

HAPPINESS IN ECONOMICS

Edited by Richard A. Easterlin, Edward Elgar, Cheltenham, UK, 2002, pp. 244.

This volume brings together 14 previously published papers, a new addendum to one of them, and an editorial introduction by Easterlin (the author of two of the other papers). The papers are divided between 'Part I. Early Contributors' and 'Part II. Recent Contributions' but the reader should not take this division too seriously; Part I includes a paper from 2001 and Part II a paper from 1994! Much more important is the fact that this work deals with a fascinating and much neglected topic, providing much food for serious thought about a matter that is both intellectually challenging and of great practical and policy significance.

It is in the nature of such a collection that a review must either become a lengthy review article, giving fair coverage to each and every contribution, or must be restricted to providing a brief, helpful overview. Our following the second course is made much easier by the fact that, whilst the editorial introductions to such volumes are sometimes cursory and indeed almost useless, Easterlin's introduction is extremely good and provides a clear synoptic view of both the central issues in and the recent history of the treatment of happiness in economics. Our reader should therefore find it useful to know what Easterlin has to say here.

Lamenting the extent to which economists have left the matter of subjective well-being (i.e., happiness, or welfare) to other disciplines (p. ix), Easterlin suggests that the widespread regularities in reported findings concerning well-being cast doubt on economists' scepticism about the possibility of making useful statements about it. Perhaps the factors influencing happiness are 'much the same for most people everywhere most of the time - living conditions, family, and health'? rendering it

possible to make welfare comparisons at least between groups of people. (p. x) Yet there does appear to be a ‘paradox of happiness,’ in that happiness increases with income in cross-section terms but not in time-series terms. This naturally reminds any economist of the corresponding ‘paradox’ concerning the savings/income relationship and Easterlin develops the analogy by seeing Scitovsky’s Joyless Economy (1976) as following a ‘habit-formation’ approach, whilst his own work, like that of Hirsch, Ng and Frank, has adopted a ‘relative-income’ approach. (pp. x-xi)

Although not large, the literature on happiness in economics does provide interesting statistical associations, carries some important policy implications and leads to deeper conceptual issues. Thus happiness does appear to be positively associated with being married, being white, having a higher income and better education, and with being in employment. (p. xii; it is less clear whether it is definitely related to age, p. xiii) It also seems that well-being depends (negatively) more strongly on unemployment rates than on inflation rates – and that the former effect is not reducible to a loss-of-income effect. (pp. xii-xiii) Finally, deeper issues are broached, concerning the meaning of ‘the good life’, the endogeneity of preferences and norms – and even the sanctity of individual preferences. (pp. xi, xiv)

This volume is thus of great interest both to policy-oriented and to philosophically inclined economists. Do historians of thought perhaps have something of value to contribute here? With their awareness of, say, scholastic, classical liberal and utilitarian economic theories they may be more alert to alternative conceptions of happiness in economics than are those who know only of economics post-1980!

As is common in such collections, each paper is reprinted in its original format, giving the reader both the disadvantage of an unattractive variation of typeface and the advantage of being able to quote the original pagination. The volume

is completed by a name index. It would be a dull, unimaginative economist who did not find this to be a thought-provoking book.

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