisfaction'. An alternative conceptual approach will be considered below. But attention is now drawn to an important segment of this new literature.

Measuring the Effect of Life Events, or the Determinants of Happiness

The following is a quite general question: 'is there a method by which we can measure the effect of a life-event (unemployment, divorce etc.) using the measuring rod of money?' The short answer to this question is 'yes'. The procedures adopted to answer this question, in fact, enable us to focus on particular sub-groups of interest, e.g. the unemployed, the mentally ill etc. In other words, mental illness can be taken to be the relevant life-event in the general question posed above. The technique that is used to answer this question is multiple regression analysis, i.e. a statistical technique that explains the effect of a particular explanatory variable on a dependant variable, while holding the other explanatory variables constant. The dependant variable in this case is 'happiness', measured by (say) a self-rated, SWB score. The explanatory variables one would hypothesise as being relevant might include the following: age, gender, physical appearance, education, intelligence, sexual activity,[87] marital status,[88] income,[89] (un)employment,[90] job satisfaction,[91] quality of government,[92] macroeconomic variables (the unemployment rate and inflation),[93] others' incomes,[94] the social environment,[95] etc. There is only one study (of which I am aware) that has considered psychological health.[96]

It is relevant to note that Gardner and Oswald used a standard measure of mental well-being, *viz.* the General Health Questionnaire in their study. Thus it is

clear that measures of happiness are overlapping with other measures of related concepts, such as health.

To begin with it is useful to consider the subjective–objective distinction in Frey and Stutzer,[97] as well as the related concept of the 'quality of life'. The literature on this term is quite diverse, as indicated, say, in the contents of *The Quality of Life*.[98] It ranges from the contributions of philosophers such as Ostenfelt[99] to the World Bank, in its development, and publication, of the Human Development Index.[100]

In addition it is important to consider those papers that have not just 'jumped in and measured something', without working from first principles. In this context Lane[101] and Veenhoven[102] are outstanding. Take also Veenhoven's measure of 'happy life-expectancy'.[103] This measure is but a short step from the quality-adjusted life-year (QALY) and the disability-adjusted life-year (DALY) measures.[104]

Enough has been written here to give the flavour of this recent literature. Attention is now directed to critiques of this literature.

Some Immanent Critiques

The Lack of a Civil Dimension

It has been argued above that there are two traditions, eudaimonism (from Aristotle), and hedonism (from Bentham), in the literature on happiness, *per se*. Most of the recent literature considered here is based on the hedonic strand. It is important to address the absence from SWB of any consideration of the 'good life'.

This distinction becomes relevant when we observe that the empirical happiness measures relate to countries 'at peace', externally, and (in large part) internally. But these years and/or countries are somewhat atypical for the twentieth century. As an example of this, consider the case of the various manifestations of evil that have taken place in the twentieth century. There have been a number of 'secular religions'[105] that have resulted in millions of deaths of innocent people. Two dominant examples are Nazism in Germany and Communism in Soviet Russia/the Soviet Union. The death toll from the Nazi genocide of Jews in 1939–45 is estimated to be between 4,871,000 and 6,271,500. On the other hand the victims of the Soviet Gulag have been estimated to be 22 million; 12 million from collectivisation and dekulakisation; and six million from the Ukrainian Terror-famine (for details see Davies).[106] The death toll in Auschwitz alone is estimated to be 1.2–1.5 million people, of whom approximately 800,000–1.1 million were Jews.[107] However more people perished in the Vorkuta concentration camp in Vorkuta, a mining town on the Pechora River in the Russian Arctic.[108] Glover has written that 'Stalinist deliberate killing was on a scale surpassed only by war'.[109]

Are we to regard the starving Ukrainians as excluded from the relevant USSR community during the Stalin-induced famine? Are the Jews, resident in Belsen and Auschwitz, and in transit to such death camps during the 1940s, not to be counted in surveys of happiness? Are the victims of Pol Pot's 'killing fields' also to be excluded from the relevant Cambodian population? What of the victims of Mao Zedong's 'cultural revolution' in China? Would the genocidal practices by the Hutus against the Tutsis in Rwanda during the mid-1990s justify the exclusion of Tutsis from a relevant Rwandan population being sampled for a 'happiness survey'? If they are included, what will happen to the happiness scores?

This discussion abstracts from the other major death-inducing events of the twentieth century, *viz*. World War I and II. These two wars have been described as

'the most destructive in history'.[110] World War I involved the death of 0.5% of the world population and 2.5% of the world's population perished in World War II. These deaths can be compared with 0.4% of the population for the Thirty Years War (1618–48) and 0.2% for the Napoleonic Wars (1803–15) and the War of the Spanish Succession (1701–13) (for further detail see Ferguson).[111]

Reflecting on the sad history of the twentieth century suggests that happiness must have an eudemonistic dimension. Drawing on Aristotle, two psychologists, Ryff and Singer,[112] have been concerned with measuring Psychological Well-Being (PWB), which is concerned with 'the striving for perfection that represents the realisation of one's true potential'.[113] PSB has six dimensions of human activity or flourishing: autonomy, personal growth, self-acceptance, purpose-in-life, mastery of the environment, and positive relatedness. The concern is with advancing (and measuring) 'interpersonal flourishing'[114] (see also Keyes *et al.*).[115]

Attention is now directed to a second critique.

The Shadow of Mental Illness

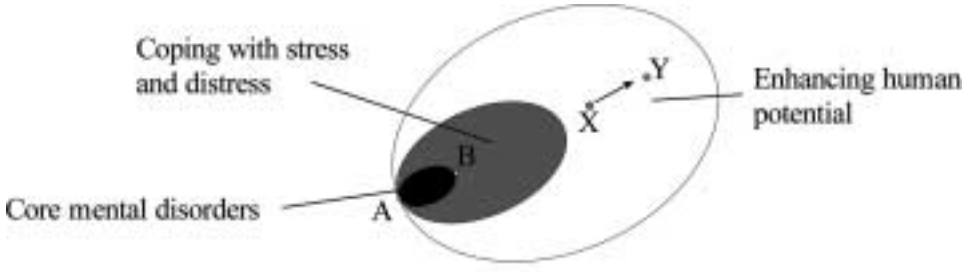
The previous discussion, although directed to the absence of an ethical dimension in SWB, was couched in terms of sub-groups. The discussion is now concerned with particular sub-groups that are subject to considerable unhappiness, in particular those people subject to the unhappiness arising from mental illness.

One way to comprehend this point is to consider people with mental illness, where mental illness is considered to be represented on a spectrum. People with serious mental illness often seek professional help, but some do not. 'Undiagnosed' mental illness can arise for different reasons: people may be unaware of their condition, as are their family members. In addition others may 'fall through the cracks' because of circumstances, such as being in prison. Another issue is that not all mental health services are consumed by people with mental illness: some psychiatrists and other mental health professionals devote their skills to business executives[116] and sports people,[117] as well as to 'the worried well'.[118] These issues of structural imbalance between mental health services and people (with and without mental illness) have been considered elsewhere,[119] but in this present context we are interested in the description of mental illness as a spectrum.

Apart from people with serious mental illness (say, the psychoses), there are others who regard themselves as operating at 'less than potential' and though not ill, wish to function at a higher level of self-fulfilment, self-actualisation or achievement in their personal lives or relationships. Such individuals do not meet the diagnostic criteria for various illnesses as defined in the *International Classification of Diseases* (ICD)[120] or the *Diagnostic and Statistical Manual (DSM 4)* of the American Psychiatric Association.[121]

In an intermediate position between those with serious mental illness and those on a quest for self-actualisation is a group of people in a grey region of emotional and mental health problems. This group, sometimes referred to as 'the worried well', exists because of problems due to psychological and emotional distress caused by the stresses of daily life: such people do not meet the diagnostic criteria for mental illness.

Although the above discussion has been in terms of 'three groups', the reality is best described as a spectrum, between serious mental illness, mental health and complete self-actualisation or completely 'enhanced human potential'. The point of this discussion is that mental illness, or 'self-actualisation' or 'enhancing one's



Source: G. Klerman and G. Schechter, 'Ethical aspects of drug treatment', in S. Bloch and P. Chodoff (eds), *Psychiatric Ethics*, Oxford University Press, Oxford, 1981, pp. 117–30.

Figure 1. The diagnostic spectrum.

potential' are descriptions of a continuous variable: they are not discrete phenomena (see Figure 1). Although there may be empirical difficulties in determining the people at various places along this spectrum, this matter is not trivial: some may take the view that it is quite inappropriate that government-subsidised services (or government-produced services with zero prices) are provided to *non-ill* people. An important point to recognise is that all people in a given society fall along this spectrum of Figure 1.

In the context of the happiness studies we have been considering, particularly those that are concerned with recording the 'happiness' scores for samples of given communities, one focus of such studies is to analyse the movement (up or down) in those scores. In other words, the focus is on the 'community as a whole'. Although this might sound reasonable or appropriate, by implication it means taking account of people who are at, say point X (in the 'Enhancing human potential' region) in Figure 1 and counting (as an improvement) a move to point Y. But consider a person with a 'Core mental disorder' at point A, a polar case of maximum mental illness. If this person were to move from point A to B (and by construction in Figure 1 the distance AB equals XY), are we to regard the movement from X to Y as equally desirable as the move from A to B? And what if there are mechanisms that bring about the XY improvement, but there are few effective mechanisms to bring about a change from A to B? (Elsewhere it has been argued that there is reason to believe that the mental health sector is characterised by relatively few efficacious therapies.[122]) Do we wish to say that an improvement in happiness for those who are in the 'Enhancing human potential' market is a social improvement, in a context where those with a serious mental illness have experienced no improvement?

These considerations lead to the view that what is necessary is not some aggregate study, but rather disaggregated studies of sub-groups of the population. It is clear from the above argument that the particular sub-group I have in mind is that of the mentally ill.

Another way of considering some of these issues is to consider the frequency distribution of 'satisfaction' scores, from 1 to 10, where 1 is least satisfaction with life, and 10 is maximum satisfaction with life (see Figure 2). The two frequency

distributions (I and II) are idealised, but in fact reflect the general shape for such scores obtained from SWB surveys.[123] The key point about both of these distributions is that they are skewed to the right. (Distribution II has been constructed such that it is more skewed to the right than is distribution I.) The previous arguments about such SWB scores coming from countries at peace (externally and internally) is that it is not surprising that they would have such a distribution, i.e. be skewed to the right. On the other hand, civil wars, international wars, political purges, *coups d'état*, genocides etc. etc. are likely to skew the frequency distribution to the left, *in extremis*.

One of the 'Easterlin Paradoxes' is that, through time, happiness scores do not rise in high-income countries. This means that distributions I and II would coincide. However it was pointed out previously that there is some evidence to believe that happiness (in aggregate) is rising for some countries as economic development proceeds: this means that there would be a 'shift' from distribution I to (say) distribution II. The key point about this discussion of Figure 2 is that, as with any statistical analysis, one must not only be concerned with measures of central tendency (the mean, median and/or the mode) but also with measures of dispersion (the coefficient of variation, the Gini coefficient etc.). As indicated in Figure 2, the change in the distribution of scores has been confined to people with relatively high scores: the people with low scores (albeit a minority) have not shared in the general improvement. The sub-group that concerns me, the mentally ill, may well comprise the vast majority of that minority.

Conclusion

This essay is somewhat atypical in that it has not presented a 'survey-type' account of the economics and happiness literature. Given the readership of *Prometheus*, such a technical account of the economic procedures in that literature would be inappropriate. However the interested reader, on the other hand, can follow up useful references provided herein. For those of us with a focus on particular problems

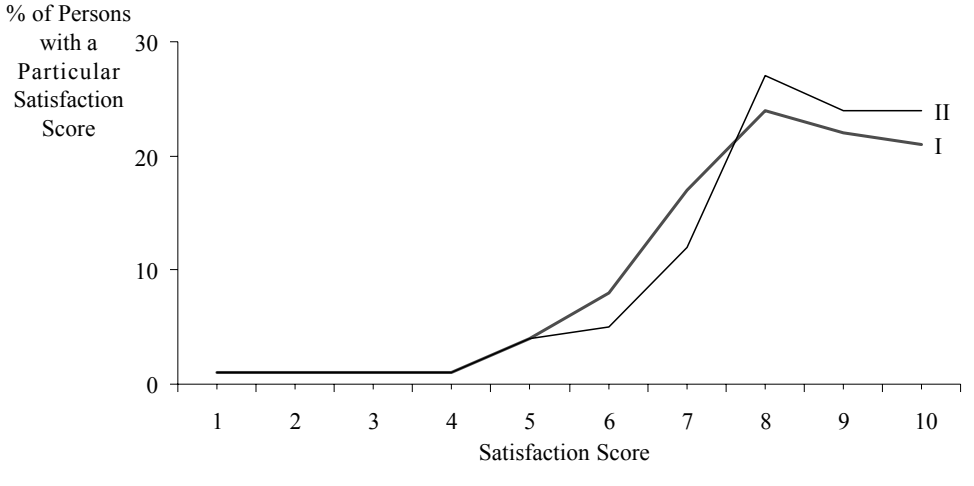


Figure 2. Two frequency distributions of satisfaction scores.

(unemployment, divorce, mental illness etc.) the literature dealing with life events has been emphasised.

There are two critical points made. First, the dominant measures employed in empirical work have their rationale in the hedonic tradition of the definition of happiness. Thus there is little empirical work in the eudaimonic tradition. Second, the argument is made that there is little justification for concentrating attention on aggregate happiness for the community in general: there is more reason for concentrating on sub-groups.

Given that the recent literature was initiated by Easterlin, it may be appropriate to give him the last word. His early work took subjective responses as measures of happiness and there was no element of *eudaimonia* in that early work. In a more recent paper entitled 'Is economic growth creating a new postmaterialist society?' Easterlin raises the *eudaimonia*-type question: 'Ultimately, we must face the issue of whether we take individual preferences as inviolable and remain the servants of economic growth or address openly and fully *what we mean by the good life* and become the master of growth'.[124]

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