



[Buy book or audiobook](#)

# Happiness

Lessons from a New Science

Richard Layard • Copyright © Richard Layard, 2005. Used by arrangement with Penguin Group (USA) Inc. • 320 pages

---

Life Advice / Well-Being / Happiness  
Society

---

## Take-Aways

- Society's highest goal should be to make the greatest number of people happy.
- Scientists can now measure happiness.
- A "new economics" that incorporates the findings of positive psychology will promote the happiness of the world's people.
- Selfishness does not make people happy.
- People feel happy when they are contributing to the well-being of others.
- Technological advances have contributed to material progress but have undermined family and community ties.
- As you become wealthier, the impact of additional income on happiness decreases.
- The more responsive government is to people's needs, the happier they are.
- Each person has a characteristic level of happiness to which he or she returns after successes and defeats.
- You can change your level of happiness with meditation and spiritual practices.

## Recommendation

In the past, economists could not measure factors intrinsic to human nature, so they conveniently left concepts like happiness out of their calculations; thus they compare the wealth of nations using measures such as the gross national product. But what if, following the example of the tiny Asian country of Bhutan, nations began instead to try to increase their "gross national happiness"? How would they do it? Economist Richard Layard attempts to answer these questions by applying lessons from the relatively new field of "positive psychology" to human social systems. Although some readers may dismiss his viewpoint as touchy-feely, it is based on science. He finds, for instance, that if politicians truly wish to create happy societies, they will have to aim at something greater than ever-expanding marketplaces. This readable discussion of the "new science" of happiness draws some provocative conclusions. *getAbstract* recommends it to those who are interested in self-development and to public policy experts looking for a new approach.

## Summary

### "The Greatest Happiness Principle"

Englishman Jeremy Bentham was the first philosopher to posit a pragmatic "greatest happiness principle." He said that the greatest civilization has the happiest citizenry and, therefore, policies that increase the happiness of the largest number of people are the best ones to follow. However, until recently, little was known about human happiness, and governments stopped using Bentham's happiness principle as a guideline.

*"Create all the happiness you are able to create; remove all the misery you are able to remove." (Jeremy Bentham)*

Instead, individualism reframed the conversation about happiness, especially in the West, where people believed that a rich society is a happy society and, therefore, market statistics could measure whether or not people were happy. But human nature doesn't fit easily into an economic formula; in fact, some elements of human happiness have nothing to do with economic success. As high achievers often find, putting yourself first doesn't do much for your overall happiness. On the contrary, deep satisfaction comes from a sense of contributing to the "common good."

### The Elements of Happiness

Though your inner feelings change many times during the course of a day, everyone has a baseline level of happiness. Evidence suggests that people with high baseline levels of happiness live longer, healthier lives than those with low baseline levels. People feel attracted to things that produce pleasure and avoid things that cause pain. You constantly balance pleasure and pain, and present and future happiness, although often this is done unconsciously.

*"We return lost property, give money to Save the Children and dive in to save a drowning stranger. Why? The deep sense...that we should treat others as we would like them to treat us."*

Statistics show that despite overall gains in the standard of living, people are no happier now than they were in 1950. Between World War II and the present, the prevalence of clinical depression, substance abuse and crime has grown. The human tendency to "habituation" explains this trend. Even if your personal conditions improve, after a while you become used to your new circumstances. Emotionally, you then return to your baseline level of happiness or dissatisfaction.

*"In making decisions, we ought to compare the benefits and costs...measured in terms of happiness as Bentham proposed."*

In addition, humans are sensitive to their status in relation to others, and they're happier when they believe their status is high. Thus, when everyone's income goes up, people are no happier than before, because their status remains the same. On an individual level, if you can get off the treadmill and stop comparing your status to others, you'll be happier.

*"Economists have no interest in how happy people are and focus instead on their combined purchasing power, assuming their preferences are constant over time."*

Happiness does not depend on your age, gender, intelligence, energy or level of education (although having an advanced degree may add to your financial comfort, which in turn contributes to happiness). Though your heredity and upbringing play a part in setting your happiness baseline, the following seven factors also have a significant effect on your experience of happiness and pleasure:

1. **"Family relationships"** - Married people are generally happier than singles. People whose parents were divorced are twice as likely as other adults to suffer from sadness and depression.
2. **"Financial situation"** - Forced joblessness, as opposed to voluntary unemployment, affects not only financial security but also self-esteem.
3. **"Work"** - If your work is too easy, you'll be bored, and if it's too difficult, you'll be frustrated. Although Americans work more hours, on average, than people in other countries, often sacrificing family time and nonwork activities, their productivity is the same as that of workers in other developed countries.
4. **"Community and friends"** - You'll be happier if you can rely on those close to you to behave ethically.
5. **"Health"** - Though bad health can lead to depression, many people can adjust to illness and remain happy. Untreated mental illness is a significant exception.
6. **"Personal freedom"** - Living in a free and peaceful society is crucial to the pursuit of happiness. The more responsive people feel their government is to them, and the more power lies in their hands, the happier they feel.
7. **"Personal values"** - Your philosophical approach and spiritual beliefs influence your experience of happiness, no matter what external conditions affect your life.

## The Impact of Technology on Happiness

Technological innovation has brought remarkable improvements to the human condition. But it has also brought new threats to the individual's experience of well-being. In developed countries, most people take television for granted and view it as harmless. The effect of TV on the population of Bhutan, where it first became available in 1999, was staggering. Within a year, the country was dealing with all sorts of previously

unheard-of social problems. People watched TV instead of socializing. Community bonds deteriorated. Violence increased. The introduction of TV completely undermined the Bhutanese king's unique initiative to increase "Gross National Happiness."

*"There is a tendency to sacrifice leisure in order to increase income."*

Although the financial and physical health of people in the West improved during the past half century, during the same time, family structures broke down, community ties frayed and consumption surged. Women no longer spent their lives tending children. While work freed women from financial dependence on their husbands, it also often added stress to family life. Neither men nor women have enough time to spend with their families. About half of American teenagers now live with a single parent, reflecting high divorce rates and a decline in marriages.

*"If my income rises relative to yours, your income falls relative to mine by exactly the same amount. The whole process produces no net social gain."*

Crime in Great Britain and the U.S. has risen dramatically since World War II, although it has now begun to decrease. People trust one another less. In the U.S., the percentage of those who believe that individuals are leading ethical lives dropped from 51% in 1952 to 27% in 1998. These kinds of statistics help explain why the U.S. hasn't grown any happier in 50 years despite modern conveniences and general opulence.

## Hardwired to Cooperate

People have misinterpreted the theories of Charles Darwin and Adam Smith to rationalize selfish behavior as smart, natural and a contribution to the common good. Fortunately, cooperation as a strategy for success is hardwired into the human psyche. People cooperate for a variety of reasons, some more positive than others: fear of reprisal, desire for social approval and an innate sense of fair play. The "us-against-them" mindset prevails all too often - wars still exist - but people can pull together to overcome common challenges. The same principles apply to societies and individuals: to promote happiness, you must look beyond short-term self-interest. Human beings have an innate drive for self-preservation and fairness. Individuals feel happy to be part of societies that promote happiness for all their citizens.

## The Fallacy of the GNP

A market economy can facilitate the pursuit of happiness because it is efficient and voluntary. Three factors can enhance its level of contribution:

1. **Competition** - Cooperation among businesses and monopolies tends to be detrimental to the greater good. The government should regulate some industries and provide some social services.
2. **Information** - All parties need easy access to accurate information.
3. **Accountability** - Businesses must become responsible for all the consequences of their actions. Producing toxic waste is not an "externality"; it damages the community. The measurement of costs and benefits is not simply a financial calculation; human happiness must enter into the equation.

*“The desire for reputation and approval and...fairness...are motives that can lead to a widening circle of cooperation.”*

Before science made measuring happiness feasible, economists ignored it, using measures such as the Gross National Product (GNP) instead. However, GNP indicates consumption, not well-being. Though pay rates in Germany and the U.S. are the same, U.S. workers put in more time on the job, and the United States' GNP numbers are higher. Still, a responsible economic analysis would equate the two nations in terms of real income, because workers' purchasing power is the same. The extra hours Americans work are not adding to their quality of life. Some economists have also begun to include environmental quality in their calculations.

*“We should teach our children that job satisfaction comes from work well done and not from 'getting ahead'.”*

However, if public policy began to focus on increasing general happiness, economists would have to factor in the following additional issues:

- **"Inequality"** - A dollar means more to a poor person than to a wealthy one. Augmenting a happy person's happiness is not the same as deepening a miserable person's misery, although "by the numbers" economic calculations can't make this distinction.
- **"External effects"** - Exchanges are not only economic in nature; they have other, less concrete components that affect happiness.
- **"Values"** - Economists conveniently assume that values never change, and so they ignore them. But tastes and values actually do change over time and vary individually. For instance, some people place more value on accumulating money than others.
- **"Loss aversion"** - Oddly, humans generally fear losses more than they value gains. At the same time, they are poor at predicting losses.
- **"Inconsistent behavior"** - Humans react irrationally to phenomena that statistically shouldn't worry them (because the odds that the events they worry about will happen to any given individual are so low). Most people don't think very precisely about numbers.

## Economics Isn't the Whole Story

Economics may be a great science for understanding numbers, but it does a poor job of predicting well-being. For example, from an economic point of view, people should move around a lot to take jobs if they want flexibility and the potential for a high income. However, because of their family and community ties, most people don't feel they benefit from frequent moves.

*“At least up to some point, taxes are performing a useful function that we were unaware of. They are helping to preserve our work-life balance.”*

Similarly, advertising is good for the economy. It encourages people to buy products and services. However, because of advertising, people consume more and more. When advertisers target children, they awaken their desire for status and they foster questionable values about spending. In Sweden advertising to children is illegal.

*“If security is what most of us desperately want, it should be a major goal for society. The rich have quite a lot of it and the poor less. A happy society requires a lot of it all round.”*

People often blame increased competition and globalization for the loss of jobs, even though companies that have small profit margins can move their factories elsewhere. However, a look at the statistics suggests that instead, globalization and competition have benefited nearly everyone, with no upsurge of job loss in either the U.S. or Europe. The objections, therefore, have less to do with the numbers than with other elements necessary for happiness, such as security. Social policies should provide citizens with stability in terms of income, occupation, family ties, community, and mental and physical health care. If happiness became part of public-policy decision making, governmental policies might better reflect people’s needs and aspirations.

## Love and Happiness

Buddhists assert that your mind cannot dwell on both the positive and the negative simultaneously, and they recommend cultivating detachment from your feelings rather than attempting to oppose or squelch them. Meditation helps. As you discover how to become aware of your feelings without attempting to control them, you will learn that you are in charge of your internal environment. People with deep spiritual beliefs generally feel happier than those without faith. One of the main benefits of a spiritual outlook is gratitude.

*“At first glance, happiness seems a little like love: if you have to ask whether you are in it or not, you are probably not. Few of us much care to define it, but by heaven, we know it when we see it.”*

Advances in psychology refute the idea that personality is irrevocably formed in response to events in childhood. In cognitive psychology, as in meditation, you examine your thoughts. You ask yourself questions and explore the answers to get to the root of your issues and problems. For people with mental illnesses, psychiatry has come up with pharmacological interventions that can increase happiness. But in the end, no motivation is more profound to humans than love. If you increase the amount of love in the world, you increase the amount of happiness.

## About the Author

House of Lords member and British economist **Richard Layard** has written several textbooks and is founder of a research facility devoted to economics within the London School of Economics. He worked as a consultant in government between 1997 and 2000.



Did you like this summary?  
[Buy book or audiobook](#)  
<http://getab.li/5106>