



## 'Happiness'

Prof Lord Richard Layard, Founder, Centre for Economic Performance, London School of Economics

### Overview:

Prof Layard believes that the happiness of society does not necessarily equate to its income. Most people want more income, yet, as societies become richer, they do not become happier. Evidence from a range of sources shows that, on average, people have grown no happier in the last fifty years, even as average incomes have more than doubled. In fact, many countries have more depression, more alcoholism and more crime than fifty years ago. This paradox is true of Britain, the United States, continental Europe and Japan.

In this lecture Prof Layard discussed both explanations of and remedies for this phenomenon including serious efforts by civic authorities to promote more pro-social cultures among children and young people.

### Key ideas:

- Happiness is objective and measurable.
- Health improves happiness, and vice versa.
- Happiness is a good different to all others – the good.
- For populations above the poverty line, increasing income does not increase happiness.
- In general, people place more value on relative wealth / income than absolute.
- Individualism negatively affects happiness.
- Better concepts of the common good (compassion to others) and of the private good (compassion to oneself) are required.
- Public policy should be based on producing the greatest happiness.

### Summary

Prof Layard defined happiness simply as “feeling good and wanting to go on feeling that way” whilst unhappiness was described as “feeling bad and wanting to feel different”. Layard explained that Thomas Hutcheson originally introduced the idea that the best society is one where people are happiest. This applied both to public policy (public policy should produce the greatest happiness) and private morality (your actions should produce the highest total happiness over all the people whom your action is affecting). This was also the idea behind the social reforms of the 19<sup>th</sup> century (abolition of slavery, factory reform, and so on) and provided a very powerful argument for the redistribution of income, the commonly held belief being that an extra pound is worth more to a poor person than it is to a rich person. With the rising popularity of ‘behaviourism’ (i.e. you cannot know how a person feels but can only observe how they behave) the argument for redistribution disappeared and GDP (Gross Domestic Product) became the primary focus for economists. However, maximisation of GDP per head does not take account of quality of life and, thus, is not ideal in terms of human welfare.

Many social and medical scientists now do believe that you can relate people’s statements about how they are feeling to changes in their brain - and, therefore, that happiness is an objective and measurable phenomenon. Neuroscience (notably through the work of Richard Davies) shows that the correlation between actual brain activity and whether people say they are happy is so close that there must be

something objectively going on when somebody is experiencing happiness which is well-represented by what they say.

Prof Layard discussed why happiness matters explaining that studies have shown that happiness is good for health and that good health, in turn, increases happiness. Layard concluded that happiness is a good different to all others: happiness is the good. (*"If you ask somebody why is it good that people should feel good, there's nothing more that could be said."*)

The reason for studying the subject of happiness, Layard explained, is that, despite huge increases in economic affluence, we are no happier now than in the 1950s. Whilst the stability of the economy is important for happiness (and health), the level of GDP in the long-run appears to have no effect on our happiness. Layard identified four factors which help to explain why this is the case.

Of course, people say they would like to be richer but it is relative (keeping up with/staying ahead of their neighbours), rather than absolute, wealth that matters most to people. There is no way a country can raise its relative income relative to itself and, thus, if happiness is dependent on relative income, at the level of society, this cannot be a source of increased happiness.

The second factor which helps to explain why higher income is not making us happier is adaptation. We get used to higher income and its benefits, and feel much the same as before. Prof Layard also believes that advertising is partly responsible for creating wants where they didn't exist before, and therefore in making us less happy with what we have. Fourthly, over the same period that income has increased, studies show that human relationships, including family and work relationships (important factors affecting individual happiness<sup>1</sup>), have deteriorated. There has been a decline in the degree of trust between people, coupled with increased individualism. Layard talked of the tendency to encourage young people to consider that their main obligation is to themselves (self-realisation) and the pressure this puts on individuals to succeed.

The remedy proposed by Layard is (returning to Hutcheson), when considering how to use your time and talents, to focus on the impact of your actions on the happiness of everybody who will be affected by them. Each person should count equally and we should understand that we are just one of very many – somebody else's happiness mattering as much as our own happiness does. Layard added the qualification that it's most important to raise the happiness of those currently most unhappy. It was argued that moral progress is required, and Layard believes this can be achieved by developing a better concept of the common good (compassion to others) and of the private good (compassion to yourself; being yourself and appreciating yourself). The school curriculum is seen to be crucial in producing this value system in young people.

Finally, Layard discussed the group he believes to be the least happy members of society: those who suffer from mental illness. He expressed considerable concern both about the high number of people affected by mental illness in the UK at any point in time (1 in 6) and about the way in which mental health services are organised. Layard's suggested solutions were as follows.

1. Making psychological therapy much more widely available.
2. Increasing the number of psychiatrists.
3. Improving opportunities for mentally ill people to join the labour market.

In concluding, Prof Layard stated that he would like the country to be one where people lead happy lives and not to have only the most dynamic economy in the world. He would like society to avoid further pressure resulting from targets and competition, urging us to consider “what for?”. We cannot have a society in which all respect goes to people who come out top.

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<b>The Big Seven factors affecting happiness</b> (The first five are given in order of “importance”)
Family relationships
Financial situation
Work
Community and friends
Health
Personal freedom
Personal values

Taken from: Layard, R. *Happiness: Lessons from a New Science* (p63) Penguin, UK (2005)

The views expressed in this paper are those of the speaker and do not necessarily reflect the views of the Glasgow Centre for Population Health.

Summary prepared by the Glasgow Centre for Population Health.