1. Economics, wellbeing and happiness: a historical perspective*

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1.1 INTRODUCTION: OLD AND NEW HAPPINESS IN ECONOMICS

The *telos* of classical political economy was to reduce unhappiness by means of reducing material poverty, increasing the wealth of nations. This was the main operation that created its moral statute in the late modernity. The science of economics became known as the ‘science of wealth’, with the ‘hope that poverty and ignorance may gradually be extinguished’ and ‘that all should start in the world with a fair chance of leading a cultured life, free from the pains of poverty and stagnating influences of excessive mechanical toil’ (Marshall, 1890 [1945]: 3–4). This hope has inspired economists to study the ‘nature and causes of the wealth’ of persons and nations, with the hope and promise that an ever-increasing number of people can enjoy basic material needs, and therefore increase ‘public happiness’.

In the last decades, however, something very subtle pertaining to human happiness has begun to creep into economic thought. Doubts about the moral value of economic growth and the ethical bases of progress have arisen, fostered by the recent (2008) financial and economic crisis, in Europe especially. A stream of inner critique of the values of modernity and market economy has characterized modernity since its very beginning.

J.J. Rousseau is the main representative of this anti-modernity tradition, pointing out that in the luxury, avarice and the search for wealth, lies the main vice of modern ages. Not only socialism and Marxism, but also utopian socialists and some branches of the co-operative movement, have continued Rousseau’s radical critical attitude toward the market and modern economy, which has flowed in parallel to the capitalistic river. During deep and long economic and social crises this anti-market economy tradition has always emerged, gaining consensus in the public audience, the media and among intellectuals.

The literature on the ‘paradoxes of happiness’ offers material to the present-day critique of capitalism. In this chapter I will try to show that the messages that the issue of happiness has for economic life and theory are many, complex and old.

The expression ‘paradox of happiness’ or ‘Easterlin paradox’ refers to empirical data about two main different and controversial issues. In a nutshell, the ‘happiness paradox’ shows that per capita income has risen sharply in most countries in recent decades, whereas average happiness has stayed constant or has lower growth than traditional economics claims.¹

The explanations of the paradox are many. There is, however, an idea present in all economic theories: economics, focused on its key variables (income, wealth, consumption), neglects something important which affects people’s happiness. There are, in other words, some ‘happiness externalities’ that are not calculated in the standard economic analysis of

income and wealth. In the ‘transformation’ of goods into wellbeing, something occurs to make the process more complex than standard economic theory supposes.

But apart from the technicalities of the debate on the economics of happiness today (where we find many nuances and interpretations), from it springs a very sharp cultural message: in contemporary market societies, wealth and income, at both the individual and social levels, are linked in a deep relation with wellbeing or happiness, both individually and socially. However, the most important words about our lot are those embodied in the ‘transformation problem’ of goods into wellbeing, of wealth into weal. But mainstream economics shows no interest in the transformation of commodities into happiness, stopping its discourse at the backyard of our wellbeing.

This chapter tries to show some of the ‘whys’ and ‘hows’ of the lack of attention for this kind of transformation problem in economics, following the mainstream of the history of the nexus of wealth and happiness but also some interrupted paths of economic traditions (the Italian civil economy and the Cambridge tradition), where the attention regarding the translation of goods into wellbeing was greater and in some cases central.

1.2 ‘WEALTH’ OR ‘HAPPINESS’?

Modern political economy is supposed to have been a by-product of the modern need to make the search for wealth and individual self-interest socially and morally legitimate. However, before Adam Smith published his *Wealth of Nations* in 1776 (Smith, 1776[1976]), where he defined ‘wealth’ as the subject of the newborn discipline, a different approach had gained ground. In the mid-eighteenth century in French and Italian traditions the issue placed at the core of the modern economic reflection was ‘public happiness’. The first author who used the expression ‘*pubblica felicità*’ as the title of one of his books was the Italian philosopher Ludovico Antonio Muratori (*On Public Happiness*) in 1749, and after him the term ‘happiness’ appeared in the title of many books and pamphlets by Italian economists of that time: examples are Giuseppe Palmieri (*Reflections on the Public Happiness*, 1788), or Pietro Verri’s (1781) *Discourse on Happiness*, among others. Happiness became a landmark of the Italian classical political (civil) economy: ‘All our [Italian] economists, from whatever regional background, are dealing not so much, like Adam Smith, with the wealth of nations, but with public happiness’ (Loria, 1893 [1904]: 85).

The eighteenth-century Italian tradition was in continuity with civic humanism, and with the idea in particular that comes from the Aristotelian–Tomistic tradition that happiness is ‘social’ by nature: man is a social animal, and therefore the happy man needs friends.

It should also be noted that in Italy the theme of public happiness was coupled with the idea of *ben vivere sociale* (the social weal),² an association that had been characteristic of the Italian civic humanist tradition from Francesco Petrarca to Leon Battista Alberti and Lodovico Antonio Muratori. A special Neapolitan echo of that tradition stayed alive in Naples, thanks to Giambattista Vico, Pietro Giannone and Paolo Mattia Doria (Bruni, 2006). Some years later, in France, philosopher-economists, such as Rousseau, Linguet, Maupertuis, Necker, Turgot, Condorcet and Sismondi, all gave a place to happiness in their analyses, and the *félicité publique* was one of the key ideas of the French

Enlightenment movement: 'The mass of the [English] nation seems to forget, as do philosophers, that the increase in riches is not the end of political economy, but the means by which to provide the happiness for all' (Sismondi, 1819 [1971]: 52).

Loria's and Sismondi's thesis has to be circumstantiated. In fact, if it is true that Smith or Ricardo did not give happiness a central place in their economic theories, nonetheless the issue of happiness was far from being absent in the British debate in their time; it suffices to remember that classical utilitarianism was an offspring of that intellectual climate. At the same time, we must however recognize that English classical political economy did not choose public happiness as a direct object of its enquiries, focusing instead on the wealth of nations, its distribution, creation and growth.

Smith's position is well known. In the *Theory of Moral Sentiments* (TMS) one can find the classical (Aristotelian) idea of happiness as the final goal of human life (Smith, 1759 [1976]: 166). Human happiness does not present a particular characteristic for human beings in respect of other creatures, and under the Stoic influence happiness is defined as 'tranquillity and enjoyment' (Smith, 1759 [1976]: 149). The idea that happiness is related to interpersonal relationships is not emphasized, although Smith's moral system is built on relational categories, such as 'fellow-feeling'; categories, however, absent in his economic theory of the *Wealth of Nations*.

The key idea in the relationship between wealth and happiness is that the former is instrumental to the latter; wealth is just a means for being happy (Smith, 1759 [1976]: 166), a thesis not far away from the classical one. However, Smith's vision of happiness in relation to the economic field is more complex than the simple equivalence 'more wealth equals more happiness'. The argument runs as follows. The emulation of the wealth and greatness of the rich is the engine of both social mobility and economic development. So the 'poor man's son' submits 'to more fatigue of body and more uneasiness of mind . . . he labours night and day to acquire talents superior to all his competitors' (Smith, 1759 [1976]: 181).

This dynamic, however, is based upon a deception, namely, the idea that the rich man is happier than the poor, or that he possesses 'more means for happiness' (Smith, 1759 [1976]: 182). In reality this is not true, but it is the engine of social and economic development (by means of the 'invisible hand' argument). It is this 'good deception' (for the common good) that is the core of Smith's theory of the 'invisible hand'.

Smith's illustration of the working of deceived human imagination is a piece of psychological analysis which finds its completion in the description of the real and actual condition of the rich, as people paradoxically sharing the same lot as the poor:

It is to no purpose, that the proud and unfeeling landlord views his extensive fields, and without a thought for the wants of his brethren, in imagination consumes himself the whole harvest that grows upon them. The homely and vulgar proverb, that the eye is larger than the belly, never was more fully verified than with regard to him. The capacity of his stomach bears no proportion to the immensity of his desire, and will receive no more than that of the meanest peasant. (TMS: IV, 1, 10)

The fate of the rich, in fact, is merely that:

they only select from the heap what is most precious and agreeable. They consume little more than the poor, and in spite of their natural selfishness and rapacity, though they mean only their

own conveniency, though the sole end which they propose from the labours of all the thousands whom they employ, be the gratification of their own vain and insatiable desires, they divide with the poor the produce of all their improvements. They are led by an invisible hand to make nearly the same distribution of the necessities of life, which would have been made, had the earth been divided into equal portions among all its inhabitants, and thus without intending it, without knowing it, advance the interest of the society, and afford means to the multiplication of the species. When Providence divided the earth among a few lordly masters, it neither forgot nor abandoned those who seemed to have been left out in the partition. These last too enjoy their share of all that it produces. In what constitutes the real happiness of human life, they are in no respect inferior to those who would seem so much above them. In ease of body and peace of mind, all the different ranks of life are nearly upon a level, and the beggar, who suns himself by the side of the highway, possesses that security which kings are fighting for. (*TMS*: IV, 1, 10)

Smith's use of the 'invisible hand' metaphor in the *TMS* parallels the logic of the 'happiness paradox' in the current literature. In Smith's moral theory, the rich and the ambitious are moved by frivolous and temporary illusions. 'Power and riches (IV, 1, 8) appear then to be, what they are, enormous and operose machines contrived to produce a few trifling conveniences to the body . . . which in spite of all our care are ready every moment to burst into pieces, and crush in their ruins their unfortunate possessor' (*TMS*: VI, 1, 9).

In the *Wealth of Nations* the issue of happiness is almost totally absent. The title of the book itself defines the object of the new-born political economy: it deals with wealth not with happiness, even if in Smith's choice of the word 'wealth' instead of 'riches' one can rightly see the idea that wealth (weal or wellbeing) is more and something different from simply possessing riches.³

Malthus, 'the first of the Cambridge economists', as J.M. Keynes (1933: 95) defined him, followed a different path. His *Essay on the Principle of Population* (Malthus, 1798 [1966]) reserves an important role for the issue of happiness, a word that appears even in the title of the second edition (1803) of the book.⁴ In a very central passage he writes:

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 . . . I am sufficiently aware of the near connection of these two subjects and that the causes which tend to increase the wealth of a state tend also, generally speaking, to increase happiness . . . But perhaps Dr Adam Smith has considered these two inquiries as still more nearly connected than they really are. (Malthus, 1798 [1966]: 303–304)

From this sentence we have the main elements for us to be able to understand the key points of Malthus's idea of happiness and his evaluation of Smith's position. To Malthus happiness is not wealth, but in general he agrees with Smith that more wealth leads to more happiness. According to Malthus, however, Smith was not sufficiently aware that the relation between these two concepts is complex and worth investigating on its own: he was aware, then, of the 'happiness transformation problem'. In particular, Malthus belongs to a group of those economists (Sismondi, Genovesi and many Italians) who thought that the 'happiness of the nations' is 'another inquiry, however, perhaps still more interesting' (Malthus, 1798 [1966]: 304) than that of wealth, as the modern theorists of happiness also think (Bruni, 2017).

It is important to notice, however, that Malthus's wish to directly study happiness as the object of political economy did not last long. In his *Principles of Political Economy*

(Malthus, 1820 [1986]), there are no references to happiness, and the object of his enquiries becomes wealth, as in Smith and the classical mainstream tradition of economics (something similar will occur also to Marshall, as we will see later). In particular, although he was fully aware that political economy, in focusing on material and quantitative aspects of human interactions, was losing important elements of wellbeing, he left out all interpersonal dimensions of wealth:

A man of fortune has the means of . . . collecting at his table persons from whom he is likely to hear the most agreeable and instructive conversation . . . It would not be denied, that these are some of the modes of employing wealth, which are always, and most justly, considered as much superior in respectability, to the purchase of fine clothes, spending on furniture, or costly jewels . . . But it is a wide step in advance of these concessions, at once to place in the category of wealth, leisure, agreeable conversation . . . The fact really is, that if we once desert matter in definition of wealth, there is no subsequent line of demarcation which has any tolerable degree of distinctness, or can be maintained with any tolerable consistency, till we have included such a mass of immaterial objects as utterly to confuse the meaning of the term, and render it impossible to speak with any approach towards precision, either of the wealth of different individuals, or different nations. (Malthus, 1820 [1986]: 31–32)

Here the main reason that brought political economy to avoid dealing with interpersonal qualitative aspects of economic transactions is clearly stated. Malthus was convinced not only that ‘enjoying conversations’ with friends is an important and ‘superior’ form of using wealth, but even that ‘leisure and agreeable conversations’ can rightly be considered as components of the wealth and welfare of a person. These components, however, he considered to be too ill-defined to be included within the economic domain that instead needs data and objective measurement, that is, needs ‘matter’; a methodological position very close to the Austrian school of Menger at the end of the nineteenth century. Something had to be sacrificed on the altar of the new science of objective and scientific measurements, and one victim was the social and immaterial components of wealth. A science seeking to encompass the first ‘scientific’ reflections on economic relations chose to concentrate its analyses upon objective elements, such as labour value or redistribution of income. Such a science, however, does not have the tools to study the ‘happiness of nations’, as the young Malthus claimed.

1.3 THE CAMBRIDGE TRADITION

Alfred Marshall’s analysis of happiness, an expression that he uses as synonymous with wellbeing, is strictly interrelated with his theory of sociality in economics. It is well known that Marshall made room for ‘altruism’ in his economics, denying, in contrast with economists such as Pantaleoni (Bruni and Sugden, 2007), that the individualistic self-interest is an essential requisite of economic science. He wanted to study the ‘man in flesh and blood’, and therefore any human dimension could find, theoretically, its place within his economics (Marshall, 1890 [1945]: 27 ff.). The only limitation of the economic domain is, for Marshall, the possibility of monetary measurement of economic variables: therefore, economic goods are those that ‘can be measurable by a money price’ (ibid.: 33).⁵ It is a methodological operation very close to that performed by Malthus in Cambridge in shaping the boundaries of economic wealth.

The right of citizenship to altruism is not, however, an element of originality and breaking of Marshall's theory with regard to the economists who preceded him. The first name that comes into mind is Edgeworth, who allowed altruism to be present within the core of pure economics. The second is H.P. Wicksteed, who replaced egoism (and economic principle) with 'non-tuism', a concept open to a form of altruism (Bruni, 2006). Although Edgeworth preferred speaking of 'sympathy' or 'utilitarianism', and although he considered actions actuated or influenced by sympathy as not perfectly economic (consider his well-known definition: 'the first principle of Economics is that every agent is actuated only by self-interest'; Edgeworth, 1881: 16), he recognized that sympathetic or altruistic actions can perfectly well be present within economics (ibid.: 53; see Collard, 1978). Moreover, however, although self-interest as a dominant motive in economic matters was considered by classical and neoclassical economists (from Mill to Jevons) as one of the most basic and universal economic laws, this was more a commonsense thesis than an essential exigency of the theory.

Above I presented Malthus's position on happiness: apart from the reference to a direct study of happiness that one can find in the *Essay on the Principle of Population*, I have shown that he was sharp to spot the distinction between happiness and wealth, although in his economic analyses he chose to deal with wealth and only indirectly with happiness. This approach of the founder of the Cambridge tradition was continued by Marshall and his school (Pigou in particular). Marshall, opening his *Principles of Economics*, wrote the following:

Political economy or economics is a study of mankind in the ordinary business of life; it examines that part of individual and social action which is most closely connected with the attainment and with the use of the material requisites of well-being. Thus it is on the one side a study of wealth; and on the other, and more important side, a part of the study of man. (Marshall, 1890 [1945]: 1)

In this Marshall was really a 'neo-'classical, his approach being fully in agreement with Malthus. Given his moral approach to economics, partially inherited from Ruskin and Carlyle (see Henderson, 2000), and his concern for poverty, he was very aware of the complexity of the happiness–wealth relationship. From the above passage, significantly placed at the beginning of his *Principles*, we get the basic elements of Marshall's vision of economic agency: economics does not deal directly with 'wellbeing' (that, to Marshall, is a substitute for happiness) but with the 'material requisites' of it. We do not find the word 'happiness' anymore (which in England was linked to the utilitarian and hedonistic philosophy, from which Marshall wanted to distance himself);⁶ there is, however, the expression 'wellbeing' (not completely new among economists of his time), later translated by his follower, Pigou, into 'welfare', the key category of his *Economics of Welfare* (Pigou, 1912 [1920]).

The 'material requisites' of wellbeing essentially consist of 'wealth', in line with the Smithian classical tradition. In the 'Introduction' to the *Principles* we also find the theoretical key for understanding Marshall's idea of the relationship between happiness and wealth:

It is true that in religion, in the family affections and in friendship, even the poor may find scope for many of those faculties which are the source of the highest happiness. But the conditions which surround extreme poverty, especially in densely crowded places, tend to deaden the higher

faculties. Those who have been called the Residuum of our large towns have little opportunity for friendship; they know nothing of the decencies and the quiet, and very little even of the unity of family life; and religion often fails to reach them. (Marshall, 1890 [1945]: 2)

Happiness, to Marshall, depends largely on extra-economic factors that are not wealth in the usual economic sense, that do not pass through the market, such as religion; and, mainly, genuine interpersonal relationships, such as family affections and friendship. We still find in Marshall the classical (Aristotelian in particular) idea that happiness does not coincide with wealth, and also that happiness has a social nature. Nevertheless, poverty, even if in itself it does not necessarily mean unhappiness, determines those objective conditions that render it very difficult, if not impossible, to develop the dimensions of life and the interpersonal relationships on which happiness actually depends. Therefore, to Marshall the economists' role in society is very important: to study the ways of increasing wealth or reducing poverty, far from being in contrast with general wellbeing or happiness, is a means for directly increasing the 'standard of life' by fostering the interpersonal dimensions of life. Relevant to this is the fact that Marshall (following the German writers) was the first to use, in the English language, the word 'good' for 'commodity' in his *Principles*.

Anyone who knows Amartya Sen's (1987) theory of the 'the standard of living' will find a strong consonance between the two Cambridge economists:

It is quite easy to be persuaded that being happy is an achievement that is valuable, and that in evaluating the standard of living, happiness is an object of value (or a collection of objects of value, if happiness is seen in a plural form). The interesting question regarding this approach is not the legitimacy of taking happiness to be valuable, which is convincing enough, but its exclusive legitimacy. 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 that 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. (Sen, 1987: 7–8)

Marshall's line of thought was followed by his heir in Cambridge, Arthur Cecil Pigou, who moved the fulcrum of the issue at hand toward the other magic word in economics: 'welfare'. In his *Economics of Welfare*, Pigou (1912 [1920]: 16) states that he intends to deal only with the economic aspects of general welfare (what he calls 'economic welfare'), that part of total welfare that 'can be expressed, directly or indirectly, by a money measure'.

In this choice, which per se is legitimate, there was an important missing link: that consisting of analysing how and whether economic goods may become happiness, or wellbeing (without an adjective). In fact what we see today in the debate on economics and happiness is that the efforts to acquire material goods have systematic negative effects on the other components of wealth, in particular interpersonal relationships, and more income can lead (as the growing amount of literature on the paradox of happiness shows) to less wellbeing. Such a line of thought was also developed by Keynes (1930), in particular in his 'Economic possibilities for our grandchildren', where he distinguished between 'basic' and 'relative' (or relational) needs. To Keynes, economic or material growth can properly satisfy the basic needs, but the relative ones have only a tiny and indirect connection with income.

In Marshall's *Principles*, however, there is also an intuition of this possible inverse (and perverse) tendency that, instead, was completely ignored by the founders of contemporary economics. It is his theory of the 'standard of life', the last chapter of his *Principles*.

First of all Marshall, in this chapter, in a full Aristotelian flavour, states that 'the true key-note of economic progress is the development of new activities rather than new wants' (Marshall, 1890 [1945]: 688), specifying that the question that 'is of special urgency in our generation' is 'the connection between changes in the manner of living and the rate of earning' (ibid.).

In order to analyse this urgent question he distinguishes between two concepts: 'the standard of life' and 'the standard of comfort', where the 'standard of life is here taken to mean the standard of activity adjusted to wants' (ibid.: 689), and 'the standard of comfort [is] a term that may suggest a mere increase of artificial wants, among which perhaps the grosser wants may predominate' (ibid.: 690). Then he repeats his thesis that:

It is true that every broad improvement in the standard of comfort is likely to bring with it a better manner of living, and to open the way to new and higher activities; while people who have hitherto had neither the necessities nor the decencies of life, can hardly fail to get some increase in vitality and energy from an increase of comfort, however gross and material the view which they may take of it. Thus a rise in the standard of comfort will probably involve some rise in the standard of life. (ibid.)

But this is not always the case. The rest of the chapter, in fact, is an analysis, applied to the labour market and the 'burning question of the limitation of the hours of labour' (Edgeworth, 1891 [1970], III: 14), and to the related issues of minimum wage and redistribution of income, of the cases when rises of standard of comfort bring a fall in the standard of life. A first application of this analysis is Marshall's recommendation to reduce in general the hours of labour, which is likely to cause a little net material loss and much moral good, a case where a reduction of income can lead to a higher standard of life (happiness). At the end of the chapter Marshall explains why:

Even if we took account only of the injury done to the young by living in a home in which the father and the mother lead joyless lives, it would be in the interest of society to afford some relief to them also. Able workers and good citizens are not likely to come from homes . . . from which the mother is absent during a great part of the day; nor from homes to which the father seldom returns till his children are asleep: and therefore society as a whole has a direct interest in the curtailment of extravagantly long hours of duty away from home. (Marshall, 1890 [1945]: 721)

1.4 THE NEW NAME OF HAPPINESS

Cambridge's approach to happiness did not become mainstream in England, or in neoclassical economics. The University College, where Bentham founded the Utilitarian tradition and Jevons studied economics, took the lead. In fact, it is impossible to reconstruct the evolution of the idea of happiness in economics without taking into account Utilitarianism, built around the golden rule of 'the greatest happiness for the greatest number'.

In Bentham's idea of happiness we immediately see that in his system happiness is equal to 'pleasure', as it comes straight from the very first lines of *An Introduction to the*

Principles of Morals and Legislation: 'Nature has placed mankind under the governance of two sovereign masters, pain and pleasure' (Bentham, 1789 [1996]: 11).

The Benthamite vision of happiness can therefore rightly be called psychological hedonism, having an individualistic nature; people are depicted as seekers of happiness/pleasure. This psychological feature is essential to the utilitarian programme in which social happiness is seen only as an aggregation, a sum of individual pleasures. J.S. Mill, who on happiness diverges deeply from Bentham and from his father James, in his *Utilitarianism* explicitly states that in early Utilitarianism there was an identification between pleasure and happiness: 'By happiness is intended pleasure' (Mill, 1861 [1963]: 210).

The other key word of Bentham is 'utility' (from which the term 'Utilitarianism' came), and the 'principle of utility' (inherited from Beccaria's *Dei delitti e delle pene*) is stated appropriately, in the first page of his *Introduction*, as the 'foundation of the present work' (Bentham, 1789 [1996]: 11). In all his works the words 'happiness', 'pleasure' and 'utility' are used interchangeably as different ways of expressing the same basic concept of Utilitarianism. In Chapter 1 of *An Introduction to the Principles of Morals and Legislation* he wrote that by utility he meant 'that property in any object, whereby it tends to produce benefit, advantage, pleasure, good or happiness' (Bentham, 1789 [1996]: 12).

With Bentham the distinction between end (happiness) and means (wealth) disappeared; happiness/pleasure also became the direct end of economic actions. Bentham's approach to happiness, therefore, is far from both the classical vision of happiness (from Aristotle to Genovesi) and the Cambridge tradition that kept the distinction between happiness (the final end) and wealth.

Bentham's methodological project, as is well known, nurtured economics, thanks mainly to the works of Jevons and Edgeworth. Most of the leaders of the new economics based their subjectivist approach to economics on a hedonistic philosophy. In Edgeworth's early works up to *Mathematical Psychics* (Edgeworth, 1881), the Utilitarian and hedonist philosophy had a great impact. To him happiness means pleasure, and maximizing happiness means maximizing pleasure (Edgeworth, 1881: 7, 16). Jevons (1871 [1970]) defined economics as the science of utility, explicitly stating his acceptance of the Utilitarian philosophy of Bentham (Robbins, 1998: 262). Happiness entered neoclassical economics fully identified with utility, the new subject of the new economics. Jevons states not only the old Utilitarian thesis that happiness is related to utility, but also that economics is the 'calculus of pleasures and pain' (Jevons, 1871 [1970]: 'Introduction'). To Jevons, pleasures are different 'only in degree, not in kind' (Schabas, 1990: 39). Economics deals with the 'lowest' ones and he does not exclude the fact that men can renounce pleasures coming from the economic domain for the sake of ethical or superior pleasures; but, as Bentham's, his ethical rule is to maximize the sum of pleasures, both individually and socially. In the *Theory of Political Economy* he states: 'The theory which follows is entirely based on a calculus of pleasure and pain and the object of economics is to maximize happiness by purchasing pleasure as it were, at the lowest cost of pain' (Jevons, 1871 [1970]: 91). For British marginalist economists, economics became the science of the direct analysis of happiness/pleasure. The domain of economics was no longer 'wealth' but happiness/pleasure directly. Whilst the classical economists were dealing with objective, external aspects ('material prerequisites'), with Jevons or Edgeworth economics came back to a 'subjective' approach: the domain of economics is inside man's mind.

Contemporary rational choice theory (based on the preference satisfaction approach)

is, from a methodological point of view, a continuation of the Benthamite approach: 'The analysis assumes that individuals maximize welfare as they conceive it' (Becker, 1996: 139). Contemporary rational choice theory is far from the classical or neoclassical economists and very close to Bentham or Jevons (more than they thought, if we consider Hicks's and Samuelson's battle against hedonism in economics in the 1930s). Why? First, like Jevons the domain of economics is 'maximizing' pleasure (preferences); second, the place of pleasure has been taken by preferences-satisfaction, but the core elements of the utilitarian approach are still there:

- the domain of economics is no more wealth or economic welfare (the material prerequisites), but to directly bring about happiness, which can be translated into concepts such as pleasure (old marginalists), ordinal utility or preferences (Hicks), or choices (Samuelson);
- the tools utilized for studying the 'means' (maximization, quantitative calculus, instrumental rationality) are now used for specifically studying 'happiness'.

After Bentham, happiness/pleasure became the object of economics: therefore, it is not true that happiness is not central in neoclassical economics. The reductionism of happiness/eudaimonia to utility/pleasure is the real breaking point in the history of happiness in economics: the distinction between material prerequisites and happiness, Cambridge's and classical political economy's cornerstone, has been lost.

1.5 CONCLUSION

Cambridge's epistemology was potentially open to making space for the analysis of some aspects of happiness within economics; the mainstream, however, has followed a completely different path, and the present resurgence of the 'paradox of happiness' is an eloquent sign that during the twentieth century mainstream economics has lost the methodological categories for even understanding the 'happiness transformation problem'.

The reasons for that are many. The most obvious is the cultural atmosphere of the 1930s, when modern microeconomics came to life, so much influenced by neo-positivism and behaviourism, which disregarded Marshall's social considerations and, at the same time, welcomed Paretian positive economics.

The word 'richness' is a distant derivative of *rex* in Latin (king), therefore it has to do with power and even with disposing of people through money and goods. To possess riches has always been and is still deeply connected with the possession of people; and the borderline where democracy turns into plutocracy (the rule of the rich) is always quite faint, fragile and little guarded by those sentinels who are not paid by the plutocrats.

But 'richness' also means 'wealth', and this English word comes from *weal*, meaning wellbeing, prosperity, individual and collective happiness. Adam Smith chose to use the word 'wealth' (and not 'riches') for his economic study (*The Wealth of Nations*) also to suggest that economic richness is something more than the mere sum of material goods or our gross national product.

In order to express this second type of richness, Italians and many economists from the Latin peoples chose the term '*felicità pubblica*' (public happiness) so as not to misvalue

the complex passage from richness to happiness. From the second half of the nineteenth century the tradition of *pubblica felicità* became an underground river and the old idea of wellbeing understood by wealth gradually disappeared. And so in the whole of the West the semantic range of richness became much poorer; and so did we. We have created a financial type of capitalism that generated much of the wrong ‘richness’ that did not improve our lives or that of the planet. Then, maybe, the tradition of *pubblica felicità* can still have something important to say.

NOTES

- * The chapter is based on Bruni (2016).
- 1. The index of ‘very happy’ responses in the United States National Surveys in the period 1946–90 has decreased (or has not increased), while the gross domestic product per capita has strongly increased.
- 2. The phrase was used in a well-known title by Ludovico Bianchini (1845), one of Italy’s early historians, as a hallmark of Italian economic thought.
- 3. Also Smith’s definition of wealth leaves room for interpersonal relationships as a form of wealth: ‘Every man is rich or poor according to the degree in which he can afford to enjoy the necessities, conveniences, and amusements of human life’ (Smith, 1776 [1976], I: 32). In the expression ‘amusements’ one can find all kinds of social activities. Smith develops this idea further a few lines later: ‘Wealth, as Mr. Hobbes says, is power’ (ibid.: 33). In fact, Hobbes, in his *Leviathan* (Hobbes, 1651 [1954], I: x), says that riches is power ‘because it procureth friends’.
- 4. In fact, the expression ‘human happiness’ was not present in the first edition.
- 5. The same thesis is present in Pigou (1912 [1920]: Ch. 1). For Marshall and his school, the domain of economics is determined by the strength of man’s motives – ‘not the motives themselves’ – strength that ‘can be approximately measured by the sum of money’ (Marshall, 1890 [1945]: 15).
- 6. Fontaine’s interpretation repeats the Humean theory of ‘spheres of intimacy’, also present in Smith. The key test for supporting their thesis is the following: ‘the necessity or conveniency of mutual accommodation, very frequently produces a friendship not unlike that which takes place among those who are born to live in the same family. Colleagues in office, partners in trade, call one another brothers; and frequently feel towards one another as if they really were so . . . Even the trifling circumstance of living in the same neighbourhood, has some effect of the same kind. We respect the face of a man whom we see every day, provided he has never offended us. Neighbours can be very convenient, and they can be very troublesome, to one another’ (Smith, 1759 [1976]: 223–224).

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