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## What's wrong with happiness?

Michael Rustin

This article is a contribution to the debate on the questionable connections between economic growth and enhanced happiness among populations in already-affluent societies.<sup>1</sup> I will first review current discussion of these questions - debate about which arises in part from the existence of separate measures of public happiness and income levels. I will then discuss whether increased 'happiness', with its philosophical origins in utilitarianism, is the best way of framing the idea of the good for individuals and societies - suggesting that it is at any rate insufficient for this purpose. Finally, I will focus on the way in which Richard Layard has framed these questions, and in particular on the way in which he addresses the problems of mental health in this context, by means of his proposal for a large-scale programme of cognitive behaviour therapy.

### Happiness and wealth

Societies like ours are getting richer, but are they getting any happier? This is now becoming a major topic of debate, with a growing literature. It is argued that the connection long assumed to exist between increased affluence and happiness or 'subjective well-being' is actually weak for countries above a fairly basic level of prosperity - defined at an annual average gross national product of around \$15,000 or \$20,000 dollars per head of population. Since many governments in rich countries make continuing economic growth their primary political goal, the evidence that this does not lead to improvements in people's well-being is, or should be, a serious matter for public policy.

There have been many studies of self-reported happiness, or subjective well being, in different countries, from 1950 onward; and nation-by-nation comparisons show only a small correlation between income levels and self-reported well-being, once countries reach the GNP level mentioned above. Countries where average per capita income is between \$20,000 and \$35,000 have satisfaction rates only a few percentage points above a whole range of countries where income is below \$10,000 (see Richard Layard, *Happiness*, p32). Though the lowest satisfaction rates are in the poorer countries, a number of nations where average income is under \$10,000 have average happiness levels close to those of much richer countries.

Furthermore, in the period in which the latter has been systematically measured, improvements in living standards in nations such as the United States and Britain are associated with no improvement - indeed slight decline - in subjective well-being. One US study found that between 1972 and 1994, a time when income increased massively, the percentage of the population reporting themselves to be 'very happy' fell by four percentage points (from just over 34% to just over 30% - see Robert Lane's *The Loss of Happiness*, p20). Generally, in the United States, self-reported happiness has declined in the postwar period. The rich invariably report themselves in surveys to be happier than the poor (just as they enjoy better health and longer life-expectancy). But their self-reported degree of happiness does not increase over time

even though their absolute level of wealth has greatly increased over the past decades (see *Happiness*, p30; *The Loss of Happiness*, p5).

Other kinds of evidence support these findings. Crime levels greatly increased during the period of the most rapid rise in prosperity (and, counter-intuitively, of full employment too, which one might have expected to reduce crime levels). Family breakdown, measured in divorce rates and the incidence of single-parent families, also increased markedly, though there has been some stabilisation in both in the last decade or so. Mental illness has increased, to the point that Richard Layard has identified it as one of the major problems facing governments. All does not seem to be well.<sup>2</sup> Why not?

### **Defining the problem**

Why might there be a weak or even inverse relationship between economic growth and happiness? One reason is what is called the adaptation effect. Improvements in living standards - higher income, more goods and services, more travel - lead us continually to upgrade our view of what we need. The satisfaction we gain from our large television set is eroded by the appearance of high definition television; in our new car by the superior models that every year come on to the market. We find ourselves on what is described as an *hedonic treadmill*, which keeps us working and accumulating, but only in order to stay in the same place as far as our actual satisfaction is concerned.

A second reason emerges from critiques of the assumptions of the neo-classical economic paradigm that has been so influential in shaping our modern economic system. The idea here is that increased wealth has diminishing marginal utility, in relation to other goods that have to be foregone in order to achieve it. Any good, in economic theory, becomes relatively less valuable, relative to other goods, as it becomes more abundant. An additional unit of wealth in an affluent society will thus be experienced as of less value than the goods that have to be foregone to obtain it. If rising incomes are achieved only at the cost of - in Robert Lane's terms - less companionship, or less time spent with our children, partners or friends, or doing the things that we most enjoy, then it is no surprise if we do not feel happier for being richer, and perhaps less happy.

A third reason, set out by Richard Layard in his book *Happiness*, concerns rivalry, or what sociologists used to call 'relative deprivation'. We measure our well-being not only by reference to our own past situation, but also by the situation of others, within our reference group. If other people have more, we feel that we have less. The sense of improvement or otherwise is relative, so if we are no better off relative to others, we may feel no improvement in our well-being even if our absolute purchasing power increases. (Experiments testing people's attitudes to hypothetical changes in their own and others' income have shown that people's sense of well-being is lessened by imagining that others are doing better, even if their own absolute situation is unchanged.) I remember when I used to have management responsibility for a Faculty in a university, recognising that the opportunity that the university sometimes gave for staff to compete for promotion would very likely be the source of misery rather than pleasure, since more people would end up unpromoted than promoted, and rivalries would be increased by the competition.

Degrees of inequality also influence subjective well-being. Country-by-country comparisons show that more equal societies, such as the Scandinavian countries, have higher levels of reported happiness than more unequal ones, such as the United States or Britain. This finding adds to what has previously been established in the sphere of health and illness (where Richard Wilkinson has found that more equal societies are on average healthier, and that the steeper the hierarchy of distribution of income and wealth, the worse the average health of those occupying inferior positions). Country-by-country comparisons also show a lower incidence of 'social diseases', such as crime and addiction, within more equal societies. This may be a consequence of the fact that in maintaining a more equal distribution of wealth and income, those societies are manifesting respect and concern for all, especially the less well-off, as well as of the fact that a sufficiency of goods and services (health care, education and housing for all, for example) gives rise to greater aggregate satisfaction than would a greater abundance of goods available to the rich alone.

Critics of economic growth as the overriding objective of governments argue that it produces disbenefits that outweigh its material gains. Thus, if geographical mobility increases, job security is reduced, and social solidarity, especially in the form of family ties, grows weaker; people will then lose more than they gain from higher income - in 'goods' that *they* value but which are undervalued by the market. If subjective well-being, as Robert E Lane argues, is enhanced most by feelings of being respected and accorded recognition, then social processes which undermine these conditions will make us feel worse, even if we have a larger salary to spend each year.

There is a further paradox. The equation of the true wealth of a community with the economic statistics which measure this wealth, is misleading. A great deal of 'value' (in terms of what gives satisfaction) is generated outside the sphere of market exchange. The 'goods' generated by many activities within the home (cooking meals, playing with the children, having a conversation, entertaining friends) are invisible in the national accounts, except to the degree that they entail expenditures to sustain them. It has been calculated (though estimates of this differ) that national income as it is measured in the market sphere accounts for less than half of true 'national wealth', if one also assigns a notional monetary value to non-marketised activities.

Parents who stay at home two days a week to look after their young children, instead of doing paid work, are reducing their own and the 'national income' by so doing, even if the benefit to them and the children is greater than that which would be brought by two days' extra earnings. In the terms of the money economy they will be poorer, but in terms of their psychic, relational and social economy, they may be richer, and their children even more so.

Robert Lane points to another mismatch between measures of welfare generated by the market and actual benefit, within the sphere of paid work itself. In neo-classical economic theory, work is seen as something whose disbenefits have to be compensated by wages and salaries. (In another words it is treated as a cost, not a benefit; its value is measured solely by the payments made in return for it.) This ignores the intrinsic benefits which arise from work itself, from the enjoyment of human faculties, from its sense of achievement, and from the relations with others which it involves. These benefits go unmeasured in calculations of Gross National Product. It is thus quite possible that the marketable wealth that may be generated by

some 'efficiency gains' in work practices may be more than offset by the losses to well-being in the activity of work itself. Some intrinsic goods in the experience of consumption are also undervalued by the market. Thus people may enjoy better value from lower prices when they shop at out-of-town supermarkets, but lose value from the friendly contact they formerly enjoyed with local shopkeepers and neighbours, or from the decline of the quality of the urban environment. Such losses of well-being are more severe for those who do not have resources to make use of more distant shopping places.

The continuing increases in national wealth of recent years have been achieved in part through the expansion of the sphere of monetised exchange (though technological and organisational advances are also factors). More ready-prepared meals are bought and consumed; more people eat out, there are more families in which both parents take paid work, more caring of various kinds is done by paid staff. Gift-exchange, which Karl Polanyi thought central to pre-capitalist economies, is diminished, especially within Britain and the USA, while that economy of market exchange expands.<sup>3</sup> And we 'import' migrants from other countries, to sustain our own 'economic growth'. (For the migrants themselves, the shift from a world of informal or gift exchange to marketised relationships is even more marked.<sup>4</sup>)

These factors help us to understand why there may be a negative rather than positive correlation between the gradient of rising material wealth and that of subjective well-being. The emergence of doubts of this kind in public debate may now be starting to have political resonance. Also relevant to these doubts about the benefits of increased wealth are anxieties about climate change, and the wider problems of resource scarcity that are likely to come from the further industrialisation of countries such as China and India. The lifting-out of poverty of millions of people is wholly to be welcomed, but as large sections of these populations begin to aspire to the same levels of consumption as Americans and Europeans, it is indeed high time that we asked some questions about the desirability and sustainability of giving priority to economic growth in the nations of the west that are already rich.

### **What drives this system?**

Since many people feel overstressed by the demands of the market economy, and to a degree recognise the unhappiness to which it gives rise, it is a problem to understand why its dynamic seems so irresistible. Why do governments give such priority to 'economic growth', and take such pride in its achievement, when it seems clear that its benefits in an improved 'quality of life' are so limited? What are the primary drivers of a system that gives such priority to the accumulation of wealth?

One should first note that most people are employed by hierarchical organisations, in which in return for the opportunity to work, receive pay and maybe some economic security, they are required to do as they told. This is the case whether organisations are private or public. So if organisations are driven by the will to make profits, or to balance their budgets, it will be difficult for their members to give priority to other goods, except informally, or in such space as an organisation decides to concede to them. Organisations in the market sector are driven by the necessity to make profits, and those who own their capital, and their senior managers, are dedicated to these purposes. It seems likely that the CEOs of large companies are not motivated so much by the desire to enhance their capacity to spend or to consume more, but rather by

their ‘competitive instincts’ – their desire to succeed, have high status in their own social world and to exercise power (their income and wealth are so substantial, and their leisure is so constrained, that consumption can hardly be the primary goal for them). As Schumpeter well understood, a capitalist system is driven by entrepreneurs with strong wills and competitive drives.<sup>5</sup>

Public bureaucracies have in the past been less single-minded in their goals than organisations operating in the market. They have often given more scope than market-based organisations to other values. This has often been seen as rendering public sector organisations less ‘efficient’ - in terms of the cost of the goods and services they provide, than those operating in the market, and this has been a justification for privatisation and for creating ‘internal markets’ within them. But accompanying this greater economic ‘efficiency’ has been more single-mindedness, a determined privileging of the goal of cost-effectiveness over competing values. This is seen as giving priority to the needs of consumers, over those of producers, and is reflected in pressures on the workforce, which often reduce their autonomy or job security. They may be encouraged to concentrate not on their own conception of a ‘job well done’, but on making sure that the ‘cost-centre’ to which they are attached meets its financial targets.

There are plainly some benefits to be derived from giving priority to consumers over producers (though with the qualifications that most citizens are employees as well as consumers, and that the ‘goods’ of lower prices and greater consumer choice may be accompanied by ‘bads’ such as the experience of reduced security in their workplace). But a single-minded concentration on economic efficiency does not always necessarily benefit consumers - for example where the pleasures of consumption include relationships with providers which become attenuated in the pursuit of efficiency. The ‘impersonalisation’ of the provision of goods and services is a widespread phenomenon, as anyone who phones a call-centre well knows. Thus many employed individuals are compelled by their conditions of employment to give their priority to income-maximising goals, for their employers, at the expense of other values.

A second important driver of the priority given to market values - at individual, organisational and governmental levels - is economic anxiety. It is not just that profitability and economic growth are deemed good in themselves, but there is fear that if a company, institution or nation falls behind in the competitive race, harmful consequences will necessarily follow. Global competition, as our government never ceases to remind us, is a serious worry. One might imagine that if one settled for less than our ‘trend rate’ of economic growth, we could then give more priority to different goals, such as greater security, a more equal society, more fulfilling work, a more participatory public life, more creative leisure. But in fact any ‘slackening off’ of economic competitiveness is feared to bring the risk of real economic decline, which could then bring unemployment, impoverishment and social resentment. While improvements in material standards may bring little apparent improvement in happiness, there does seem reason to fear that a significant deterioration in these *would* have damaging social consequences.

Our government in Britain is in any case committed to ‘enrichment’ as a good in itself, and has conspicuously allied itself to those its leaders deem to be the major

‘wealth creators’ in society. But it is also motivated by these anxieties about competitiveness, theorised for it by sociologists such as Anthony Giddens in the ideas of ‘globalisation’ and the ‘risk society’. Thus the education system is remodelled to enhance standards of performance (rather than the happiness and creativity of children) in order that those leaving school will be more employable. Economic efficiency is defined as the overriding objective of public sector organisations (such as NHS Trusts or universities), even at the expense of their primary purposes, on grounds that continued national economic competitiveness depends on it. Of course there are good reasons for deploying scarce human resources for the greatest benefit, but the measures used to effect these equations are often perverse in their effects. For example, it may be more ‘efficient’ to have no university class with less than fifteen students in it, but there is will usually be a loss of intensity and quality of learning in groups as large as this.

The idea that a capitalist economy forces all those within its power to compete to the utmost, not because they necessarily wish to do so, but because they risk being destroyed by their competitors if they don’t, was formulated by Marx, for example in his 1848 pamphlet *Wage Labour and Capital*.<sup>6</sup> This imperative has always coexisted with other values in society - for example the economy of gift exchange within families - but in the present era of a dominant global capitalist economy, this economic pressure on everyone is greater than ever, on nearly everyone.<sup>7</sup>

The consequence is that although one can see that individual and social well-being are (in industrially developed countries) by no means closely correlated with rates of economic growth, there are great difficulties in de-coupling these two definitions of the good. The major institutions which control economic resources, and which employ most citizens, are designed and legally sanctioned to pursue profit above all other purposes. These organisations also shape a system of mass communications that systemically defines the good in terms what can be purchased and consumed in the market-place, for their own advantage.<sup>8</sup>

Avner Offer’s fine book, *The Challenge of Affluence* (see note 1) adds further dimensions to this analysis. He identifies an increasing disequilibrium since the 1950s between people’s aspirations, continually over-stimulated within an individualist consumer society, and their actual satisfaction. He sees the consequence to be a prevailing ‘short-termism’ of choices, taken without understanding of longer-term costs, and in particular without to costs to others. The epidemics of obesity and addiction are one symptom of this - the consequence of the dislocation of consumption from the social relationships which give it meaning. The decline of family solidarity, and the increasing numbers of individuals experiencing divorce or separation, and of children thereby deprived of the care of two parents, is another instance. Offer argues that the advertising industry contributes not only to this climate of hyper-stimulation, but also to a deeper debasement of the media of public communication. He describes a kind of contamination of the sacred, in the way in which audiences are continually invited to believe in, and be moved by, images and persons which they know to be fundamentally dishonest. Social trust is thereby diminished. This argument is an eloquent restatement of Durkheim’s sociological critique of anomic and egoistic forms of solidarity, in which the necessary social and moral containment of human aspirations and desires is made weak.

Another dimension of this argument is set out in Stefano Zamagni's essay on happiness and individualism in *Economics and Happiness* (see note 1 for details). Zamagni argues that the neo-classical economic paradigm of interest-maximising individuals has made it impossible to see that most satisfactions are found in contexts of relationship, such that an individual's well-being cannot be separated from the well-being of those to whom they are relationally connected. For example, the well-being of parents is connected to the well-being of children, of teachers to that of their pupils, of artists to the audiences who enjoy what they create. The necessary *social* dimensions of well-being, and their location in different possible ways of life, are neglected by models which privilege individual satisfactions and the economic transactions by which these are supposed to be secured.

Governments usually do represent intrinsic claims of value, as well as those signified by the exchange values of the market. This is partly through their historical embodiment of societal goods (e.g. those signified by 'the nation' or aspects of its heritage), and partly because they are elected to give effect to collective social purposes, such as greater social justice. But while our governments do give effect to such social choices through law and taxation, and through mostly feeble attempts to articulate some vision of social possibility, they have in recent decades chosen to make economic growth their overriding commitment. No-one in government seems to feel at this point that it is politically safe to ask whether this priority should become something to be openly debated rather than taken for granted.

Current doubts about the validity of economic growth as a measure of well-being have a history. In the 1970s Amartya Sen was influential in his critique of the global outcomes of market-led economic policies, and measures of economic improvement were instituted that were different from those of GNP or GNP per capita. The Human Development Index produced each year by the United Nations has been one valuable outcome of this critique. This sets out indices of well-being, including such dimensions as infant mortality, mortality and fertility rates, clean water supply and sanitation, education (not least for girls) - which give measures of improvement more discriminating, egalitarian and public-spirited than crude GNP calculations. These ways of thinking have had some considerable influence, including on the British government.

Domestically, the UK government attempts to measure social improvement by social indicators of these kinds. The public sector culture of targets and indicators in part reflects the idea that specific measures of well-being (health or educational outcomes for example) can be given genuine substance, and can stand with the rate of economic growth as a criterion of governmental and national success. However, such measures have often been diverted in their effects by being used as proxies for market indicators, instead of as substitutes for or alternatives to them, and as coercive instruments of marketisation. Levels of 'educational performance', or 'health performance' can be defined as the measures of quality of a *product*, to be chosen in competition by consumers just like any other product in the market place. These measurements of output are thus utilised not to help achieve acceptable standards for all, but for the manufacture of a quasi-market, in which both producers and consumers must compete with one another in their own self-interest. There is present somewhere in this frame the common goal of ensuring that absolute standards *are* raised by these indicators, and an acknowledgement of the relevance of social goals (literacy, health



etc) of some kinds. And in a governmental climate which was more genuinely democratic and pluralist in its capacity to sustain a debate about social priorities, indicators of well-being of these kinds could become resources for making genuine public choices. However, in the last ten years they have become the means by which governments impose the disciplines of competitive markets on both the providers and users of public services.

The debate about economic growth and happiness has allowed more attention to be given to questions about what should be the objectives of government - and the goals of society - in addition to, or other than, the pursuit of 'economic growth'. It also suggests that we should be exploring the consequences, both positive and negative, of settling for a desired rate of economic growth that is deliberately lower than the maximum feasible, in order to make space for other social goods.<sup>9</sup>

### **The idea of happiness**

Among the most influential critiques of the equation of rising income levels with improved well-being have been economists (like Amartya Sen) and philosophers (like Martha Nussbaum) who have rejected the utilitarian concept of 'the greatest happiness of the greatest number' as an adequate criterion of the social good.<sup>10</sup> They have argued that the idea of a single measure of welfare, equated with the satisfaction of desires or preferences, does not adequately recognise the diversity of human ends, and the need for freedom to deliberate and decide between them. They have instead defended an Aristotelian conception of happiness as, in Nussbaum's term, 'human flourishing', or in Amartya Sen's, the development of human capacities, as providing a more illuminating language for the framing of human ends.

These critics of utilitarianism believe that the neo-classical economists' equation of preferences and the 'utility' they signify with the happiness of subjects is too one-dimensional and simplistic to provide the language of social choices that is needed. While fully accepting the necessity for markets to allocate goods and resources, Sen has insisted that democratic deliberation and the power of governments are also essential to secure well-being and give effect to people's preferences.<sup>11</sup> Among the arguments against the equation of happiness with utility are the problems that a hedonistic theory of motivation faces in giving attention to the well-being of others, and the fact that deliberation on what we *should* desire is just as important to a good society as the satisfaction of whatever desires we may have already been habituated to feel by circumstances.

Essays published in Amartya Sen and Bernard Williams' collection, *Utilitarianism and Beyond* developed this critique more than twenty years ago.<sup>12</sup> For example, in his contribution Stuart Hampshire argued that, while 'stripped-down' concepts of the good - like the 'greatest happiness of the greatest number', or prescriptions of just and moral actions that conform to universalist norms - were valid for the universalist sphere of ethics, they were inadequate to spheres of life which were necessarily more culturally specific. He argued that people were unavoidably born 'into both a natural order and a cultural order' ... 'sexuality, old age, death, family and friendship are among the natural phenomena which have to be moralised by conventions and customs, within one culture or another, and that means within a very particular and specific set of moral requirements' (p156). The problem with equating all judgements with the criterion of utility is that self-interest becomes the primary ground of all

choices, with the social consequences for our form of life that we have been describing. Charles Taylor, in the same collection, argues that the language of utility is in itself limited, since it takes out of the field of consideration choices that moral agents need to make about specific and not necessarily compatible virtues. The 'qualitative' questions about what it is to be a good soldier, scientist, therapist, friend or parent, and the language in which we try to answer such questions, are as relevant to ethics as the 'quantitative' norm that all should be considered as having an equal moral claim. Taylor's view of a good society requires that we be able to reflect on and make choices about, the range of goods to which people can aspire, and their relation to each other. Ethical perspectives of a 'social' kind, which attach importance to relationships, respect, recognition, and creativity as key elements of a good society, are likely to find this neo-Aristotelian conception of 'happiness as human flourishing' more congenial than the utilitarian idea of the maximisation of satisfactions.

There seem to be considerable difficulties in supplanting the one-dimensional goal of economic growth and rising incomes with more multi-dimensional conceptions of well-being. These difficulties have two main sources. One arises from the norms of our economic system, within which it seems compelling to equate greater purchasing power with more choice and opportunity for individuals. (The 'external diseconomies' and unintended consequences that might undermine the value of such choices are not always easily recognised, as we have seen.) Even when the importance of public goods, requiring collective decisions, is fully recognised, the assumption is understandably made that if gross national product were higher, there would then be more disposable resources to devote to such goods: there may seem to be no contradiction between the goal of greater economic growth, and the advancement of other social goods.<sup>13</sup> The default position of our individualised and marketised system is that private goods should come first, while public and social goods follow only as a derogation from them. It is not recognised that this assumption embodies a choice of values too.

The second problem derives from our highly centralised political system. Parties and governments are obliged by the necessity to win electoral support to formulate clear and intelligible objectives and policies which will further them. Complex goals and goods are unavoidably simplified and aggregated in this process. The achievement of an acceptable rate of economic growth in these circumstances is a compellingly simple criterion of governmental success. There is simply not much space, in a centralised system of government, in which the populace is in fact empowered to make few effective choices, for the diversification of goals and political negotiation about them. Furthermore, governments and politicians in a highly centralised system seem to be overwhelmed by complexity, and to need to simplify in order to retain the semblance of control. Society, in the information theorists' language, has a greater 'variety' than the political system that has to govern and regulate it. If we want a greater diversity of goods to be recognised and furthered, we will need a greater diversity of deliberative settings in which goals can be formulated and contested. In other words, if we want to see a more differentiated vocabulary of public goods and choices, we need a more devolved and participatory political system. In this respect, small *is* beautiful.

### **Richard Layard's programme for mental health**

Richard Layard has been making use of Benthamite philosophical ideas - of which he is an avowed admirer - to advocate a more socially responsible public policy. He argues that it is not only analysis of external diseconomies and the unintended consequences of economic behaviour that argue the need for major interventions in market arrangements; scientific measures, including empirical studies of people's reports of their own happiness, and neuroscientific studies of its correlates of happiness in brain-function also lend support to this view.<sup>14</sup> Layard defends giving priority to public goods, and to greater equality and job security through the tax system; and he prefers the Continental European model of higher taxation, greater equality, and more universal social entitlement, to the free market model of the USA. He is a committed, if moderate, social democrat, and has been an effective advocate of full employment policies. In his book he advocates a considerable range of governmental interventions (for example welfare-to-work, compulsory parenting classes, and a considerable expansion in mental health services) to advance the general happiness - of the kind to which the present government, to which Layard has been an adviser, has shown some commitment.

Given that Layard questions the links between economic growth and the general happiness, and seems to be willing to trade a slower rate of growth for qualitative benefits in well-being, does this argument about philosophical frameworks really matter? Is there anything wrong with 'happiness', as defined by utilitarians, or not?

Layard's philosophical assumptions do make some difficulties for his argument. He is an advocate, like Bentham, of universalism, of the principle of the greatest happiness of the greatest number, rightly pointing out that the great virtue of this principle is that it assigns equal moral weight to all individuals. But it is one thing to assert this as a universal moral principle, another to explain why individuals might choose to care about the well-being of others as much as they care about their own. Layard's efforts to reconcile the motivational principle of self-interest, basic to liberal economic theory, with the principle of altruism which he ethically prefers, are not convincing. He explains the greed and short-sightedness regarding interests displayed by citizens in our market society as an evolutionary hangover from hunter-gatherer times when, in Hobbes's terms, life was 'nasty, brutish and short'. He says there is no reason why we should remain 'enslaved' by this genetic inheritance. But if selfishness really is our genetic inheritance (which it isn't in this simple way), modifying human behaviour is going to be more of a problem than Layard supposes.

Indeed evolving a shared conception of the common good is a generic problem for societies based on market principles. This is a central issue which the debate about 'happiness' identifies. How does one get from a motivational theory based on individual self-interest, to some broader idea of the good society? The fact (which Layard and others draw attention to) that the increase in average incomes which the market can generate does not seem to produce a corresponding increase of the general happiness arises precisely from basing the organisation of society on this conception of human nature. Bentham hoped that this contradiction could be resolved through the power of the state, through legislation. He thought that if the appropriate rewards and sanctions were set in place, individual self-interest and the general happiness could be reconciled. Some of New Labour's frenetic attempts to regulate behaviour, to encourage or constrain people to engage with the incentives of the market economy,

can be understood as a renewal of this utilitarian programme, and as a way of resolving this inherent contradiction within market societies.

The shallowness of a psychological model which has been extrapolated from the discipline of economics is further revealed in Layard's discussion of the problems of mental illness and depression. He has demonstrated powerful *social* reasons why individuals might be more anxious and depressed in increasingly insecure, consumption-dominated societies. It seems logical to conclude therefore that mental illness is most likely to diminish when these *social* factors are addressed. One might think that Layard's concern about the high incidence of depression in our society would give some urgency to his arguments with the market. But in fact, he has chosen to give his main political priority to an intervention in the field of mental health: he is an advocate of the large-scale provision of cognitive behaviour therapy. In his view, CBT is the proven cure for 60 per cent of clinically depressed patients, and at a very limited cost - only £750 per patient - thus ensuring a favourable cost-benefit ratio even in economic terms.<sup>15</sup> If only things were so simple!

This recommendation draws also on Layard's belief in what he calls 'positive psychology', the need for and possibility of ridding the mind of negative thoughts, and replacing them with positive ones, through various methods of self-reflection - which include both CBT and Buddhist meditation. These sections of Layard's book seem rather naive, and poorly connected with his major social argument. Here is a whole society, in his view, where individuals feel so rivalrous that their own sense of well-being is impoverished by knowledge of others' good, but in which a short course of positive thinking could cure most of the clinically depressed! Although he is critical of the earlier take-over of economic thinking by the psychological assumptions of behaviourism, his own psychological framework seems only slightly more sophisticated than this. Elsewhere, Layard, who is generally hostile to psychoanalysis, acknowledges (citing Freud) the great importance of early family experiences (as well as genetic inheritance) in forming personalities, and attaches importance to supportive relationships within families. Why would one suppose, given this, and the 'situational rationality' of anxiety and depression in the social conditions which Layard describes, that mass provision of a psychological technique designed to induce positive thinking is likely to match up to this serious problem? It would seem more to the point to address the fundamental problems of family relationships and economic security. In fact Layard's passages on 'positive thinking' remind one of nothing so much as Samuel Smiles's advocacy of self-help and its many equivalents in popular psychological literature.

The idea of giving greater priority to mental health services is of course welcome, and without doubt CBT has a useful role in such services. But the emphasis which Layard gives to these recommendations over all others seems to me the equivalent of attempting to remedy a high incidence of traffic accidents by providing more garages for the repair of cars, and more A&E Departments for the repair of their drivers and passengers, instead of addressing the reasons why so many vehicles are causing deaths and injuries in the first place. In this his approach seems similar to many other 'New Labour' policy interventions; while sometimes well-intentioned in themselves, they frequently serve to distract our attention from the 'main line' of pro-market policies that are exacerbating the deep problems which such 'micro-solutions' attempt to cure.

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1. In societies which have not yet escaped from mass poverty, economic growth and well-being *are* closely connected. For more on these debates see, for example, L. Bruni and P.L. Porta (eds), *Economics and Happiness*, Oxford University Press 2005; Oliver James, *Affluenza*, Vermilion 2007; Robert E. Lane, *The Loss of Happiness in Market Democracies*, Yale University Press 2000; Richard Layard, *Happiness: Lessons from a New Science*, Penguin 2005; Avner Offer, *The Challenge of Affluence: Self-Control and Well-Being in the United States and Britain since 1950*, Oxford University Press 2006; *The Economist*, 'Happiness and how to measure it', 23.12.06-5.1.07.

2. Data is provided by Layard (in *Happiness*) and Offer (*The Challenge of Affluence*). For example, crime levels increased threefold in the period from 1950 to 1980, though the increase has now levelled off. Half of all American children are living with only one parent by the age of 14. Three times more young people received psychotropic medication in 1997 than in 1987; anxiety scores among children have increased such that the average child of the 1990s would in the 1950s have been deemed in need of professional attention.

3. Karl Polanyi, *The Great Transformation*, Beacon Press 1944.

4. Arlie Russell Hochschild (in B. Ehrenreich and A. Hochschild (eds), *Global Woman: Nannies, Maids and Sex-Workers in the New Economy*, Granta 2002) has written eloquently about the global economy of child care, in which women from poor countries like the Philippines go to rich countries like the US to care for the children of American working parents, whilst their own children are cared for at home by grandparents. An income stream is repatriated back home, but the core process is the removal of women from the sphere of non-monetary work with their own children, which is thereby depleted, to take part in a marketised exchange in the rich world. One can see why these choices get made, on all sides, but if inequalities were less, the Philippino women would stay at home with their own children.

5. J. Schumpeter, *Capitalism Socialism and Democracy*, Allen and Unwin 1943.

6. 'We see how in this way the mode of production and the means of production are continually transformed, revolutionised, how the division of labour is necessarily followed by still greater division of labour, the application of machinery by still greater application of machinery, work on a large scale by work on a still larger scale. That is the law which again and again throws bourgeois production out of its old course and which compels capital to intensify the productive forces of labour, *because* it has intensified them, it, the law which gives capital no rest and continually whispers in its ear, go on, go on...', *Wage Labour and Capital*, Chapter 5.

7. Marx's prognoses for a communist future, and his political conception of how to arrive at it, had many limitations, his analysis of the expansive and transformative power of capitalism was remarkably prescient. On this argument, see Meghnad Desai, *Marx's Revenge: The Resurgence of Capitalism and the Death of Statist Socialism*, Verso 2002.

8. My argument here gives more emphasis to the institutional power of capitalism and its institutions than most of the writers I cite, who tend to focus their

explanations on unintended consequences, external diseconomies, and misguided or myopic motivations.

9. One of the traps inherent in the choice of economic growth as a summative goal is to see it as the precondition of all other goals. Thus, if we have greater wealth we can then decide whether to spend it in this or that way. But this neglects the reality that the pursuit of economic growth involves the sacrifice of other goals in its pursuit, and in any case tends to genuine mentalities in which 'private' goods are seen as entitlements, and public ones merely as entailing losses, rather than gains, in private benefit.

10. See Amartya Sen, *Development and Freedom*, Oxford University Press 1999; Martha Nussbaum, *Upheavals of Thought*, Cambridge University Press 2001.

11. Sen holds that the conjunction of markets to organise distribution, with a democratic political framework, has been the most effective means of alleviating famines where these have occurred, India since Independence having been more successful in this respect than it was before under the Raj, or than China has been within the same period.

12. Amartya Sen and Bernard Williams (eds), *Utilitarianism and Beyond*, Cambridge University Press 1982.

13. Social democrats like Anthony Crosland thought that economic growth was the key to the advancement of socialist goals like greater quality and more public goods, since it would be much easier to find resources for such goods from economic surpluses than from redistribution of existing income and wealth.

14. He has a discussion of the location of positive emotions in the right forebrain, and negative emotions in the left, which seems extraordinarily simplistic.

15. There may be an affinity between the priority given by Layard to a large-scale cognitive behaviour therapy programme, and his and New Labour's continuing commitment to 'welfare to work', since plainly depression must be significantly related to long-term unemployment or incapacity, both as its effect and as its cause (for more on governmental attitudes to incapacity benefit see Jonathan Rutherford in this issue). In the Reform of the Poor Law of 1834, the earlier utilitarians sought to enforce participation in the labour force through economic constraints and the end of unconditional assistance. Now, in this more psychological age, the will to participate needs to be addressed also, and depression undermines the will. Utilitarianism has long been aligned with what Foucauldians refer to as governmentality - with regimes of social power.