

**REVIEW: ROSS GITTINS, *THE HAPPY ECONOMIST: HAPPINESS FOR THE HARD-HEADED*, ALLEN AND UNWIN, SYDNEY, 2010**

■ Katharine Betts

Ross Gittins is not only economics editor at the *Sydney Morning Herald*, he is also well versed in evolutionary theory, behavioural economics, positive psychology and the growing field of happiness studies. In this wide-ranging book he writes that evolution has designed us for the pursuit of happiness. It did not shape us to be happy, but to pursue happiness in ways that contribute to our biological fitness (pp. 36–37). Pascal said: ‘All men seek happiness. This is without exception’. Happiness researchers confirm this and evolutionary psychologists have shown why; people who thought they would be happier with physical and material security, high status, a good reputation and a mate, were more likely to survive and reproduce.

This helps explain why much of our pursuit of happiness involves chasing material things and status. It was sensible behaviour in the environment of evolutionary adaptation but, as the happiness researchers show, it draws on only part of our evolved nature. In the developed world, where starvation is a remote possibility, it can also be contrary to our lasting happiness.

The pursuit of happiness through material things was useful to our ancestors but that does not make it good today. There seems little virtue in struggling for more material goods (or in plotting manoeuvres in the status race) in a country like Australia. But this leads to the question of what this happiness that everyone seeks actually is.

Visions of chaise longues, chocolates and novels appear—or sun and surf according to your taste. Is achieving happiness of this kind really worthwhile? Gittins had a

religious upbringing and he doesn’t think so, and the research supports him. Fortunately the evolutionary origins of happiness stretch beyond avarice and vanity. Humans are not just self go-getters but highly social creatures designed for cooperation and caring as well as competition (p. 32). We can analyse the differences between our inherited predispositions when we realise that there are at least two kinds of happiness: hedonism and eudaimonia. They have different qualities and different effects.

Cakes and ale bring pleasure, but it doesn’t last. And the law of diminishing returns sets in. The tenth glass is not as agreeable as the first. Thus hedonism is ultimately unsatisfying. Even the consumer durables pall. We become accustomed to the air conditioner, the new car, the fancy food processor, the coffee machine. We would be truly peeved if someone took them away but the glow that they spread over our lives when we first got them fades and we take them for granted. What Gittins describes as hedonic adaptation sets in. Besides, part of the pleasure of consumption may have been getting a better widget than the neighbours. All too soon they get one too and that edge is lost as well. Then it’s time to buy something else and we’re well and truly on the hedonic treadmill.

Money does bring happiness and materialism matters. But once life’s necessities are met its pleasures abate. As Gittins puts it, money does buy happiness but only up to a point. ‘Beyond that point it’s not value for money’ (p. 70).

While hedonism is fun in small doses, what brings lasting happiness is a meaning-

ful life engaged with other people. We need work that allows us to grow and to make a contribution to others, and we need to nurture our families and maintain friendships. Contentment springs from achieving goals, human contact and relationships. Here Gittins is talking of eudaimonia, Aristotle's concept of the good life—good in the sense of virtuous and good in the sense that it is deeply satisfying. Eudaimonia is the source of our true contentment and when we pursue it we make others happy too.

Seeking happiness in this sense is honourable and helping us achieve it is an appropriate goal for civic leaders. But here they face two obstacles: misleading economic theory and myopic voters.

We are bad at predicting what will make us happy. We think that materialism and hedonic pleasures are the key to happiness but life experience shows that they are not. At one level we know this. We say money won't buy us happiness but we act as if it does. The gratification brought by small successes in the pursuit of things is well-embedded in our stone-age minds and, with the current emphasis on hyper-materialism, it's hard to convince those minds that such pleasures are fleeting. Nevertheless, cooperation and engagement with others are also part of our evolved nature, and pursuing goals that allow us to fulfil this nature brings a more lasting form of happiness than does hedonism alone. Despite this, the need for enduring goods, such as meaningful work, family and communal engagement, can be hard to recognise when we are trapped on the hedonic treadmill.

Money is like a drug; we see it as something more than it is. And we keep getting it wrong, repeating behaviours such as pursuing ever-higher incomes that we think will make us happier when they do not. While we are doing this we have less and less time for the activities that really do produce happiness. Hedonism describes the pursuit of pleasure and the avoidance of

pain; eudaimonia describes a life of full human flourishing lived in cohesive societies blessed with strong social capital.

The consumer society plays to our interest in hedonism so our collective blindness to eudaimonia is understandable, but mainstream economists also reinforce it. Eudaimonia is not part of their economic model so they cannot see it. Gittins explains how this came about. In the nineteenth century economists saw their goal as helping people maximise their happiness (which they called 'utility'). But by the 1930s they had decided that utility was too hard to measure. They would substitute something more tangible and count the things that we bought as indicators of our preferences and thus of our utility. They assumed that buying things made us happy, because that is what we did, and that the success of an efficient economy was manifested in ever-higher levels of consumption. Along the way they made some other strange assumptions. Not only did they ignore our need for human connectedness, they assumed that work makes us unhappy. Work for them is a disutility which we endure in order to get the money to buy more things. But Gittins demonstrates that, in developed nations, work is a major source of happiness (pp. 100–103).

This does not mean that he holds economics in contempt. It has much to teach us. For example, it is sensible to pursue efficiency, though not at the expense of everything else. And the concept of opportunity costs is useful. Devoting resources, such as time, to one goal—such as making money—means less time for other goals, such as taking care of families or strengthening friendships. Considering the opportunity cost of different ways of deploying resources is crucial to efficiency.

But strangely enough, while the mainstream economic model says that in every other part of the economy each choice has an opportunity cost, it does not apply

this dictum to economic growth itself (pp. 184–185). Economists do not measure the costs of economic growth partly because their model does not point to their existence, and partly because the costs are often non-monetary. The costs include loss of social connections as efficient markets corrode local communities; weakened norms as competition strains ethical standards and undermines trust and loyalty; and increasing environmental damage. Here Gittins lists global warming, soil degradation, loss of wetlands, depletion of fish stocks, and loss of biodiversity. None of these harms have an obvious price tag, so the model does not add them to the debit column. In fact there is no debit column.

The book is strong on analysis of what is going wrong and why but is also full of ideas for how to repair the situation. For example, it is common to mock the word ‘sustainability’ as a meaningless piety. But Gittins has a clear definition. Sustainability ‘means living on ecological interest rather than ecological capital’ (p. 208). Living sustainably means focussing on qualitative improvements in our lives rather than quantitative increases in things (and people). Economic growth means ‘faster increases in the extraction of natural resources and fossil fuels, more waste, and larger populations. Economic development means a constant throughput of matter and energy and qualitative improvements in stocks of man-made and human capital. We must distinguish between the two and persuade politicians that we need the latter and not the former. After all ‘in the end, politicians are followers of public opinion more than leaders of it’ (p. 216). Switching from growth to development does not mean stagnation; it means improving the quality of our lives as well as working for environmental sustainability. Too often growth is used as a substitute for improvement, and this includes Australia’s current fixation on boosting its population (pp. 224–227).

The core of Gittins’s argument is that, past a certain point, mainstream economic theory as a guide to maximising utility does not work any more. The economic model that guides our policy makers is now so flawed that, overall, it leads not to progress but to degeneration. It does not just ignore eudaimonia, it undermines it and, at the same time, pushes us to squander natural capital.

In the 1930s it was reasonable to say that happiness was hard to measure but a wealth of modern research shows that this is no longer so. We can distinguish between hedonism and eudaimonia and surveys and other research methods allow us to measure both. We can also measure environmental harms and estimate the ecological cost of both population growth and rising consumption.

Readers can be happy that in Gittins we have an economist who understands the problems we face, their origins and the policies we need to solve them. We can also be happy that he writes about it all with clarity, humour and conviction.

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