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THE ECONOMIC PROBLEM OF HAPPINESS:
KEYNES ON HAPPINESS AND ECONOMICS

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Introduction

Mainstream happiness economics makes scarce, if any, use of the history of economic thought. Yet, happiness was one of the most widely debated issues from ancient Greek philosophers to the Philosophes of the European Enlightenment. Rather than embedded in this history classical economics concentrated on a more “coherent and unambiguously definable subject of investigation”, that of material wealth (Pasinetti 2003, p. 4). With the advent of neoclassical economics and the model of homo œconomicus, material wealth was replaced with the “psychological element of human enjoyment” (ib., p. 5), and the concept of utility superseded happiness as the key issue in economics. It is however surprising that non-mainstream economic approaches to happiness, relying on a “eudaimonic-objective” (Bruni and Porta 2005) idea of happiness in line with Sen’s works1, assign little weight to John Maynard Keynes’s thinking and

1 Aristotle names eudaimonia – human flourishing – the activity of the soul in accordance with virtue; happiness thus is for him a sum of activities which are worthwhile in themselves and make a life meaningful. Mainstream happiness economics proposes on the contrary a “subjective
overall vision about happiness and economics. The only references to Keynes in the happiness literature are to one of his most controversial essays, Economic Possibilities for Our Grandchildren, and his dream of a human race finally free from the economic problem of material scarcity. Material scarcity was for Keynes the “economic problem”. In the essay, he predicted that “assuming no important wars and no important increase in populations, the economic problem may be solved, or be at least within sight of solution, within a hundred years. This means that the economic problem is not – if we look into the future – the permanent problem of the human race” (CW IX, p. 326). Once the age of abundance is reached, “man will be faced with his real, his permanent problem – how to use his freedom from pressing economic cares, how to occupy the leisure, which science and compound interest will have won for him, to live wisely and agreeably and well” (ib., p. 328).

Yet, as “the last great economist in the tradition of philosopher-economists” (Backhouse and Bateman 2006, p. 149), to the extent that if he is seen “purely as an economist theorist, pur sang, he emerges as one amongst many and it becomes less clear why he, rather than any of his contemporaries caught the public imagination in the way that he did” (ib., p. 158), Keynes had definite thoughts on ethics and happiness. In the paper, after revisiting the Economic Possibilities for Our Grandchildren (section 1), we show that in his early (unpublished) philosophical writings on ethics, morals and happiness, Keynes exposes the philosophical foundations of his mature writings in economics, and elaborates a clear vision of happiness in relation to economics (section 2). We then proceed, after a brief presentation of the presumed revolutionary character (see Frey 2008) of happiness research for economics (section 3), by arguing that Keynes’ s considerations about the well-being approach” based on a “hedonic-subjective idea of happiness” (Bruni and Porta 2005). See Comin 2005 for a discussion of the two competing approaches.
crucial ethical question, how should one live, and particularly his insistence on happiness as a multi-dimensional concept and on the complex nature of the relationship between happiness and material wealth, may be of the utmost importance to further the discussion on some of the common flaws in modern happiness research (section 4).

1. Keynes’s Perspective on Happiness and Economics: The Economic Possibilities for Our Grandchildren

As an undergraduate working under Keynes between 1928 and 1930, Arthur Plumptre had a chance to see Keynes reading in Cambridge his paper Economic Possibilities for Our Grandchildren. When asked to offer a personal view of Keynes, Plumptre (1947) argued that the talk, which was “not unlike some of the most futuristic parts of the Treatise on Money and the General Theory” (ib., p. 371), had left him with the impression that Keynes was there at his best and his worst. His worst, because some of his social and political theory would not stand too close scrutiny; because society is not likely to run out of new wants as long as consumption is conspicuous and competitive; and because, as an undergraduate once remarked, democratic government is more than a gathering of benevolent Old Etonians. His best, because of the roving, inquiring, intuitive, provocative mind of the man. Should interest rates fall and the working day be shortened to remedy unemployment? If so, get people accustomed to the idea by talking about zero interest and a three-hour day and the terrific problem of leisure! He liked to pose as a prophet of doom, but he really believed in salvation, not by revelation, but by good sense and clear reasoning (ib.).

Skidelsky uses Plumptre’s account as a confirmation of his view of the Economic Possibilities as the clearest evidence of the “ambivalent attitude to capitalism” (1992, p. 236) one can detect in Keynes’s writings. His “utopia” is not socialist, simply non-capitalist. This is because, like Max Weber, he defines capitalism as a spirit, not as a social system. Whatever happens to property relations, capitalism as such is self-liquidating. Thus beyond Commons’s epoch of stabilisation stretches a new age of abundance, when individualism can flourish again, though shorn of the unlovely features
associated with its first coming (ib.).

After defining the Economic Possibilities as “a provocation, a jeu d’esprit” (ib.), Skidelsky argues that economists have been right in paying scarce attention to the essay: Keynes’s utopia would amount at “an enlarged Bloomsbury at the top and bread and circuses for the masses. It is a paradise of leisure. But what will most people do?” (ib., p. 237). When writing the second volume of his biography of Keynes, Skidelsky could scarcely imagine that the Economic Possibilities were to enjoy a rediscovery at the times of the current financial crisis, and induce leading economists such as Baumol, Becker, Fitoussi, Frank, Leijonhufvud, Phelps, Solow and Stiglitz to revisit them.

The editors of the volume collecting their essays (Pecchi and Piga 2008) claim that in the text, Keynes almost gives the impression “of wishing to challenge posterity to put his predictions to test” (ib., p. 1). Believing that, due to capital accumulation and technical progress, the standard of life in Western countries would have reached levels between four and eight times as high as those prevailing in those gloomy times, Keynes argues that despite serious concerns for “technological employment”, “in the long run ... mankind is solving the economic problem” (CW IX, p. 325), “hitherto the primary, most pressing problem of the human race – not only of the human race, but of the whole of the biological kingdom from the beginnings of life in his most primitive form” (ib., p. 327). Notwithstanding the lack of a modern growth theory (see Ohanian 2008), Keynes’s estimates appear quite accurate (see also Zilibotti 2008). As pointed out by various contributors to Pecchi and Piga’s volume, problems lie rather on Keynes’s predictions concerning employment and highly reduced hours worked in the future. He failed to take adequately into consideration first-order issues like income distribution in both already developed and developing countries – in the latter, he overlooked the relatively easy possibility to replace labour with capital. Equally, he understated the pleasure one could derive from working and the role of innovation in
providing stimulus to career, as well as the rise, driven by economic growth itself, of new consumption needs in addition to those which were considered as basic in his times. As a consequence of his lack of concern for distributional issues, he also played down, after mentioning, the problem of relative needs.

Once these missing concerns or wrong expectations are considered, one might conclude that not one indeed of Keynes’s relevant predictions about the economic possibilities of his grandchildren has been realized. Even the general incursion outside the realm of pure economics Keynes made in his short essay, namely the ideas “on the good society” (Pecchi and Piga 2008, p. 10) which would accompany the age of abundance, can scarcely be said to have passed the test of time (ib.). But Keynes’s legacy in this respect might be questioned on more fundamental grounds. Wisman (2003) claims that by focusing uniquely on the problem of material scarcity while disregarding the aspects of the good life, the mainstream of economics is kept prisoner by a “material progress vision” (ib., p. 426) and “the presumption, although not generally acknowledged, much less mentioned, ... that solving the material problem will make the good life possible” (ib.). In ancient times, Wisman argues, a kind of “social harmony vision” (ib., p. 428) reigned whereby the human problem of a good and just order in real conditions of material scarcity was considered to be of a truly social nature, and scarcity depended on injustice. After the advent of capitalism, modern economics would have engaged in a war against material privation and the constraints it poses on free will. A war to be conducted with the weapon of economic growth and the help of a free-from-ethics economics, that is free to concentrate exclusively upon the problem of scarcity. Hence Wisman’s direct reference to Keynes’s *Economic Possibilities* and his belief that “a radical transformation of the human condition [is] consequent to material abundance” (ib., p. 427).

Leading Skidelsky’s arguments to the extreme (“what is deceptive [in Keynes’s essay] is the
naivety with which Keynes deals with human needs and even more deceptive his arrogance and the questionable moral which goes with it”), Fitoussi (2008: 151) unintentionally opens the way to a different reading of Keynes’s speculations. To explain both the popular success of Keynes’s paper and the scarce attention it has received from economists, he maintains that “Keynes, in freeing himself from economic rigor, is attempting to unveil his moral philosophy” (ib.). In effect, once the Economic Possibilities are properly situated in the context of Keynes’s writings, and their seemingly radical assumption about the twenty-first century are brought again into his much complex vision about ethics and economics, it becomes possible to challenge Wisman’s reading and traditional opinions about the Economic Possibilities at least in two respects.

First, Keynes’s struggle against scarcity was first of all a cultural struggle. As remarked by Goodwin (2000), the Economic Possibilities reinforce the view that “the first leading modern economist to reject both the simple behavioral postulate of the optimizing economic man and the forecast of inevitable scarcity ahead was John Maynard Keynes” (ib., p. 406). “Through their gloom”, embedded in the Victorian culture which had inspired Strachey’s characterization of the Eminent Victorians, these myths “were intended to strengthen social control” (ib., p. 407) by engendering fear. A privileged target for the Bloomsbury group was the story of the creation with Adam and Eve in the garden of Eden, and its implication that “the economist’s problem of unlimited wants and scarce means has divine origin. And it shall remain so forever” (ib., p. 410). Less prosaically, Adam and Eve “demonstrated a destructive proclivity to pursue short-term consumption (the apple) over long-run benefits (the comfortable life of the Garden), and their mistaken time-preference doomed their descendants to eternal hardship” (ib.).

The political heritage of this story is that man is weak and needs control over his actions. Virtually all Keynes’s writings include powerful criticisms of the social implications of the myth of natural scarcity and of Victorian morals. Suffice it to notice that in his autobiographical sketch My
Early Beliefs, after describing “the Benthamite tradition ... as the worm which has been gnawing at the insides of modern civilisation and is responsible for moral decay” (CW X, p. 445), Keynes remembers having “repudiated all versions of the doctrine of original sin, of there being insane and irrational springs of wickedness in most men” (ib., p. 447). In the Economic Possibilities, the reference to a not far off age of leisure and abundance draws on a comparison between this happy future and the “old Adam”:

For many ages to come the old Adam will be so strong in us that everybody will need to do some work if he is to be contented. We shall do more things for ourselves than is usual with the rich today, only too glad to have small duties and tasks and routines. But beyond this, we shall endeavour to spread the bread thin on the butter – to make what work there is still to be done to be as widely shared as possible. Three-hour shifts of a fifteen-hour week may put off the problem for a great while. For three hours a day is quite enough to satisfy the old Adam in most of us! (CW IX, pp. 328-29).

Pecchi and Piga aptly recognize that the Economic Possibilities is an essay against pessimism at a time of world depression. A similar message appears in the preface to the Essays in Persuasion, a volume which collects Keynes’s “sociopolitical speculations” (Moggridge 2005, p. 539). Here emerges more clearly, Keynes writes using a third-person narrative form,

what is in truth his central thesis throughout – the profound conviction that the economic problem, as one may call it for short, the problem of want and poverty and the economic struggle between classes and nations, is nothing but a frightful muddle, a transitory and an unnecessary muddle. For the western world already has the resources and the technique, if we could create the organisation to use them, capable of reducing the economic problem, which now absorbs our moral and material energies, to a position of secondary importance ... the author … believes that the day is not far off when the economic problem will take the back seat where it belongs, and that the arena of the heart and head will be occupied, or reoccupied, by our real problems – the problems of life and of human relations, of creation and behaviour and religion (CW IX: xvii).

True, at the beginning of the Economic Possibilities Keynes maintains that he wants “not to examine the present or the near future, but to disembarrass myself of short views and take wings into the
future» (ib., p. 322). This remark is however preceded by a double attack on “the pessimism of the revolutionaries who think that things are so bad that nothing can save us but violent change, and the pessimism of the reactionaries who consider the balance of our economic and social life so precarious that we must risk no experiments” (ib.). The Essays in Persuasion include Keynes’s and Henderson’s 1929 plea for public intervention against the slump, Can Lloyd George Do It?, condemning the “You must do anything” philosophy (ib., p. 124) endorsed by the government.

Negation, restriction, inactivity – these are the government’s watchwords. [...] But we are not tottering to our graves. We are healthy children. We need the breath of life. There is nothing to be afraid of. On the contrary. The future holds in store for us more wealth and economic freedom and possibilities of personal life than the past has ever offered. There is no reason why we should not feel ourselves free to be bold, to be open, to experiment, to take action, to try the possibility of things (ib., pp. 124-25).

The core message of the Economic Possibilities is here posed at the service of public action opposing this particular kind of “progress towards negation” (CW XXI, p. 40), words later used by Keynes to characterize the harmful effects of the “competitive struggle for liquidity” affecting the world at the times of the Great Depression. In a 1931 letter to W.S. Woytinsky of the German Trade Union Federation, he himself admits he wrote the Essays in Persuasion “for popular consumption against deflationists in this country” (reported in Ruiz 2009, pp. 2-3).

The same goes for Keynes’s work as an international negotiator (see Carabelli and Cedrini 2010): “Here is a field”, Keynes proclaimed on presenting the Joint Statement of Bretton Woods to the House of Lords on 18 May 1943, “where mere sound thinking may do something useful to ease the material burdens of the children of men” (CW XXV, p. 280). This perspective is similar to the one Keynes exposed in the Economic Possibilities, where the moral renaissance which should follow the elimination of the economic problem is necessarily preceded by more traditional “sound thinking”. In his 1931 talk to the Society for Socialist Inquiry and Propaganda, entitled The Dilemma
of Modern Socialism, Keynes proclaimed that the “economically sound” is “the best contribution which we of today can make towards the attainment of the ideal” (CW XXI, p. 38), where the ideal is “to put economic considerations into a back seat” (ib., p. 34) – for a certain period at least. Though the “children of man” are not yet born, their grandfathers should engage in the attempt to create a new international economic order able to combine sound thinking with the perspective of easing the “material burdens” of their grandchildren. Contrary to what dominant, almost unchallenged interpretations of the Economic Possibilities have considered as a challenge to posterity, this perspective was in truth chosen by Keynes to change his times.

As a second challenge to Wisman’s reading of Keynes’s arguments about the economic problem, it should be noted that the Economic Possibilities expose that same fully anti-utilitarian philosophy (see Mini 1990) which inspires Keynes’s early articles on ethics. The benefit of a successful struggle against the economic problem will accrue to those who “believe at all in the real values of life” (CW IX, p. 327), who “can keep alive, and cultivate into a fuller perfection, the art of life itself and do not sell themselves for the means of life” (ib., p. 328), whilst those who are unprepared for the advent of abundance will likely be the victim of a “nervous breakdown” (ib., p. 327). The paradise of the “old charwoman” is “to do nothing for ever and ever” (ib.). True, “she conceived how nice it would be to spend her time listening-in ... the psalms and sweet music the heavens’ll be ringing”, but she “shall have nothing to do with the singing” (ib.), and “it will only be for those who have to do with singing that life will be tolerable” (ib., p. 328). They only will be able to face their real permanent problem, “how to use [their] freedom from pressing economic cares, how to occupy leisure, which science and compound interest will have won for [them], to live wisely and agreeably and well” (ib.). Keynes is here touching on the issue of purposiveness. The paradise cannot be enjoyed by “the strenuous purposeful money-makers” (ib.), who “have an independent income but no associations or duties or ties” (ib.). “Purposiveness” means that
we are more concerned with the remote future results of our actions than with their own quality or their immediate effects on our own environment. The "purposive" man is always trying to secure a spurious and delusive immortality for his acts by pushing his interest in them forward into time. He does not love his cat, but his cat's kittens; nor, in truth, the kittens, but only the kittens' kittens, and so on forward forever to the end of cat-dom. For him jam is not jam unless it is a case of jam to-morrow and never jam to-day. Thus by pushing his jam always forward into the future, he strives to secure for his act of boiling it an immortality (ib., p. 329-30).

With the end of the economic problem, men will be free and able to love their cat: “I feel sure that with a little more experience we shall use the new-found bounty of nature quite differently from the way in which the rich use it today, and will map out for ourselves a plan of life quite otherwise than theirs” (CW IX, p. 328). The “old Adam” with “intense, unsatisfied purposiveness” (ib., p. 329) will be substituted for by another kind of man, less preoccupied with accumulation of wealth; when the latter is “no longer of high social importance, there will be great changes in the code of morals” (ib.).

We shall be able to rid ourselves of many of the pseudo-moral principles which have hag-ridden us for two hundred years, by which we have exalted some of the most distasteful of human qualities into the position of the highest virtues. We shall be able to afford to dare to assess the money-motive at its true value. The love of money as a possession – as distinguished from the love of money as a means to the enjoyments and realities of life – will be recognised for what it is, a somewhat disgusting morbidity, one of those semicriminal, semi-pathological propensities which one hands over with a shudder to the specialists in mental disease. All kinds of social customs and economic practices, affecting the distribution of wealth and of economic rewards and penalties, which we now maintain at all costs, however distasteful and unjust they may be in themselves, because they are tremendously useful in promoting the accumulation of capital, we shall then be free, at last, to discard (ib., p. 329).

In positive,

We shall once more value ends above means and prefer the good to the useful. We shall honour those who can teach us how to pluck the hour and the day virtuously and well, the delightful people who are capable of taking direct enjoyment in things, the lilies of the field who toil not, neither do they spin (ib., p. 331).
As known, Keynes warns against his own prediction:

But beware! The time for all this is not yet. For at least another hundred years we must pretend to ourselves and to every one that fair is foul and foul is fair; for foul is useful and fair is not. Avarice and usury and precaution must be our gods for a little longer still. For only they can lead us out of the tunnel of economic necessity into daylight (ib., p. 331).

Soon afterwards, however, he explains that the change will not come as a catastrophe. “Indeed, it has already begun”:

Meanwhile there will be no harm in making mild preparations for our destiny, in encouraging, and experimenting in, the arts of life as well as the activities of purpose. But, chiefly, do not let us overestimate the importance of the economic problem, or sacrifice to its supposed necessities other matters of greater and more permanent significance. It should be a matter for specialists-like dentistry. If economists could manage to get themselves thought of as humble, competent people, on a level with dentists, that would be splendid! (ib., p. 332).

Keynes does not offer his suggestion about the economic problem to a remote future, but to his own times: as Mini (1991, 1990) argues, Keynes’s anti-utilitarianism is more concerned with capitalism as a Zeitgeist than with Bentham’s philosophy directly. In his December 1925 notes on the love for money, Keynes attacks the “test of money measurement [which] constantly tends to widen the area where we weigh concrete goods against abstract money”, the “sanctification of saving” and the tendency to “sacrifice the present to the future” without being sure that the exchange is worth while (reported in Skidelsky 1992, pp. 240-41). That same year, in “A Short View of Russia”, Keynes exposes his criticisms to modern capitalism:

We used to believe that modern capitalism was capable, not merely of maintaining the existing standards of life, but of leading us gradually into an economic paradise where we should be comparatively free from economic cares. Now we doubt whether the business man is leading us to a destination far better than our present place. Regarded as a means he is tolerable; regarded as an end he is not so satisfactory (CW IX, p. 268).

Secularisation allowed the “Protestant” and the “Puritan” to separate business from religion,
because “the first activity pertained to earth and the second to heaven, which was elsewhere” (ib.), while the “believer in progress could separate them comfortably because he regarded the first as the means to the establishment of heaven upon earth hereafter” (ib.).

But there is a third state of mind, in which we do not fully believe either in a heaven which is elsewhere or in progress as a sure means towards a heaven upon earth hereafter; and if heaven is not elsewhere and not hereafter, it must be here and now or not at all. If there is no moral objective in economic progress, then it follows that we must not sacrifice even for a day, moral to material advantage – in other words, that we may no longer keep business and religion in separate compartments of the soul (ib.).

That we must not sacrifice moral to material advantage is the point of departure of Keynes’s 1933 heretic essay on National Self-Sufficiency:

To-day we suffer disillusion, not because we are poorer than we were – on the contrary, even to-day we enjoy, in Great Britain at least, a higher standard of life than at any previous period – but because other values seem to have been sacrificed and because they seem to have been sacrificed unnecessarily, inasmuch as our economic system is not, in fact, enabling us to exploit to the utmost the possibilities for economic wealth afforded by the progress of our technique, but falls far short of this, leading us to feel that we might as well have used up the margin in more satisfying ways (CW XXI, pp. 242-43).

In sum, Keynes regards sound economic thinking as the necessary condition to produce that era of abundance which will promote the moral renaissance of men, but believes that laissez-faire must be abandoned when it causes men to sacrifice other values unnecessarily, despite the possibilities offered by economic progress, and rejects utilitarianism on this same basis. Heaven must be here and now or not at all: in Art and the State, Keynes attacks “the utilitarian and economic – one might almost say financial – ideal, as the sole, respectable purpose of community as a whole” and describes it as “the most dreadful heresy, perhaps, which has ever gained the ear of a civilised people. Bread and nothing but bread, and not even bread, and bread accumulating at compound interest until it has turned into a stone” (CW XXVIII, p. 342). As pointed out by Moggridge (2005), Keynes’s 1936 article signs “the beginnings of a revolution in the criteria for state action – away
from Benthamism” (ib., p. 546). In many respects, the General Theory too carries the weight of Keynes’s anti-Benthamism (Mini 1991).

2. Keynes’s Perspective on Happiness and Economics: Ethics, Happiness and Economics

In the introduction to their book, Pecchi and Piga (2008) make a list of issues emerging from the contributors’ articles: significantly, happiness is missing – “It is a book about growth, inequality, wealth, work, leisure, culture, consumerism and entrepreneurship” (ib., p. 1). In effect, the prevalent reading of the essay renders it hard to include Keynes among the thinkers of happiness. Yet, the Economic Possibilities are based on, and reveal, a well-defined vision about happiness and economics, which provides clear continuity with the one he had exposed in his earlier unpublished papers (in the following, we draw extensively on Carabelli 1998 and 1988).

In ethics, Keynes (1905c) distinguishes between “speculative ethics” and “practical ethics”. In My Early Beliefs, he defines the former as “one’s attitude towards oneself and the ultimate” and the latter as “one’s attitude towards the outside world and the intermediate” (CW X, p. 436). In other words, speculative ethics concerns ultimate ends and values of human action whose nature is intrinsically good: the reference is here to the Cambridge philosopher George E. Moore’s “religion” – a religion Keynes got from Moore (see Keynes 1905c). In line with the author of Principia Ethica, Keynes stresses that some general and abstract moral ends such as love, friendship, beauty, truth, knowledge are universally intrinsically desirable and ought to be pursued in any time and circumstance. Practical ethics is on the contrary the domain of politics and economics, and include probability, uncertainty and action as well. Practical ethics is at the service of ethics and the construction of an ethically rational society: the ends of economics and politics are neither absolute nor universally valid, but act as necessary prerequisites for the development of the individual. Practical ethics, says Keynes in his early paper Miscellanea Ethica
is concerned “with conduct: it would investigate the difficult questions of the probable grounds of actions, and the curious connection between ‘probable’ and ‘ought’: and it would endeavour to formulate or rather to investigate existing general maxims, bearing in mind their strict relativity to particular circumstances” (ib.).

In line with his views on aesthetics – there are “many different kinds of beauty as of virtue” (Keynes undated-b: 5) – Keynes’ ethics is grounded on the idea of pluralism of ends and values. Each end is composed by a plurality of quantitatively distinct parts – though each is essential to the completeness of life. This makes it highly difficult to reason in terms of intra-personal comparability of values (or in strictly consequentialist terms), and matches Keynes’s concerns for inter-personal comparability. In short, Keynes is closer to Aristotle than (the early) Plato: contrary to the latter, the former believes that there exists a plurality and a variety of goodness, so that the good cannot be measured on a univocal scale (Nussbaum 1984). Keynes thus ideally establishes a tradition which was to emerge fully in the Sixties, that of the plurality and mutual irreducibility of goodness, which Sen (1981) later brought to the attention of the economists. In his paper *Virtue and Happiness*, Keynes (1905b) identifies three ultimate ends of life, pleasure, goodness and happiness, and is careful to distinguish firstly pleasure from goodness and secondly goodness from happiness. Pleasures include “the gratification of bodily desires, both legitimate and illegitimate; the excitement of expectation, such as gambling or daydreaming; the excitement of novelty; the pleasures of gratification – of pride, or vanity, or ambition, or enmity; all kinds of pleasures of success” (ib., p. 10-11). For both Moore and Keynes, an ethically rational society tends to higher levels of goodness (see O’Donnell 1989), which is, in the former’s words, “the rational ultimate end of human action and the sole criterion of social progress” (Moore 1903, p. 189). Keynes “never fell into the trap of believing that there was an automatic connection between pleasure and goodness” (Skidelsky 2009, p. 139), although he recognized that “good and pleasure are not always readily
distinguished”, and that this confusion was quite easy (Keynes 1905b, p. 11). To explain his views on happiness, Keynes refers to Plato’s *Symposium* and the birth of Love from Poros and Penia. Love – happiness, in Keynes’s interpretation – takes on the characteristics of both parents, and lies in a middle position between good and pleasure, as well as between wisdom and ignorance.

One day as the good lay asleep, pleasure, who is, of course, of a very lustful nature, came and lay beside him and conceived this child happiness. Now despite the circumstances that attended his birth, his father has never forsaken him and he has succeeded in inheriting the characteristics of both his parents. Now the most obvious criticism of this is to point out that all I mean by happiness is the enjoyment of that class of pleasurable things which happen at the same time to be good. But I do not think I am making this mistake. I admit the relationship but I deny the identity (ib., pp. 6-7)

Happiness is not reducible to pleasure: “The happy state which I am thinking of is specifically different from the pleasurable state; and I must try and make clearer what it is precisely that I mean” (ib., p. 8). Contrary to pleasure, for Keynes happiness does not necessarily imply absence of pain: while pleasure and happiness are difficult to distinguish and may coexist, “pain and pleasure can scarcely be supported to coexist – save in the sense that a state involving elements of pain can still contain a balance of pleasure on the whole” (ib.).

Here lies the peculiarity, with respect to Moore, of Keynes’s views on happiness: according to Keynes, Moore had *de facto* reduced love and happiness to goodness without pleasure. Since Keynes was fond of ancient Greek tragedy (see Carabelli 1998), it is not surprising that his notion of happiness be so close to that envisioned in Greek poetry. In *Virtue and Happiness*, Keynes refers to Hecuba in Euripides’ *Troades* and believes her to be a happy, though tragic hero.

For instance, persons, in such situations as we call tragic, may I think be at the same happy in the sense I am suggesting. When at the end of the Troads, despite and through the overwhelming horror of her situation Hecuba suddenly realises the splendour of her own tragedy, she is happy. There is an element of happiness in most heroic states of mind. Occasions, felt intensely to be good, are happy. A man, who feels securely that he has a grip on something really worth having, is happy. A man, who sees ill lead suddenly to good, is happy
To sum up, happiness cannot be reduced to pleasure. As a mixture of body pleasures, desires – which are heterogeneous and incommensurable – and goodness, happiness is likely to coexist with pain and shows to be a synthesis, not a sum, of heterogeneous values, desires and virtues. For sure, it cannot be held to represent a unidimensional attribute of man’s states of mind. In Keynes’s thought, happiness is associated with pain, with tragedy, but also with contentment, that is a “an almost perpetual temperamental satisfaction with one’s environment – the cat-on-the-matting attitude” (ib., p. 11-12). To Keynes the man of action, however, “disappointment may be better than contentment” (ib., p. 12). Here is another difference between Keynes’s view and Moore’s philosophy: the latter reduces virtues to private virtues only, thus spoiling political action of its virtuous aspects (see O’Donnell 1989). Finally, happiness can be associated with virtue:

When we are told that the virtuous and consequently happy man is he who is in harmony with his environment, who modifies his desires to match his opportunities, who puts himself beyond the reach of disappointment, something of this kind seems to be suggested (Keynes 1905b, p. 12).

In effect, Keynes’s ethics is an ethics of virtue as ancient Greeks understood it, emphasizing friendship and affiliation, moral emotions, as well as – here lies a parallel with Keynes’s notion of changing circumstances in A Treatise on Probability – the contextual particularity of right action (Carabelli 1998). For Keynes, a good life is a life worth being lived, a moral life: in his early paper on Egoism (Keynes 1906), he maintains that to be good is more important than to do good. His view of the good and happy life is really close to Aristotle’s, whom he read with much delight, as confirmed by a 1906 letter to Strachey (see Carabelli 1998). For Keynes, friendship and affiliation have intrinsic value as constituent parts of the good and happy life, and as such contribute to the development and exercise of the virtues, but their value derives from also from their being
elements in all ends of life. If Aristotle stresses that every form of virtuous action is action for and
to others, Keynes too clearly distinguishes between good as instrument and good in itself.

What is more, Keynes’s notion of happiness is close to Aristotle’s concept of *eudaimonia*, as
Keynes himself maintained in *Virtue and Happiness*: “Sometimes, perhaps always, the Greeks, and
especially mr. Aristotle, came nearer to meaning this” (Keynes 1905b, p. 11). In *Ethica Nichomachea*,
Aristotle describes happiness as the state of one’s life having a point or meaning, and a meaningful
life as a sum of activities worthwhile in themselves. “Eudaimonia”, or human flourishing, is thus
the activity of soul in accordance with virtue. The goods that make up human good are not
unitary: “But of honour, wisdom and pleasure, just in respect of their goodness, the accounts are
distinct and diverse” (*Nichomachean Ethics* I,6 1097a24). Therefore, eudaimonia is conceived as an
interlocking whole made up of a number of related yet distinct parts – usually they are forms of
activity, e.g. in accordance with each virtue: reflective and contemplative activity, activity with an
towards friends –, each of which is chosen and valued for its own sake. This clearly separates
ancient Greek ethics from both deontological theories (virtuous actions are chosen for their own
sake) and consequentialism (the rightness of an action depends on its relation to the end). In line
with Aristotle and ancient ethics, Keynes believes that the good life has necessary material and
institutional necessary conditions: human flourishing requires material prerequisites. Hence the
task of political economy as a moral science required to supply these material conditions as
necessary preconditions for the good and happy life.

Unlike Moore, Keynes did not believe that states of mind should be evaluated in isolation,
that is apart from the state of affairs associated with them. In *My Early Beliefs*, Keynes himself
explained that for Moore, “Nothing mattered except states of mind, our own and other peoples’s of
course, but chiefly our own. These states of mind were not associated with action or achievement
or with consequences. They consisted in timeless, passionate states of contemplation and
communion, largely unattached to 'before' and 'after’” (CW IX, p. 436). Conversely, Keynes includes tragedy in the domain of speculative ethics: noble states of mind can coexist with tragic (that is bad or unjust) states of affairs. States of mind and states of affairs – he believed, again versus Moore, that both can have intrinsic value – are in Keynes's view organically interconnected, and have the character of relational goods. This amounts to recognizing that some conception of other people’s states is necessary for ethical judgement. A good life may be associated, in other words, with tragic dilemmas and disasters (see Keynes undated-a). This clearly opens the way to evaluations concerning life as a whole, the whole conduct and character of man, which is again typical of ancient ethics:

The complex to which the attribute of virtue can be given is of a different kind. Only persons can be virtuous. But it is not on account of single states of consciousness that they are virtuous. It is an attribute of their conduct as a whole, of the organic unity composed of their successive states of consciousness ... It is, in fact, to these things rather than to states of mind regarded in isolation that our emotions of approval and disapproval instinctively refer. I do not think that these feelings would be as direct as they appear to be, if they were based in reality on a calculation of the effects on states of mind of the states of affairs in question, and were only hated in the way in which we hate the rain that wets us (ib., p. 8).

Keynes’s ethics is thus concerned not only with single actions and related moral duties, but with the whole texture of the character from which the act flows, with motives and intentions, and even reactive feelings and emotions. Therefore, his notion of happiness implies that human goodness is fragile, and happiness itself may be tragic. A good and virtuous life may be associated with tragic dilemmas – hence the “fragility of goodness” (Nussbaum 2001) which characterizes ancient tragedy –, that is situations wherein we are compelled to act although we know that whatever we do is to cause pain to somebody else. Remarkably, Keynes’s tragic hero has a “true combination of passion and intellect” (Keynes 1905a). This resembles his theory of probability, which stresses the requirement of limited reason and intuition, that is the combination of non-demonstrative logic
with intuition and direct judgements (see Carabelli 1988). In short, there is no rigid separation between these two groups of faculties. And, as for ancient Greek ethics, reason can influence passions through education: like Aristotle, Keynes thinks that tragedy plays a positive role in educating men to virtue.

Moral conflicts and dilemmas in life derive from the existence of a plurality and variety of goodness, which imply the possibility of a clash between irreconcilable claims. Moral dilemmas stem from a plurality of mutually irreconcilable moral ends and values, which may all make claim upon us in a given situation. As happens in tragedy, life circumstances may carry with them tragic choices and dilemmas threatening the harmony of interests: conflicts may arise due to the lack of a common unit of measure or scale to weigh opposite claims. Keynes’s early writings on ethics are disseminated with references to the conflict between rational egoism and rational benevolence, between being good and doing good, between public and private life; moral dilemmas like Agamemnon’s tragic choice to sacrifice his daughter Iphigeneia to please the gods and protect his people, and conflicts of desires, whose plurality and heterogeneity lies at the basis of the so-often experienced impossibility to reconcile them with one another. Both ultimate desire, pleasure and goodness may obviously clash, since they are incommensurable, that is irreducible to common terms (see Keynes 1906). In *Virtue and Happiness*, Keynes explains that we have

> two conflicting kinds of judgement, a hedonistic judgement and an ethical judgement - both ultimate and both alike in this respect (...) We desire pleasure, and we desire the good; it is as little worth while to ask why in the one case as in the other; and the first is as much or as little of a purely psychological statement as is the second. It is - obviously enough - in the attempt to reconcile these two incommensurable units that a score or so of religions and philosophies have begun (Keynes 1905b, p. 4).

Interestingly, Keynes rejects both historical methods, the religious and the philosophical method, of solving these conflicts by reconciling irreconcilable claims with one another. In the case of the
conflict between goodness and pleasure, Keynes discusses extensively three such methods: first, to reduce the good to the pleasurable, i.e. the solution adopted by Utilitarianism; second, to associate with no exception the good with the pleasurable; third, to deny the authenticity either of goodness or of pleasure – the latter is Moore’s method. In short, Keynes notes, the choice is between reducing the two terms to one or denying the existence of one of the two terms. In stressing the plurality and variety of goodness, which prevents the possibility of reducing good to a univocal scale, Keynes adopts a truly Aristotelian attitude, inducing him to discard both the method of Utilitarianism and, perhaps more surprisingly, Moore’s method, which in the end comes really close to Plato’s view.

Rational dilemmas originate from conflicting reasons, grounds, arguments, evidences, and lead to uncertainty, indecision, vacillation of judgement, indeterminate action. As in the dilemma of Buridan’s ass (placed midway between a stack of hay and a pile of water, the ass dies of both hunger and thirst, being unable to make a rational choice between the two goods), there is no general rule of decision to solve the dilemma. Rational dilemmas arise when reasons are plural, dimensionally non-homogeneous, and are not measurable through a common unit nor can be weighed on a common balance; in short, when reasons are incommensurable and non-comparable. In the Treatise on Probability, Keynes refers to probabilities of differing alternatives which cannot be ordinally ordered, and claims that even when probabilities are rankable, there may nonetheless be a conflict between different orders of probability, which are heterogeneous and move in incommensurable directions and dimensions. Keynes’s interest in incommensurability and non-comparability of magnitudes, reflecting his vision of social life as complex and his constant attempt to reason about economics in terms of the need to cope with social complexity, is connected with the notion of complex magnitudes such as real income, real capital and the general price level (see Carabelli 1992). A famous passage of the General Theory reads:
To say that net output to-day is greater, but the price level lower, than ten years ago or one year ago, is a proposition of a similar character to the statement that Queen Victoria was a better queen but not a happier woman than Queen Elizabeth – a proposition not without meaning and not without interest, but unsuitable as material for differential calculus. Our precision will be a mock precision if we try to use such partly vague and non-quantitative concepts as the basis of a quantitative analysis (CW VII, p. 40).

In general, Keynes’s methodological position derives from the need to tackle organic interdependence among the variables of the macro-system without theoretically reducing its complexity. One of the most remarkable traits of the continuity in Keynes’s writings is his refusal to endorse the atomic hypothesis and the reductionism it implies with respect to organic interdependence both in probability and in economics, with relevant consequences for the choice of units (see Carabelli 1992). In the General Theory, Keynes refers to the choice of units as one of “the three perplexities which most impeded my progress in writing this book, so that I could not express myself conveniently until I found some solution for them” (CW VII, p. 37). Real income, or “the community’s output of good and services”, in particular, “is a non-homogeneous complex which cannot be measured” (ib., p. 38). True, it raises “purely theoretical” (ib., p. 39) problems, since the meaning of such vague concepts like real income is fully grasped in ordinary language and can be used for practical purposes. However, the endeavour to “erect a quantitative science” (ib., p. 40) upon complex concepts, which runs the risk of leading to fallacies of composition and paradoxes, is for Keynes a logical failure, and should lead to a critique of both classical economist and modern research for micro-foundations of macroeconomics. Hence the choice, among others, of using employment as a proxy for the volume of output and real income in the General Theory: as he had remarked in his 1909 essay on The Method of Index Numbers with Special Reference to the Measurement of General Exchange Value, “if we can find another quantity somewhat similar in its properties [that is the two magnitudes “increase and decrease together, though not in a definite
numerical proportion”, CW VII, p. 41] to the national income but measurable, this may serve our purpose almost equally well” (CW XI, p. 55). This may be a reason why, in the *Economic Possibilities*, the age of abundance is measured in terms of employment and hours worked instead of income.

To set forth such continuities, one is bound to remind that for Keynes, probability is the true guide of life, as opposed to sceptical positions such as those of Moore and Burke, or Hayek himself. Moore theoretically accepts the Benthamite calculus as a tool of practical ethics, but believes that it is practically impossible to implement it, since we are ignorant of remote future. He thus ends up with justifying, in such cases, the adoption of traditional rules of morals. Keynes, on the contrary, believes that “ignorance can be no bar to the making of a statement” (1904, p. 25). In short, he holds that private or public action is reasonable even in case of limited knowledge about circumstances and the consequences of our actions. Probability is in fact for Keynes the hypothesis upon which it is reasonable for us to act. The principles that govern human action are those of probable reasoning, i.e. they are logic and objective: though the selection of evidence is subjective, probability, given the evidence, is objective. Of course, in case of radical uncertainty, people cannot but take refuge in conventional expectations: in such cases, following rules is rational. Yet, such conventions are of an artificial nature, and can be substituted for by less harmful conventions. Keynes believes this to be exactly the task of public institutions (see Carabelli and De Vecchi 2001). Being collective agents endowed with an artificial mind and able to collect more knowledge than individuals, public institutions must remedy to the negative social effects of complexity in human society. Although they themselves depend on partial reason and probable judgement, both their public spirit and ability to take upon them part of the risk that individuals simply cannot bear are of help in case of social need, that is when individual initiatives – for instance, those connected with the utilitarian attitudes condemned by Keynes in the *Economic Possibilities*: love for money,
rentier-like behaviour, hoarding, abstinence, and so on – originate irreducible conflicts between particular and general interest, or when – hence Keynes’s “reasonable” justification of economic intervention – uncertainty and ignorance promote the formation of conventional instead of reasonable expectations.

This leads us back to Keynes’s distinction between speculative, on the one side, and practical ethics and conduct on the other. As an instrument towards an end – human flourishing – rather than an end in itself, economics belongs to practical ethics. Keynes underlined on various occasions that market competition and the results it brings about depends chiefly on the possibility, for independent individuals, to acquire the use of scarce means, rather than on the nature of their needs (see Carabelli and De Vecchi 1999). The market is often at the origins of problems of fallacies of composition between particular and general interests, and cannot be invoked to solve them. It tends to induce individuals to seek money for money’s sake, and to profit not from enterprise but from instability. If Keynes invokes public intervention, this is because individuals left alone cannot legitimately aspire to satisfy their basic needs through decent levels of consumption unless they found themselves in extremely fortunate circumstances. Public intervention must correct the ethically undesirable results of the market.

However, as is implied in Keynes’s exchange letters with Hayek, economics is an instrument, a precondition to facing the real problems, those concerning the spiritual ends of men. Keynes replies as follows to Hayek’s critique of constructivism:

would it not be more in line with your general argument to urge that the very fact of the economic problem being more on its way to solution than it was a generation ago is in itself a reason why we are better able to afford economic sacrifices, if indeed economic sacrifices are required, in order to secure noneconomic advantages? (CW XXVII, p. 385).

Incidentally, this was also the substance of Keynes’s attack on socialist thinkers, who
ask us to concentrate on economic conditions more exclusively than in any earlier period in the world’s history precisely at the moment when by their own showing technical achievement is making this sacrifice increasingly unnecessary. This preoccupation with the economic problem is brought to its most intense at a phase in our evolution when it is becoming ever less necessary (ib., p. 386).

Ultimately, these sacrifices can be afforded because the ends of economics and politics are neither absolute nor universally valid: rather, they are preconditions to human real ethical ends – those of speculative ethics – and should be “matter for specialists like dentists” (CW IX, p. 332). Aptly managed, economics can persuade individuals to modify their use of resources so as to satisfy their material needs. The scarcity of neoclassical economics is the artificial, not natural scarcity of capital. And it stems from the motivation of money for money’s sake being reserved much greater importance than deserved – if any –, says Keynes in his letter to Hayek:

> What we need therefore, in my opinion, is not a change in our economic programmes, which would only lead in practice to disillusion with the result of your philosophy; but perhaps even the contrary, namely, an enlargement of them ... No, what we need is the restoration of right moral thinking – a return to proper moral values in our social philosophy (ib., p. 387).

This is why Hayek cannot agree with Keynes: he fears lest the latter want to impose a particular scale of ends to mankind. This owes to Keynes’s choice to assign public institution the task of socializing altruism (see Carabelli and De Vecchi 2001), that is to pursue social justice and protect it from the harmful effects of the clash of individual interests. As opposed to Hayek’s suggestion to follow rules and thinks, however, Keynes praises the autonomy of individual judgement, and thinks, contrary to Moore – who had claimed that in case of contrast between particular and general interests, the individual had a duty to be altruistic –, that it is the task of public-spirited institutions to protect individuals' autonomy.

Lastly, in line with Aristotle – who believes that it is possible to choose deliberately what kind of life one wants to live –, Keynes calls attention to speculative ethics as a rational analysis of
the ultimate aims of human action. Speculative ethics is thus for him rationalistic: one can apply reason to it and make a reasonable discussion of ends (see Carabelli and De Vecchi 1999). Keynes conceives economics as an instrument to free men from necessity by progressively relaxing the limits which restrict the possibility of individual choice of ends. Like Aristotle in Politica, Sen (1985) remarks that a poor, exploited, overworked and ill person cannot be said to be happy unless external authorities persuade her to believe so by social conditioning; contrary to what Utilitarians hold, “the standard of life cannot be so detached from the nature of the life the person leads” (ib., p. 7-8). Similarly, Keynes thinks that men must be given the possibility to use the necessary means to satisfy material needs, that is the prerequisites to enjoy a good and happy life, and thus be free to consider those not-material ends which prove to be indispensable to express authentic human qualities.

3. Some Crucial Issues in Modern Happiness Economics

As pointed out in recent decades by scholars (Carabelli 1988, O’Donnell 1989, Bateman 1996, to quote a few) who have insisted on the practical impossibility to grasp the full sense of Keynes’s “revolution” in economic thinking without referring to his early writings, and particularly to his essay on method, the Treatise on Probability, Keynes’s early thoughts on ethics and happiness, and happiness in relation to economics, configure a vision which directly inspires Keynes’s general treatment of the economic material and his view of economics as a “moral science” (CW XIV, p. 297) of social complexity, dealing with ethical values and introspection (ib., p. 300), that is it “with human beings in their social environment” (Marchionatti 2002, p. 44). Despite the old-fashioned look of Keynes’s ethics to contemporary eyes (Skidelsky 2009), Keynes’s thoughts on happiness highlight a number of crucial issues which have emerged in mainstream modern happiness
research and have been the object of various criticisms on the part of competing approaches to happiness. First, in Keynes’s vision, the relationship between material wealth and happiness is complex: material wealth does not furnish in itself happiness, but is a necessary prerequisite of good life. Second, Keynes’s vision was fully anti-utilitarian: the ultimate object of Keynes’s efforts was “the creation of a society in which individuals, no longer burdened by economic hardships or money-love, would directly pursue intrinsic goodness” (O’Donnell 1989, p. 168). Not only the economic problem, but also the love of money must be eradicated for a rationally ethic society to appear. Third, pluralism of end and values raise problems of incommensurability. Contrary to utilitarian ethics, Keynes believes that happiness cannot be reduced to pleasure and rather, being a mixture of body pleasures, heterogeneous desires, and virtues, its nature is multidimensional (fourth). Finally, and as a consequence of the above, Keynes sees economics “not as a direct route to a greater goodness but a route to the preconditions of greater goodness” (ib., p. 166), which lie in the freedom, for individuals, to pursue non-economic ends.

Keynes’s position on the subject, and his concern for issues which are not dissimilar from those of interest to modern happiness literature, might really be of help to identify some common flaws in the so-called “happiness economics”. In his latest book, Bruno Frey (2008) announces that thanks to happiness research, economics is undergoing a long hoped-for revolution, which would affect: measurement (Revolution#1) – “the measurable concept of happiness or life satisfaction allows us to proxy the concept of utility in a satisfactory way” (ib., p. ix); individual evaluations (Revolution#2) – happiness economics would provide new insights on “how human beings value goods and services, as well as how they value social conditions”, and suggest that “individual evaluations are much broader than those enshrined in standard economic theory” (ib., p. ix-x); policy consequences (Revolution#3) – “Happiness research suggests many policies that deviate significantly from those derived in standard economics” (ib., p. x). Taking inspiration from the
whole body of studies conducted in the field, Frey’s essay is one of the most valuable contributions of the now huge economic literature on happiness (Bruni and Porta 2005 and Easterlin 2002 are among the most interesting surveys) which has been developed over time after Easterlin’s 1974 seminal article titled Does Economic Growth Improve the Human Lot?. Easterlin reported evidence, based on subjective self-evaluation of happiness, that although a correlation between income and happiness did seem to exist within a single country and at a given time, similar results could not be said to emerge from cross sectional data across countries nor, above all, could time series analyses at the national level confirm the belief that money (economic growth) buys happiness (satisfaction with life as a whole). As a matter of fact, the so-called “paradoxes of happiness” raised by Easterlin’s analysis, after similar tendencies had already emerged in psychology as well as in sociology (see Bruni and Porta 2005), acted as the starting point for a new subdiscipline of economics. A concrete representation of the general tendency, in the twentieth century, to remove from philosophy issues which had been previously considered as central to it, happiness economics contributes to the rapprochement between economics and psychology (in this regard, see Hosseini 2003 for a competent account of the history of behavioural economics), and signals willingness, on the part of the dismal science, to draw on other disciplines to face problems so far neglected (see Frey and Benz 2004).

Since happiness, writes the author of one of the most optimistic account of happiness research, Richard Layard (2005), is a “self-evidently good” (ib., p. 113) and “economics is – or should be – about individual happiness” (Frey 2008, p. 3), income should indeed buy happiness, for higher income means “more opportunities to achieve whatever [people] desire” (ib., p. 27). Up to a certain limit, happiness research confirms that richer people report higher happiness, but the correlation between income and reported well-being is generally low and affected by the principle of decreasing marginal utility. Other factors, some of them having a non-economic character,
matter: as already made explicit in Veblen’s studies on conspicuous consumption, Galbraith’s analysis of the affluent society and Duesenberry’s social theories of consumption, individuals compare with each other or, better, with the relevant others, and reason in terms of past and future expectations. Relative income may be more relevant than absolute income, and adaptation ensures that people get used to higher income and consumption levels. “Greater happiness wears off when it is generated by material things”, since people “strive for ever higher aspirations” (ib., p. 32).

These results may give the wrong impression that Revolution#2 (individual evaluations) should consist in a fundamental escape from utilitarian conceptions. Revolution#1 (measurement), resting on the use of reported subjective well-being as a “far better measure of individual welfare” (ib., p. 3) than income, stems from psychologists’ attempt to “fill the concept of utility with life” (ib: ix). Despite reservations by Kahneman, Wakker and Sarin (1997), the connection between Kahneman and British Utilitarianism is paramount (Nussbaum 2008): according to Layard, the new “agreed philosophical basis for public policy or for private morality” (2005, p. 112) is to be found in the Bentham’s idea of “the greatest happiness of all” (ib., pp. 5-6). Happiness researchers believe, on the basis of recent developments in brain science, that there is no real conflict between “what people think they feel and what they ‘really’ feel, as some social philosophers would have us believe” (ib., p. 20). While utility was inferred, in standard neoclassical economics, from observed and observable choices, implying the forced renounce to cardinality and interpersonal comparability, “experienced utility” – measured by indexes of reported subjective well-being – would allow “to measure human well-being directly”, provided utility is interpreted “in hedonistic terms in the broadest sense” (Frey 2008, p. 16). Surveys based on reported subjective well-being “are prone to a multitude of biases” (ib., p. 19), concerning for instance the meaning of “happiness” and people’s perception of it, its stability over time, scales (see Johns and Ormerod 2007) and causality (see Dolan et al. 2008). In line with Kahneman, Frey claims nonetheless that the
intended use of these data is to detect the determinants of happiness, which does not require reported subjective well-being to be either cardinally measurable or interpersonally comparable (see Ng 1996).

For Revolution#1 to occur, problems of commensurability and aggregation must not arise, and happiness must be treated as one-dimensional (which induces Easterlin to see happiness and life satisfaction as “interchangeable measures of ... subjective well-being”, 2004, p. 26). In other words, happiness is considered as “a single dimension of experience running from extreme misery to extreme joy” (Layard 2005, p. 21): to the proclaimed and reasonable variety of the determinants of happiness often corresponds a more questionable reductio ad unum of the characters of happiness itself:

“happiness is an objective dimension of all our experience. And it can be measured ... happiness is a single dimension of all our waking experience, running from the utmost pain and misery at one extreme to sublime joy and contentment at the other. We are programmed to seek happiness ... It is thus self-evident that the best society is the happiest ... Many arguments have been brought against this philosophy, but none of them stand up. Indeed, many of them vanish in the light of our psychological knowledge. And no one has proposed any other ‘ultimate’ principle that could arbitrate when one moral rule (like truth-telling) conflicts with another (like kindness) ... Our society is not likely to become happier unless people agree that this is what we want to happen” (ib., pp. 224-25).

Hence the endorsement of the the greatest happiness as “the right guide to public policy ... [and] the proper criterion for private ethical decisions” (ib., p. 115; “If we really pursued that”, Layard argues, we should all be less selfish, and we should also be happier”, p. 125), provided economics finally recognizes that happiness does not flow uniquely through voluntary exchange, and that human values are not unchangeable. Layard proposes “Education for life” to make people aware of the “hedonic adaptation” mechanism and the dangers of social comparison, and suggests taxing positional externalities coming from differences in income and consumption. Frey is in favour of replacing the “misery index” (defined as the sum of unemployment and annual
inflation) with a more realistic assessment of the psychological effects of unemployment and increased leisure time. He convincingly argues against the use (suggested by Kahneman, among others, and Diener and Seligman 2004) of a non-GDP national measure of well-being, claiming that “happiness theory should not be used to try to maximize aggregate social welfare. Instead, the insights provided by happiness research should be used as one important input into the political process of how the trade-off between macroeconomic variables can be evaluated” (Frey 2008, p. 202). In particular, he stresses the relevance of designing institutional settings in such a way as to promote political participation, able to satisfy, at a political level, those intrinsic needs for relatedness, competence and autonomy which Deci and Rayan (2000) value as people’s most relevant expectations.

4. Keynes’s Legacy for Happiness Economics

Keynes’s vision of happiness and economics touches on complicated issues such as the relationship between ultimate ethical goals and material preconditions to them, the complex connection between individual freedom and public policy, and the philosophical questions of anti-utilitarianism and rationalism. The reluctance to “accept” Keynes’s legacy with respect to the debate on happiness economics equals the unduly restricted perspective used by today’s economist to read the Economic Possibilities. Neither a simple prediction of the economic possibilities of the children of the twenty-first century, nor the utopian dream of a tremendously influential economist showing for once millenaristic tendencies, the Economic Possibilities should be revisited with due consideration for the advice Kregel (2008) makes with regards to the General Theory, i.e. read the title first. Keynes focuses on economic possibilities, not on certainties about morals. In other words, he believes that the end of the economic problem will grant human beings
the possibility of moral renaissance and the chance of a happy life. But Gordon’s (2005) words about Aristotle equally apply to Keynes: “it is pointless to examine the means of increasing one’s possessions quite independently of the analysis of the appropriate attitudes which enable the individual to direct those possessions to the maintenance of his own happiness” (ib., p. 402).

The comparison with Keynes’s thought on this matters points to the limits of scope and method which characterize mainstream happiness economics. Keynes was perfectly aware that money cannot buy happiness: in his vision, material wealth and happiness belong to separate ethical domains or even different ethics. Economics belongs to practical ethics, and is to be considered as an instrument to attain the ultimate aims of speculative ethics, such as happiness. As shown by the Economic Possibilities, utilitarianism is ruled out from the beginning: Keynes constantly attacks it not only as a wrong guide for decision, but also for its decisive contribution in creating those same fallacies which prevent economics to free men from necessity and offer them new possibilities of life. Not only cannot money buy happiness, but income itself is for Keynes a complex magnitude belonging to a context, that of monetary macroeconomies, characterized by organic interdependence among variables as well as by problems of multidimensionality, incommensurability and non-comparability. Following Keynes, therefore, economists would be required to treat such variable carefully, on deciding upon the choice of units for quantitative macro-analyses. Such concerns lie at the very basis of Sen’s criticism of the restricted utilitarianism, or pure welfarism of economic theory after Robbins and modern happiness economics (Sen, 2006), and remind us of contemporary disputes about measurement problems with happiness data (see Johns and Ormerod 2007).

More importantly, Keynes’s notion of happiness related to a good life is quite closer to Aristotle’s concept of eudaimonia. Unsurprisingly, Keynes believes that happiness – and goodness – cannot be reduced to pleasure (which is itself of a heterogeneous nature; Keynes shares this view
with Aristotle and Mill) though they usually (but not always) accompany each other. Nor can they be treated as homogeneous, one-dimensional concepts. Keynes maintains that there exists a plurality of values and ends. Happiness is for him a composition of heterogeneous and incommensurable values, desires and virtues, and his ethics concerns the whole conduct of human life, rather than a simple aspect of well-being. A key word is thus, in this respects, complexity. Pasinetti (2003) argues that by focusing on “the study of material level at a macro-economic level, [classical] analysis left the possibility open to investigating any sort of human behaviour at a micro-economic level, including of course the multidimensional aspects embodied in the concept of human happiness” (ib., p. 7). Keynes is a thinker of complexity not only in economics (see Carabelli 1988, Marchionatti 2002) but also, and more in general, in ethics and the evaluation of human life, whilst it is exactly the complexity of human life that mainstream happiness researchers seem to disregard (see Nussbaum 2008; Arrigo and Sordelli 2004).

Nussbaum (2008) finds evidence of such neglect in happiness economics’ lack of concern for the plurality and variety of pleasures, as well as for the bias that a one-dimensional notion of pleasures imposes on the “reported subjective well-being” technique. People are asked how satisfied they are with their life as a whole and cannot answer but by aggregating different experiences into a single whole, with the result that they cannot even say something plausible – i.e., reflecting what they experience in life – in their replies. Mainstream happiness research shows little concern for Socrates’ warning about the little – if any – value attached to an unexamined life, and no concern at all for the reflective element in happiness. Finally, Nussbaum notes, happiness researchers fail to realize that happiness does really usually coexist with pain, as in Keynes’s vision.

Remarkably, mainstream happiness economics follows neoclassical economics in refusing to engage in a rational discussion on ultimate ends; with the risk, as claimed by Sen (2006) and the
advocates of the capabilities approach, of denying people the possibility to choose. Despite the notable exception of Frey’s (2008) approach, which relies on Deci’s and Ryan’s findings about people’s expectations for relatedness, competence and autonomy, happiness research is scarcely concerned with autonomy, a chief reason why we should be unhappy with happiness economics (Barrotta 2008). Keynes’s perspective on happiness and economics is here shown to offer valid theoretical contributions to the debate. One the one side, Keynes’s perspective complicates matters, and points at a more comprehensive account of the relationship between material conditions and happiness. Keynes’s concerns for the complexity and multidimensionality of economic magnitudes affect his notion of happiness as well, the connection being provided by probability, which Keynes considers as a guide for decision and a tool for ethics. In sum, happiness itself is for Keynes a complex concept (Carabelli, 1998). On the other side, by bringing the domain of economics back into the realm of means, Keynes’s vision simplifies matters, reducing the need to indefinitely enlarge the scope of happiness economics and exploring the possibility to use proxies for quantitative analysis. More in general, the legacy of Keynes’s thinking about happiness shows a viable way of dealing with multidimensionality and complexity without reducing the relationship between material conditions (utility) and happiness to a connection between akin, though heterogeneous, concepts.

Finally, contrary to mainstream happiness economics, Keynes believed that reason can be applied not only to practical ethics and economics, but also to speculative ethics and happiness. Pasinetti (2003) is right to say that “we should not fear to go straight – as indeed Keynes did – to discuss ends and social goals” (ib., p. 8). Economics should ensure the material preconditions for a happy life, rather than happiness itself; it should allow men the possibility to freely formulate and choose among alternative plans for one’s life. The problem with happiness economics seems in the end, to use the lexicon of the Economic Possibilities, the “economic problem” of happiness.
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