

Happiness and economics: a Buddhist perspective

by
Colin Ash

**2008
059**

Henley Business School
University of Reading
Whiteknights
Reading
RG6 6AA
United Kingdom

www.henley.reading.ac.uk

Happiness and Economics: A Buddhist Perspective*

Colin Ash
University of Reading, UK

Abstract

Economics and particularly economic policy often seems to focus almost exclusively on the growth of income and creation of wealth. However economists have always viewed Gross National Product (GNP) as an imperfect measure of human welfare. Recent research on subjective well-being (happiness) consistently confirms that there are diminishing marginal returns to income. Once basic material needs are satisfied, happiness responds more to interpersonal relationships than to income. One's personal values and philosophy of life also matter, as do strategies and techniques for mood control and raising each individual's baseline or set-point level of happiness. This paper briefly summarises the research findings which have led to this gradual and ongoing shift of focus. Then we take a Buddhist perspective on happiness and economics. Many of the recent research findings are consistent with Buddhist analysis, particularly its analysis of the conditioning process leading to unhappiness. Furthermore, Buddhist practices provide skilful means for the mind to control the mood. The paper ends, however, on a cautionary note: in what sense, if any, is the "greatest happiness" the Buddhist goal?

Keywords: income; happiness; Buddhism

Introduction

The "dismal science" of economics is getting happy. Economists have long been concerned with the meaning and measurement of utility, welfare and the standard and quality of living, hence their interest in recent developments in neuroscience which purport to provide objective measures of subjective well-being. Some irony then for economists to discover that the empirical correlation between increases in income and in reported happiness is at best tenuous. More important are relatively stable inherited personality traits, partly encoded in the genotype and partly assimilated during early childhood development. One's personal values and philosophy of life also matter, as do strategies and techniques for mood control and raising each individual's baseline or set-point level of happiness. These strategies and techniques can be found in cognitive therapy, positive psychology and in the major religious - particularly mystical - traditions. Thus economist Richard Layard (2003, 2005), surveying the burgeoning scientific research on happiness, advocates the Buddhist psychological practices of meditation. It is the recent conjunction of economics, neuroscience, psychology and an ancient religious tradition which is the subject of this paper.

Economics and particularly economic policy often seems to focus almost exclusively on the growth of income and creation of wealth. Consumer spending, the provision of public services, investment by private and public sectors, and international trade undoubtedly contribute to well-being. For example, wealthy people are generally more educated, enjoy better health, and live longer. It is hard to imagine that people experiencing grinding poverty are happy. What is true for the individual is true for society as a whole: once basic needs are satisfied, further growth in national income opens up the possibility of expanding the range of choices open to society. Economic progress, in the form of greater material prosperity, has generally been a very good thing indeed. However economists have always viewed Gross National Product (GNP)

* Forthcoming in *Society and Economy*. An earlier version of this paper was published in *Hsi Lai Journal of Humanistic Buddhism*, Vol 7, 2006, pp. 295- 310.

as an imperfect measure of human welfare. Recently they have begun (again) to take happiness seriously. And, in 2004, the Himalayan Buddhist kingdom of Bhutan became the only country in the world to measure its wellbeing by Gross National Happiness (GNH) instead of GNP.

This paper briefly summarises the research findings which have led to this gradual and ongoing shift of focus. Accessible and comprehensive reviews of and contributions to the relevant economics literature can be found in Bruni and Porta (2005), Frey and Stutzer (2002) and Layard (2005). Readers particularly interested in the psychological basis of this research will find valuable summaries in Kahneman *et al.* (1999), Nettle (2005), New Scientist (2003), and Schwartz (2004). The following summary of this research leans heavily on these excellent sources.

We then take a Buddhist perspective on happiness and economics. Many of the recent research findings are consistent with Buddhist analysis, particularly its analysis of the conditioning process leading to *unhappiness*. Furthermore, Buddhist practices provide skilful means for the mind to control the mood. The paper ends, however, on a cautionary note: in what sense, if any, is the “greatest happiness” the Buddhist goal?

Income and Happiness: The Evidence

What is economic activity for? The obvious answer is that its purpose is to generate, sustain and, if possible, improve human welfare. Explaining this process is the subject matter of economics. However the concept human welfare is itself elusive. For about 150 years, economists were utilitarians. They subscribed to the philosophy of Jeremy Bentham (1789): the best society was one in which citizens are happiest, so the aim of policy should be to promote “the happiness of the greatest number”. The problem was then and still is, how to measure happiness? One could simply ask people how they feel, and many surveys of subjective well-being do just that.

A typical questionnaire might ask: “On a scale of 0 (= totally unhappy) to 10 (= totally happy), how happy or satisfied are you with your life as a whole these days?” However there is an obvious problem with this approach. Suppose that over the last ten years, three-quarters of society say that they have become a little happier, while the remaining 25 percent report that they are experiencing acute clinical depression. Is society better or worse off? Without any means of making interpersonal comparisons of reported happiness, these surveys give little practical guidance to policy-makers. For example, redistributing wealth to the poor from the rich no doubt makes the first group happier and the second group less so. But how far should this redistribution be taken if the aim is to make everyone as happy as possible? The answer requires objective quantifiable information about the impact of changes in wealth on different individuals’ well-being. So from the 1930’s onwards, attention shifted towards a much easier, admittedly imperfect, measure of welfare - GNP, the sum of a country’s income or spending or output.

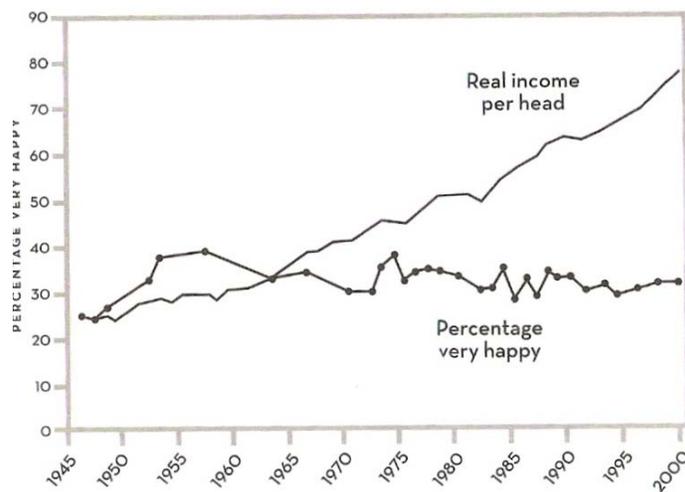
Fortunately the neuroscience of happiness has progressed over the past 20 years or so. Measures of serotonin levels, blood flow, oxygen uptake, electrical activity in different parts of the brain and MRI scans all confirm a direct connection between brain activity and reported mood - positive and negative feelings (Davidson 2004, Urry 2004). Questionnaire results correlate directly with the neuroscientific measures. Happiness is, in principle, as measurable as blood pressure. Economists can begin again to take happiness seriously because self-reported subjective well-being is now shown to have

objective validity: for evidence, see Coghill et al. (2003), Davidson (1992, 2000), Davidson et al. (2000), and the summary provided by Layard (2005).

Economic analysis of the relationship between economic progress, as measured by GNP, and happiness, measured by average population scores from surveys, show three remarkably clear findings:

- Over the past 50 years rich countries (e.g. US, UK and Japan) have become much richer; for example average real incomes have more than doubled. However the evidence shows that people are on average no happier. In the economics literature, this is known as “Easterlin’s Paradox” (Easterlin, 1974 and 1995). Research by psychologists (Diener et al., 1995) and political scientists (Inglehart, 1990) reach the same conclusion. Figure 1 illustrates this finding. In fact depression, suicide, alcoholism and crime have risen. Happiness in poor countries on the other hand has increased with higher income.

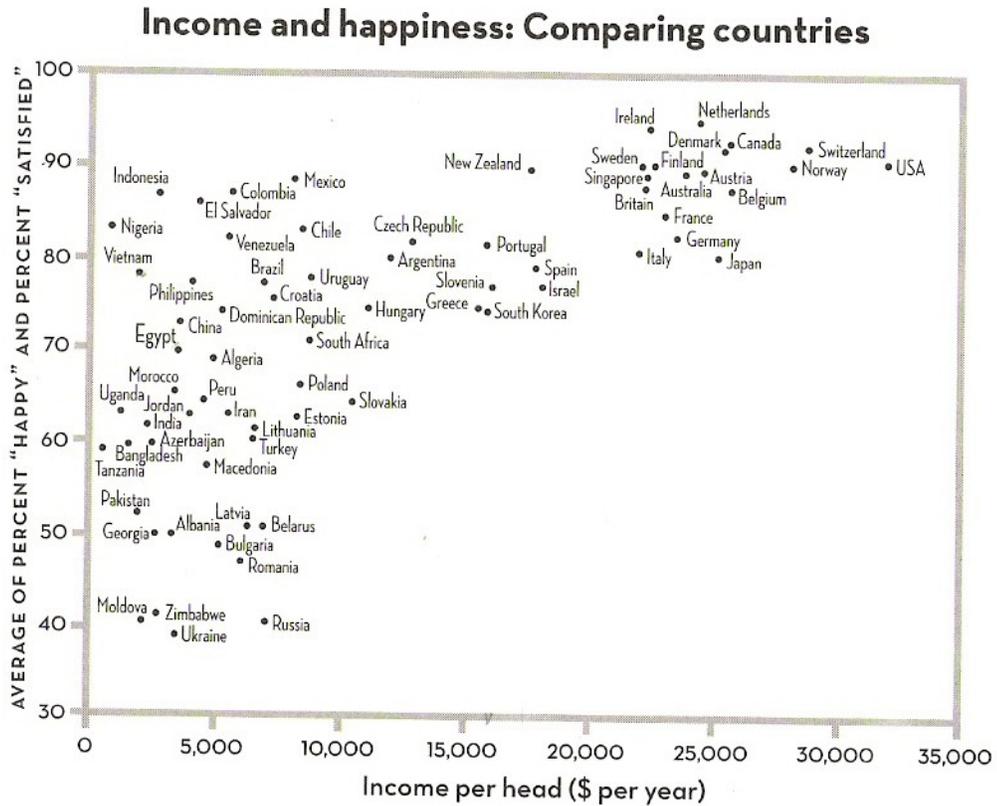
Figure 1: Income and Happiness in the United States



Source: Layard (2005) p.30

- Rich countries are usually happier on average than poor countries. Obviously other things besides income determine happiness. This can be seen from Figure 2. Why is New Zealand about as happy on average as the US when average income in the US is almost double New Zealand's? Vietnam has half the per capita income of the Ukraine, yet the Vietnamese are on average almost twice as happy.

Figure 2



Source: Layard (2005) p.32

- As the following table shows, within rich countries the rich are much happier than the poor. However increases in income have not made either group any happier.

Happiness in the US by Income (%)

	Top quarter of income		Bottom quarter of income	
	1975	1998	1975	1998
Very happy	39	37	19	16
Pretty happy	53	57	51	53
Not too happy	8	6	30	31
	100	100	100	100

Source: Layard (2003)

All the evidence suggests that extra income certainly matters, but only when we do not have a lot of it. For an individual or a society struggling to subsist, an extra dollar can significantly raise well-being. From there on, the effect of extra income begins to tail off. Once income per head exceeds about \$20,000 (at 2005 prices), extra income appears to have very little additional impact on happiness. There are diminishing marginal returns. This occurs because of adaptation and social comparison.

Adaptation (or habituation) is part of our human hardwiring. Like other animals, we respond less and less to any given level of sensory stimulus. An increase in income or a lottery win initially raises happiness. After a while we get used to a higher material standard of living, and take it for granted. Happiness falls back towards a baseline level, probably determined by innate personality and temperament. In addition to changing our response to a given level of stimulus, we often ratchet up our expectations, raising our targets and aspirations as our actual standard of living increases. If our satisfaction or happiness depends on closing the gap between the income we want and the income we actually have, we find ourselves on a hedonic treadmill, always chasing a moving target, and always being dissatisfied. Whatever the cause of adaptation, some of the empirical evidence suggests that *changes* in income have a larger quantitative effect on the level of happiness than the *level* of income. However much income they have, income addicts always want more.

Social comparison (or rivalry) puts us on another inherently unsatisfactory treadmill. Once again there is strong empirical evidence that what matters for individual happiness is not so much our own income or consumption in isolation, but our income or consumption compared with that of others: see Clark et al. (2008) for an excellent survey of the relevant literature.

Consumption is “positional” and often deliberately conspicuous. We want to “keep up with the Joneses”, and ideally get ahead. Data for the US suggests that if one person’s income goes up, the loss to others is 30 percent of his or her initial gain in happiness (Blanchflower and Oswald, 2004). In the limit, if everyone’s income increased at the same rate, no-one would be better off. Social comparison helps to explain why rich Americans are happier than the poor, and yet neither group seems to have been made much happier even though there has been sustained income growth across the whole country since the 1950’s. The futile attempt by each individual to have higher income

or consumption than everyone else puts us on a social status treadmill. The resulting “income arms race” is inefficient. People spend too much time working to achieve what is at best a temporary gain in relative income. All would be happier if overworking were deterred. Frank (1985, 1999, 2005) in the US, and Layard (2005, 2006) in the UK therefore advocate taxation on income or consumption in order to correct this inefficient misallocation of time. More leisure time could then be spent investing in interpersonal relationships – e.g. with family, friends and within the community. Happiness research consistently reveals that, once a fairly basic level of real income has been achieved, extra income or consumption gives very little additional happiness, compared with enjoying such relatively time-intensive relationships as these.

Like adaptation, social comparison may be part of human hardwiring. It has been suggested that our early ancestors learnt about the availability of subsistence essentials such as food, shelter and primitive tools by observing the possessions of their neighbours; also, those with better food, shelter, etc implicitly signalled their superior genetic fitness. If these were indeed the original reasons for social comparison and rivalry, they are largely redundant today.

Commonsense is confirmed by recent research: there is more to happiness than income, wealth and material consumption, once basic needs are satisfied. There is no doubt that our genetic inheritance and family upbringing affect our capacity to be happy as adults: see, for example, Lyobormirsky *et al.* (2005). Then, surveying the available evidence, Layard (2005) concludes that there are five factors which have little or no impact on happiness: age, gender, our physical attractiveness, IQ, and education. He identifies seven factors which research shows do have a significant impact on our well-being (the first five are listed in order of quantitative importance): family relationships, financial situation, work, community and friends, health, personal freedom and personal values or philosophy of life. The size of the marginal impact on happiness of these seven factors is shown in Appendix A: what is remarkable is how large a quantitative effect these mainly relational variables have particularly when compared with significant changes in family finances. *A propos* the subject matter of this paper, note the relative size of the coefficient for religious belief.

One point stands out very clearly. Because we are “social-selves”, we need to belong. Close relationships - in our family, with friends, at work, in our community, as members of a voluntary organisation or religious group - make us happy. As well as providing love, support and material comfort, they define our identity - our sense of who we are. These are high trust relationships, and trust between people is an important contributor to personal happiness. Divorce, widowhood and unemployment have a significant and lasting negative impact on our well-being. Unemployment hurts beyond the loss of income as social ties are broken, and rising unemployment causes insecurity which reduces the happiness of even those who do have jobs.

Social relationships - their formation and fracture - have a more lasting impact on happiness than does income. The reason is that adaptation to them is typically incomplete. People never fully adjust back to their baseline level of happiness after getting married or losing their job. Expectations and goals do not seem to be raised or lowered after these significant life events as much as they are by fluctuations in material circumstances. The psychological impact of changes in social relationships which impinge upon our very identity are more profound than transitory hedonic stimuli.

Notice also the inclusion of personal freedom and personal values or philosophy of life in Layard's list of the seven major factors determining happiness. The quality of government matters: administrative efficiency and effectiveness, stability, accountability, and democracy, including democracy at the local level, all enhance the well-being of citizens. And as economist Richard Layard concludes: "Finally, and crucially, our happiness depends on our inner self and our philosophy of life. [P]eople are happier to appreciate what they have, whatever it is, if they do not always compare themselves with others; and if they can school their own moods[H]ow we interact with others is equally important. ...more anxiety comes from striving to 'do well' for yourself than from striving to 'do good' for the rest of the world" (Layard, 2005 pp. 71-73).

Based on his evaluation of the factors which most influence our well-being, Layard recommends appropriate policies, some of which are markedly different from current, orthodox economic thinking. These are shown in Appendix B.

A Buddhist Diagnosis

Buddhism recognises that there is the happiness of sense pleasures - the Pali terms are *kamasukha* or *samisasukha* - and spiritual happiness, *niramisasukha*, the highest form of which is *vimuttisukha*, happiness which is independent of material things and sense desires. Although "contentment is the greatest wealth" (Dhp.v.204), there is recognition that wealth, lawfully obtained by hard work, brings four sources of worldly happiness: economic security, having enough to spend generously on oneself and others, the peace of mind that accompanies freedom from debt, and the peace of mind of knowing that one has earned one's wealth blamelessly (A II, 62). This sort of worldly happiness is attained through skilful endeavour, protecting one's savings, having trustworthy associates, and living within one's means (A IV, 281 and 285).

As we have seen, in wealthy, developed economies happiness has not increased in spite of very large increases in income. No doubt part of the reason is because there have been simultaneous offsetting trends in depression, crime, mistrust and family break-up. Some might want to add the pervasive influence of increased hours spent watching television: an alleged reason for the decline of community life and for creating wants by commercial advertising. Others might put the blame on moral erosion due to increased individualism and, outside the US, declining religious belief. Materialism breeds discontent: Nickerson et al. (2003) show that "the more important people believe financial success is, the more dissatisfied with both work and family life they are" (Nettle 2005, p. 152). Clark and Felton (2005, 2007), Helliwell (2003) and other researchers have evidence that religious behaviour is positively correlated with individual life satisfaction, when controlling for other possible influences. Besides the utility from expected afterlife rewards that individuals derive from religious practice, religion may act as a buffer against stressful life events, for example unemployment and divorce, and religious affiliation can be an important source of social support. In their study of 20 European countries, Clark and Felton (2007) show that religious behaviour in a region has positive spillover effects, enhancing the well-being of both those who are religious and those who are not.

There are, as previously explained, two other reasons not due to external causes. The pursuit of income and consumption is unsatisfactory in itself because of eventual adaptation and social comparison. Trapped on hedonic and social treadmills, we over-invest our time in paid work and associated commuting, at the expense of building and

maintaining valuable relationships with family and friends, and within the wider community. Clearly many of our choices - what to buy, how many hours to work - often do not bring us happiness.

The starting point for a Buddhist analysis of the “happiness problem” is the starting point of the *Dhamma*, the Buddhist world-view, itself: *dukkha* (suffering, unsatisfactoriness) and its cause. Its proximate cause is *tanha*, strong desire or craving. Its root cause is *avijja*, ignorance. Here I shall focus specifically on ignorance in the following sense: as not understanding through experience and insight what from the Buddhist perspective are the three fundamental characteristics of existence - impermanence, unsatisfactoriness and selflessness or emptiness - and dependent origination. In a nutshell, suffering arises through attempting to sustain a mistaken identity built on attachment to transitory mental and physical phenomena. The process by which this comes about is dependent origination. This is described in Appendix C; the non-standard terminology sometimes used is that of contemporary authors and my own, hopefully to bring greater clarity to a process which the Buddha himself described as deep and difficult to penetrate with the intellect alone.

Ignorance, a fundamental and pervasive cognitive deficiency, conditions and is manifest in our *kamma* formations - our “inherited forces” (Collins 1982, p.202) or core “operating system”, in particular our habitual drives and tendencies. These habitual drives in turn propel our awareness/discernment (Harvey, 1995) into a discriminating mode (Sucitto, 1991, p.9) that operates in terms of the “conceptual and formational blueprint” which is our experiential individuality (Hamilton, 1996, Ch. 6). This “blueprint” determines our sensory functioning, in particular the way we process and interpret sensory data. Phenomena are therefore discerned as existing on one side or other of the “sense doors” (Sucitto, 1991, p. 9); that is, as “I”, subject, and “other”, object.

Sensory stimuli give rise to varying degrees of pleasant or unpleasant feelings. These feelings stimulate desire (or its opposite, aversion), which grabs the attention - or, more accurately, the attention grabs and attaches to the desire. Layard (2005, p.189) observes that “[i]n psychological jargon the problem is one of ‘framing’ - by focusing on one particular desire or feeling we give it excessive salience”. We identify with the desire. Personal aims and obsessions develop (Sucitto, 1991, p.10), reinforcing the sense-of-self. This motivates intentional choices and actions (*cetana*). However as the original stimuli inevitably cease so too do the associated feelings. Only the motivational energy of the self remains. These choices, now lacking any sustainable rationale, inevitably lead to disappointment, depression and dissatisfaction.

This process is repeated moment-to-moment and endlessly as long as ignorance persists, i.e. as long as cognitive errors, conditioned responses to stimuli, and self-deception remain unrecognised and unchallenged.

There are remarkable parallels between the conditioning process of dependent origination and recent findings of psychologists researching happiness. These are summarised schematically in Appendix D. Anything from 50 percent (Lyubormirsky et al. 2005) to 80 percent (Lykken and Tellegen, 1996) of the interpersonal variation in long term subjective well-being can be ascribed to inborn temperament, character and ability to overcome setbacks. Both personality and happiness show temporal stability, with happiness certainly responding to life events in the short run, but eventually reverting towards the individual’s set-point on account of adaptation (Costa and McRae,

1980, Costa et al. 1987, Magnus et al. 1993). We have also inherited a basic survival programme of seeking pleasure and avoiding pain. But pleasure is not the same as happiness. Different brain chemicals drive desire and pleasure on the one hand, and happiness on the other. Dopamine and opioids are involved in pleasure, wanting and desire. Serotonin is involved in well-being and happiness.

Nettle (2005) argues that human behaviour is driven by desire, and that evolution has made us desire things that are generally good for our (early ancestors') fitness (e.g. status and material resources). These things may make us happy, or they may not. Evolution has also given us a "strong implicit theory of happiness.[W]e come to the world believing that there is such a thing as achievable happiness, that it is desirable and important, and that the things we desire will bring it about. It is not self-evident that any of these are actually true. The idea of happiness has done its job if it has kept us trying. In other words, evolution hasn't set us up for the attainment of happiness, merely its pursuit" (Nettle, 2005, p.168). Even when desires do bring happiness, at the very moment of their fulfilment the pleasure of anticipation and the excitement of the pursuit disappear.

We therefore pursue income and status at the expense of more valuable relationships, programmed also, it would appear, to mispredict adaptation and social comparison (Nickerson et al., 2003). When assessing our current well-being we make unnecessary, erroneous comparisons with past experiences of happiness, with future goals and expectations, and perceptions of the happiness apparently enjoyed by others. Memories of past relevant events are often biased, focusing on peak happy or unhappy experiences, or on more recent experiences of happiness. This can lead to over-estimating how much happier achieving the things we want will make us. Or we pass up opportunities which would actually make us happier because of attachment to the status quo. The ultimate cognitive error is the self-deception of defining our identity by what we earn and consume, or in terms of our relationship with others. The social-self too is a manifestation of deeply ingrained cognitive errors. On the one hand this leads to the frustration of social comparison. On the other, attachment to this identity results in the large lasting losses of well-being reported when significant relationships collapse.

From a Buddhist perspective, aiming to achieve "the best" from this process of dependent origination is quite literally self-defeating. Better to settle for what is "good enough". Again psychology confirms the wisdom of this advice. Schwartz (2004) studies the happiness of maximisers, for whom only the best will do, and satisficers who are content with whatever meets predetermined criteria and standards. Maximising is seen to be a source of great dissatisfaction. Maximisers are more vulnerable to regret from comparison with imagined alternative possible outcomes, and to status: "the only way to be the best is to have the best". The more alternatives available the more difficult is maximisation. And, as Schwartz (2004, p.101) says: "every choice we make is a testament to our autonomy, to our sense of self-determination". However the more bounded, unique and independent is our sense of self, the more we tend to take personal responsibility and blame ourselves for failure to make the "right" choice. One consequence of economic progress is an expanded range of possible choices. On the one hand this has the potential to enhance individual autonomy; on the other the problems of making a choice increase, along with the psychological cost – the regret of missing out on a larger number of forgone opportunities.

The Buddhist Cure

There is no shortage of books by Buddhist authors on how to develop happiness: see, for example, H.H. Dalai Lama and Cutler (1998), and Ricard (2003). Layard (2005, ch.12) provides a brief overview.

The purpose of the Buddhist agenda can be summed up in two words: stop suffering. To the extent that suffering, in the sense of unsatisfactory conscious experience, is internal and conditioned, meditation is central to Buddhist practice: the aim is to train the mind so that ultimately the process of dependent origination ceases. Mindfulness meditation is a noticing practice, “being the knowing” rather than automatically identifying with moods, feelings, etc. Simple techniques are used to calm the mind and sharpen the awareness or attention. The various components of dependent origination can then be observed more objectively, in detail, and with increasing refinement. Just observing sensory contact, feelings, desire and aversion, attachment and framing, and obsessions as they arise and pass away reduces their continuity and connectedness. Gradually mindfulness practitioners are able to come off autopilot, letting go, for example, of ingrained comparisons between perceptions of their present situation with memories of the past and expectations and goals for the future. More fundamentally, direct observation reveals that all phenomena are transitory, potentially unsatisfactory and empty of self. These insights reprogramme our “core operating system”, purging our “Windows on the World” of the deep cognitive errors which infect our “conceptual and functional blueprint”. It leads to the cessation of suffering.

Mental health professionals are increasingly applying mindfulness techniques in the clinical domain, teaching these methods to patients experiencing clinical depression, anxiety, chronic pain and other problems – see Gerner et al. (2005) and Segal et al. (2002). “The *core skill* to be learned is how to exit (step out of) and stay out of ... self-perpetuating cognitive routines. The bottom line is *be mindful (aware), let go*. Letting go means relinquishing involvement in these routines, freeing oneself of the attachment/aversion driving the thinking patterns – *it is the continued attempts to escape or avoid unhappiness, or to achieve happiness that keep the negative cycles turning. The aim of the programme is freedom*, not happiness, relaxation, and so on, although these may well be welcome by-products” (Segal et al., 2002 p.91, their italics). Davidson et al. (2003) show that an additional benefit of mindfulness meditation is an improvement in the immune system.

Another strand of Buddhist meditation cultivates four unconditional and unlimited positive mind-states (*brahma-viharas*): loving kindness, compassion, enjoyment of others’ success, and equanimity. Combined they are characterised by a concern for the welfare of all without discrimination; being unenvious; the elimination of aversion and acquisitiveness; objectivity towards oneself and others equally; and taking responsibility for the consequences of one’s actions. This is the stuff of mood control, by which one develops a positive attitude towards oneself and others, and resilience to fluctuations in one’s own fortunes. The *brahma-viharas* have the therapeutic benefit of promoting subjective well-being; at the deeper level of insight, they erode a concept of self which is bounded, independent and permanent. Maximising, doing the best for ourselves, is recognised as a pointlessly frustrating strategy in an inherently imperfect world. Better to settle for what is “good enough”, and work to ameliorate the suffering of all.

Genetic determinism and hedonic adaptation together suggest that any gains in happiness are short lived, as well-being reverts inevitably to its set-point. Such a

pessimistic view is challenged by the concept of neuroplasticity, that the brain physically responds to experience and in particular to training, so that a sustainable positive change in happiness is possible (Eriksson et al. 1998, Goleman 2003, Lyubormirsky et al. 2004, Rilling et al. 2002). Buddhist meditation practices have been shown to have this neurological effect (Davidson et al. 2003, Lutz et al. 2004). Though there is no supporting neurological evidence, it is well established that there is also a positive correlation between altruism and happiness (Diener and Seligman 2002, Layard 2005 Annex 8.1, Seligman 2002, Sheldon and Lyubormirsky 2006).

In the context of the happiness literature one should also note the positive benefits of morality, another cornerstone of Buddhist practice. Adherence to the Buddhist lay precepts – not killing, stealing or lying, and refraining from sexual misconduct and alcohol and drug abuse - means that we can trust others, and others can trust us. Trust is the glue which holds relationships together. It enhances well-being. Schwartz (2004, p.112) points out that the rules by which we live have a further value. Constraining behaviour in some areas may reduce the scope of our autonomy, but it also simplifies and lifts the onus for making complex decisions, for example “how much of our life we devote to ourselves and what our obligations to family, friends and community should be”.

A Cautionary Conclusion

From a Buddhist perspective there is nothing wrong with economic progress, unless it stimulates attachment and greed. On the contrary, if it serves to alleviate suffering it is welcome. An excellent explanation of Buddhist economic ethics is provided by Harvey (2000, ch. 5). In a nutshell, there is no particular merit in poverty; indeed poverty is recognised as a cause of crime and other immorality. Rather, the traditional teaching is that current prosperity is a mark of past generosity. What matters is how wealth is earned, how it is spent, and how we relate to it. Wealth, lawfully obtained by hard work, brings four sources of worldly happiness: economic security; having enough to spend generously on oneself and others; the peace of mind that accompanies freedom from debt; and the peace of mind from leading a blameless life.

Dependent origination gives a generic account of why we suffer. Its explanation of why income and wealth provide only temporary satisfaction and why, even so, we spend so much time and effort trying to accumulate even more, is consistent with recent findings in psychology and economics. Buddhist meditation practice provides techniques for overcoming these self-defeating strategies, and, like other therapies, has the potential to raise baseline or set-point levels of subjective well-being.

All of which would be uncontroversial if Buddhism were just one more therapy. The *Dhamma* however offers skilful means not just of improving psycho-physical conditions but of realising the unconditioned. Layard (2005, p.12) puts it concisely: happiness is “feeling good” - a pleasant but transitory feeling, good to experience in the moment but foolish to cling to. Happiness can certainly arise in meditation practice, and is an indispensable condition for attaining concentration of mind. Similarly the modern concept of “flow” (Csikszentmihalyi, 1990), absorption into the task at hand, whatever the task is, brings a deep sense of enjoyment. Concern for the well-being of all sentient beings, without limit, is an indispensable characteristic of the *brahma-viharas*. Nevertheless, happiness, in the sense in which we have used the word throughout this paper, is not the ultimate goal of Buddhism. The cessation of suffering is. A *bodhisattva* is a saviour-being: the bodhisattva’s vow of compassion is to free all

sentient beings from suffering, not to make them happy. Buddhism could therefore be viewed as a form of negative utilitarianism (Keown, 1992, Ch. 7).

Final liberation from suffering only comes about with the full and complete realisation of *Nirvana*, and the ending of further rebirth. *Nirvana* is sometimes described as the highest happiness, but happiness here does not refer to sense pleasures. How it manifests in consciousness is not described, “but just as cognition in this state is more intuitive and holistic and less differentiated, it is clear that the feeling is something like a calm, disinterested, undisturbed satisfaction” (Johansson, 1969, p.26). Nirvarnic happiness, unconditioned and unconditional contentment, is the culmination of a life in which the person fulfils from a Buddhist viewpoint their true potential, the good life, akin to Aristotle’s eudaimonia (Keown, 1992, p.199). It cannot be conceived as Bentham’s hedonic balance of pleasures and pains, though as we have seen, an emerging sense of well-being in the sense usually studied by psychologists and described by Nettle, (2005, p.17) as a hybrid of emotion, and judgements about emotion, may be a happy by-product of progress along the Buddhist Eightfold Path.

Postscript from an Economics Nobel Laureate

Should happiness be the goal?

There are many different and plausible ways of seeing the quality of living.

“You could be *well off*, without being *well*.

You could be *well*, without being able to lead the life you *wanted*.

You could have got the life you *wanted*, without being *happy*.

You could be *happy* without having much *freedom*.

You could have a good deal of *freedom*, without *achieving* much.”

A. Sen (1987), p.1.

The problem is adaptation again. Preferences change and can be changed. People can be manipulated. In Aldous Huxley’s *Brave New World*, people take soma to make themselves feel happier. Protesters were quickly sprayed with soma, not CS gas.

In the UK, fluoride is added to the water supply because it is good for our teeth.

Suppose Prozac were soluble and there were no adverse side effects. Should it be added to the water supply to make us feel happier?

March 2008

Colin Ash
Lecturer in Economics
Department of Economics
The University of Reading Business School
P.O. Box 218
Whiteknights
Reading RG6 6AA
England
Phone +44 (0)118 378 5054
Fax +44 (0)118 975 0236
Email j.c.k.ash@reading.ac.uk

Appendix A

	Fall in happiness (points)
Financial situation	
Family income down by a third	2
Family relationships	
Divorced (rather than married)	5
Separated (rather than married)	8
Widowed (rather than married)	4
Never married (rather than married)	4.5
Cohabiting (rather than married)	2
Work	
Unemployed (rather than employed)	6
Job insecure (rather than secure)	3
Unemployment rate up 10 percentage points	3
Community and friends	
“In general people can be trusted”	
Percentage of citizens saying yes down by 50 percentage points	1.5
Health	
Subjective health down 1 point (on a 5-point scale)	6
Personal freedom	
Quality of government	
Belarus 1995 rather than Hungary 1995	5
Personal values	
“God is important in my life”	
You say no to this rather than yes	3.5

Source: Helliwell (2003), Layard (2005) p. 64

Appendix B

Rethinking Economic Policy

1. The development of happiness should be monitored as closely as the development of income.
2. Income should be redistributed towards where it makes the most difference (the poor within developed countries, and towards the Third World).
3. Self-defeating work should be discouraged by suitable taxation.
4. Income comparisons and the zero-sum struggle for rank and status should be discouraged. Instead, motivation should be an adequate general level of pay, and by stressing the importance of the job, professional norms and professional competence.
5. The costs of too much geographical mobility - increasing crime, weakening families and communities - should be recognised and addressed by policy-makers.
6. High unemployment should be eliminated, and secure work should be promoted by welfare-to-work and reasonable employment protection.
7. Activities that promote community life should be subsidised.
8. To improve family life, more family-friendly practices at work should be introduced (e.g. more flexible hours, more parental leave, easier access to child care).
9. Dysfunctional advertising, which escalates wants, should be limited. In particular, commercial advertising to children should be prohibited.
10. Participatory democracy should be actively promoted.
11. Mental health should receive a much higher priority.
12. Better education is needed, including moral education. “We should teach the systematic practice of empathy, and the desire to serve others The curriculum should also cover control of one’s own emotions, parenting, mental illness ... and citizenship. But the basic aim should be the sense of an overall purpose wider than oneself.” (Layard, 2005, p. 234).

Source: Layard (2003, 2005)

Appendix C

Dependent Origination: *Paticca-Samuppada*

<u>Dependent on</u>	<u>is/are</u>
ignorance, <i>avijja</i>	inherited forces ⁽¹⁾ , habitual drives and tendencies, <i>kamma</i> formations, <i>sankhara</i>
inherited forces, <i>sankhara</i>	discriminating awareness ⁽²⁾ , discernment ⁽³⁾ , <i>vinnana</i>
discriminating awareness, discernment, <i>vinnana</i>	the “conceptual and functional blueprint” which is our experiential identity ⁽⁴⁾ , <i>nama-rupa</i>
“the blueprint”, <i>nama-rupa</i>	“sensory functioning”, <i>salyatana</i>
“sensory functioning”, <i>salyatana</i>	sense contact, <i>phassa</i>
sense contact, <i>phassa</i>	feeling, <i>vedana</i>
feeling, <i>vedana</i>	desire, <i>tanha</i>
desire, <i>tanha</i>	attachment, framing ⁽⁵⁾ , <i>upadana</i>
attachment, <i>upadana</i>	personal aims and obsessions ⁽²⁾ , <i>bhava</i>
personal aims and obsessions, <i>bhava</i>	(re)birth, self-consciousness ⁽²⁾ , habit reinforcement, <i>jati</i>
(re)birth, self-consciousness, habit reinforcement, <i>jati</i>	“the cycle of maturing and passing away, with the resultant sense of sadness, varying from sorrow to depression, to anguish and emotional breakdown,” ⁽²⁾ , <i>jara-maranam soka-parideva-dukkha-domanass-upayasa sambhavanti</i>

- (1) Collins, (1992)
- (2) Sucitto (1991)
- (3) Harvey (1995)
- (4) Hamilton (1996)
- (5) Layard (2005)

Pali terminology is shown in italics.

Appendix D

The Dependent Origination and Psychology of (Un)Happiness

The Set-Point: Up to 80% of Happiness is Genetically Inherited
or Assimilated in Early Childhood

**Ignorance → Habitual Drives & Tendencies → Discernment →
The Identity “Blueprint” → Sensory Functioning**

1. A wrong theory of happiness

- Happiness exists, is achievable and sustainable
- Desires bring happiness

but

- Desires (for possession, status) good for ancestors' genetic fitness

and

- Desire ↔ dopamine, opioids
- Happiness ↔ serotonin

2. A mistaken self-view / personal identity

- Self belief
- Identification with income, consumption, status, relationships, etc

but

- Mispredict adaptation, social comparison
- Compounded by maximising behaviour
- Attachment to the status quo/loss aversion
- Other cognitive errors, e.g. biased memories

All of the above are superimposed upon a basic survival programme:

**Sensory Stimuli → Pleasant/Unpleasant Feelings → Desire/Aversion →
Attachment/Revulsion → Intentional Choices**

Summary: choices based on defective human hard-wiring often turn out to be unsatisfactory.

References

- Anguttara Nikaya*; (trans. F.L. Woodward and E.M. Hare), *The Book of Gradual Sayings*, 5 vols. London: PTS, 1932-6.
- J. Bentham (1789), *An Introduction to the Principles of Morals and Legislation*, 1996 edition, edited by J.H. Burns and H.L.A. Hart, Oxford: Clarendon Press.
- D. Blanchflower and A. Oswald (2004), Well-Being Over Time in Britain and the US, *Journal of Public Economics*, Vol. 88, pp. 1359-1386.
- L. Bruni and P.L. Porta, (eds) (2005), *Economics and Happiness: Framing the Analysis*, Oxford: Oxford University Press.
- A.E. Clark, P. Frijters and M.A. Shields (2008), Relative Income, Happiness and Utility: An Explanation for the Easterlin Paradox and Other Puzzles, *Journal of Economic Literature*, forthcoming.
- A. Clark and O. Lelkes (2005), *Deliver Us From Evil: Religion as Insurance*, PSE Working Paper, Paris.
- A. Clark and O. Lelkes (2007), *Let Us Pray: Religious Interactions and Life Satisfaction*, PSE Working Paper, Paris.
- R. Coghill, J. McHaffie and Y-F. Yen (2003), Neural Correlates of Interindividual Differences in the Subject Experience of Pain, *PNAS*, 100, pp. 8538-42.
- P.T. Costa and R.R. McCrae (1980), Influence of Extraversion and Neuroticism on Subjective Well-being: Happy and Unhappy People, *Journal of Personality and Social Psychology*, 38, pp. 668-78.
- P.T. Costa, R.R. McCrae and A. Zonderman (1987), Environmental and Dispositional Influences on Well-being: Longitudinal Follow-up of an American National Sample, *British Journal of Psychology*, 78, pp. 299-306.
- S. Collins (1982), *Selfless Persons*, Cambridge: Cambridge University Press.
- M. Csikszentmihalyi (1990), *Flow: The Psychology of Optimal Experience*, New York: Harper and Row.
- R. Davidson (1992), Emotion and Affective Style: Hemispheric Substrates, *Psychological Science*, 3, pp. 39-43.
- R. Davidson (2000), Affective Style, Psychopathology and Resilience: Brain Mechanisms and Plasticity, *American Psychologist*, 55, pp. 1196-1214.
- R. Davidson (2004), Well-being and Affective Style: Neural Substrates and Biobehavioural Correlates, *Philosophical Transactions of the Royal Society (London)*, 359, pp. 1395-411.
- R. Davidson, D. Jackson and N. Kalin (2000), Emotion, Plasticity, Context and Regulation: Perspectives from Affective Neuroscience, *Psychological Bulletin*, 126, pp. 890-906.
- R. Davidson, J. Kabat-Zinn, J. Schumacher, M. Rosenkrantz, D. Muller, S. Santorelli, F. Urbanowski, A. Harrington, K. Bonus and J. Sheridan (2003), Alterations in Brain and Immune Function Produced by Mindfulness Meditation, *Psychosomatic Medicine*, 65, pp. 564-70.
- Dalai Lama and H. Cutler (1998), *The Art of Happiness: A Handbook for Living*, London: Hodder and Stoughton.

- Dhp. *Dhammapada*; (trans. Narada Thera), *The Dhammapada*, London: John Murray, 1954, and Buddhist Missionary Society, Kuala Lumpur, 1978 - available from Wisdom Publications, London.
- E. Diener, M. Diener and C. Diener (1995), Factors Predicting the Subjective Well-being of Nations, *Journal of Personality and Social Psychology*, 69, pp. 851-864.
- E. Diener and M.E.P. Seligman (2002), Very Happy People, *Psychological Science*, 13, pp. 434-52.
- R.A. Easterlin (1974), Does Economic Growth Improve the Human Lot? Some Empirical Evidence. In R. David and R. Reder (eds.) *Nations and Households in Economic Growth: Essays in Honor of Moses Abramovitz*, New York: Academic Press.
- R.A. Easterlin (1995), Will Raising the Incomes of All Increase the Happiness of All? *Journal of Economic Behaviour and Organisation*, 27, pp. 35-47.
- P.S. Eriksson et al. (1998), Neurogenesis in the Adult Human Hippocampus, *Nature Medicine*, 4:11, pp. 1313-17.
- B.S. Frey and A. Stutzer (2002), *Happiness and Economics*, Princeton, N.J.: Princeton University Press.
- R.H. Frank (1985), *Choosing the Right Pond: Human Behaviour and the Quest for Status*, Oxford: Oxford University Press.
- R.H. Frank (1999), *Luxury Fever: Money and Happiness in an Era of Excess*, Princeton: Princeton University Press.
- R.H. Frank (2005), Positional Externalities Cause Large and Preventative Welfare Distortions, *The American Economic Review*, 95(2), pp. 137-141.
- C.K.Gerner, R.D. Siegel and P.R. Fulton (eds.) (2005), *Mindfulness and Psychotherapy*, New York: Guildford.
- D. Goleman (2003), *Destructive Emotions: How Can We Overcome Them? A Scientific Dialogue with the Dalai Lama*, New York: Bantam Books.
- P. Harvey (1995), *The Selfless Mind: Personality, Consciousness and Nirvana in early Buddhism*, London: Curzon Press.
- P. Harvey (2000), *An Introduction to Buddhist Ethics*, Cambridge: Cambridge University Press.
- J. Helliwell (2003), How's Life? Combining Individual and National Variables to Explain Subjective Well-being, *Economic Modelling*, 20, pp. 331-60.
- R. Inglehart (1990), *Cultural Shift in Advanced Industrial Society*, Princeton University Press.
- R. Johansson (1969), *The Psychology of Nirvana*, London: Allen and Unwin.
- D. Kahneman, E. Diener and N. Schwartz, (eds) (1999), *Well-Being: The Foundations of Hedonic Psychology*, New York: Russell Sage Foundation.
- D. Keown (1992), *The Nature of Buddhist Ethics*, Basingstoke: Macmillan
- R. Layard (2003), *Happiness: Has Social Science a Clue?*, The Robbins Lectures available at <http://cep.lse.ac.uk/layard>.
- R. Layard (2005), *Happiness: Lessons from a New Science*, London: Allen Lane.

- R. Layard (2006), Happiness and Public Policy; A Challenge to the Profession, *The Economic Journal*, 116 (March) pp. C24-C23.
- A. Lutz, L.L. Greischar, N.B. Rawlings, M. Ricard, and R.J. Davidson (2004), Long-Term Meditators Self-Induce High-Amplitude Gamma Synchrony During Mental Practice, *PNAS*, 101: pp. 16369-16373
- D. Lykken and A. Tellegen (1996), Happiness is a Stochastic Phenomenon, *Psychological Science*, 7, pp. 186-9.
- S. Lyubormirsky, L. King and E. Diener (2003), *Happiness as a Strength: A Theory of the Benefits of Positive Affect*, University of California, Riverside, mimeo.
- S. Lyubormirsky, K. Sheldon and D. Schkade (2005), Pursuing Happiness: The Architecture of Sustainable Change, *Review of General Psychology*, 9:111-131
- K. Magnus, E. Diener, F. Fujita and W. Pavot (1993), Extraversion and Neuroticism as Predictors of Objective Life Events: A Longitudinal Analysis, *Journal of Personality and Social Psychology*, 65, pp. 1046-53.
- D. Nettle (2005), *Happiness: The Science Behind Your Smile*, Oxford, Oxford University Press.
- New Scientist, *Science of Happiness*, 4 October 2003, pp. 40-47, and 11 October 2003, pp. 36-43
- C. Niskerson, N. Schwartz, E. Diener and D. Kahneman (2003), Zeroing in on the Dark Side of the American Dream: A Closer Look at the Negative Consequences of the Goal for Financial Success, *Psychological Science*, 14, pp. 531-36.
- M. Ricard (2003), *Happiness: A Guide to Developing Life's Most Important Skill*, New York: Little Brown.
- J. Rilling, D. Gutman, T. Zeh, G. Pagnoni, G. Berns and C. Kitts (2002), A Neural Basis for Social Cooperation, *Neuron*, 35, pp. 395-405.
- S. Hamilton (1996), *Identity and Experience*, London: Luzac
- B. Schwartz (2004), *The Paradox of Choice: Why More is Less*, New York: Harper Collins.
- Z.V. Segal, J.M.G. Williams and J.D. Teasdale (2002), *Mindfulness-Based Cognitive Therapy for Depression: A New Approach to Preventing Relapse*, New York: Guildford.
- M. Seligman (2002), *Authentic Happiness*, New York: Free Press.
- A. Sen (1987), *The Standard of Living*, Cambridge: Cambridge University Press.
- K.M. Sheldon and S. Lyubomirsky (2006), How to Increase and Sustain Positive Emotion: The Effects of Expressing Gratitude and Visualizing Best Possible Selves, *Journal of Positive Psychology*, 1, pp. 73-82.
- B. Sicutto (1991), Introduction, in A. Sumedho (1991), *The Way It Is*, Hemel Hempstead: Amaravati Publications.
- H.L. Urry, J.B. Nitschke, I. Dolski, D.C. Jackson, K.M. Dalton, C.J. Mueller, M.A. Rosenkranz, C.D. Ryff, B.H. Singer and R.J. Davidson (2004), Making a Life Worth Living: Neural Correlates of Well-being, *Psychological Science*, 15, pp. 367-372.