



Happiness

Happiness – enjoying life and feeling it is wonderful. Unhappiness – feeling bad and wishing things were different. **Richard Layard** offered his views on contentment in three Lionel Robbins Memorial Lectures in March. These are some of his main conclusions.

Individuals want more income. Yet, as society has got richer, people have not become happier. Over the last 50 years we have got better homes, more clothes, longer holidays, and, above all, better health. Yet surveys show clearly that happiness has not increased in either the US, Japan, continental Europe or Britain. This devastating fact should cause a fundamental rethink of government policy and of how we conduct our lives.

This is true in the countries mentioned above. In contrast, in poor countries, happiness has risen when people have got richer. If you are near the breadline, absolute income is a matter of life and death. We can now show scientifically that an extra pound is worth more in happiness to a poor person than to someone who is richer. So total happiness increases if the pound moves from a richer person to a poorer person, provided the disincentive effect is not too great. This argues for redistribution at home, and to the developing world.

Why then has extra income brought so little extra happiness in the west? The first reason is rivalry, or keeping up with the Joneses. We compare our income and living standards with others. If others live better, we feel worse off unless we too live better. This effect is shown in many studies of happiness, which suggest that if a person earns an extra 10 per cent and so does everyone else, they experience only two thirds of the extra happiness that would accrue if they alone had made the raise.

The second reason is habituation. We compare what we have with what we are used to. If I live better today, I shall feel worse next year unless I keep up with this year's standard. So I am on a kind of treadmill where, each time I improve myself, I set myself a higher hurdle for the future. In both these ways, our efforts to become better off are in part self-defeating at the level of society. For if I move up relative to you, you move back relative to me. My extra income is polluting

your experience. Similarly, if I move up my own standards today, I raise my own standards for tomorrow. Unless I foresee this, it is a form of self-pollution – an addiction, like smoking.

This pollution matters because huge sacrifices of private life are made in pursuit of higher income. If much of this sacrifice is self-defeating, we should discourage it in the standard way that we discourage other forms of pollution and addiction – by taxing it. Indeed, taxation is one of the most important institutions we have for preserving a sensible balance between work and leisure. We should be proud of it and stand up for it.

But tax is not the only way to discourage self-defeating rivalry. We should avoid all social arrangements which play up the fruitless quest for status. Advertising is another activity which constantly encourages comparisons. We should surely ban advertising directed at children, as they do in Norway and Sweden.

Happiness research points to six main factors besides income: mental health, satisfying and secure work, a secure and loving private life, a secure community, freedom, and moral values.

Much of the greatest misery comes from mental illness. Mental illness causes a half of all the measured disability in our society and, even if you add in premature death, mental illness accounts for a quarter of the total impact of disease. Yet only 12 per cent of the UK's National Health Service budget goes on it.

Security – in our work, in our family, and in our streets. For most people valued personal relationships with family, colleagues, friends and neighbours are the best guarantee of happiness. Two of the greatest disasters for people are unemployment and marriage break-up. We need a reasonable level of employment protection. Too much mobility is bad for family life and is a major cause of crime.

Values – we shall never build a happier society unless more of us are committed to the idea. An

important part of the problem is that people are not agreed on fundamental moral principles. Most people no longer fear the sanctions of an after-life. We are left with an increasingly marked individualism.

I believe that we should get back to the clear ethical position of Bentham and the Enlightenment. This means asserting that the best society is the one which produces the greatest happiness and the right action is the one which produces the greatest happiness. In this calculus, everybody's happiness counts equally, so I should have no more regard to my own happiness than anyone else's – but equally no less regard.

In the 19th century this ideal eventually faded, partly because psychology was not developed enough to support it, and partly because other ideologies emerged. We now know a lot more about what causes happiness and how to measure it. And we really have no other overarching philosophy which can inspire us and help us resolve the moral dilemmas when particular principles conflict.

The scientific study of happiness is only just beginning. It should become a central topic in social science. But for the moment I would recommend four principles: don't apologise for taxes; foster the sense of security; fight glaring evils like depression; and discourage social comparison. ■



Professor Lord Layard

is co-director of the Centre for Economic Performance at LSE. He has written widely on unemployment, inflation, education, inequality and post-Communist reform.

© Richard Layard, 2003

To read these lectures in full, see www.lse.ac.uk/events and click on events transcripts.