

# Why happiness and capabilities should stay together

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“If happiness does not exist  
what is then life?”  
(G. Leopardi, *Zibaldone*, 1823, 1554)

## *Executive summary*

In this paper, I shall question the still prevailing approach to happiness studies based on a subjective notion of happiness and consisting in the identification and measurement of the major determinants of happiness (income, unemployment, inflation, personality traits, socio-demographic and institutional factors). Instead, I will speak in favour of objective analyses of happiness based on a particular version of the capabilities approach in the sense of A. Sen and M. Nussbaum.

The argument will rest on three grounds. First, the term utility has become so ambiguous as to cause great confusion in happiness research ( “I take the terms happiness, utility, well-being...to be interchangeable”, R. Easterlin, 2004). If utility is whatever represents an individual’s preferences, the question arises: is the one that an individual prefers always the one that is better for him? In other words, is it necessarily good for a person to have what he prefers? The answer provided by “official” economic theory is that a person always prefers what is better for her, i.e. that she is self-interested. Yet, axiomatic utility theory makes no assumption that people are self-interested. All it assumes is preference consistency. So, how the same word utility can possibly stand for a representation of an individual’s preferences and at the same time for the individual’s good? Which meaning should one choose? If one proposes the first meaning one cannot use happiness and utility as interchangeable terms. On the other hand, if one proposes the second meaning, one needs to specify what constitute good for a person, e.g. her capabilities.

Second, the subjective approach to happiness would pose no problem if one could take it for granted that in our market economies the mere act of choice always implied (or meant) consent on the part of the agent. If such an assumption were warranted – so that it could be taken that “to choose is to consent to” – then it could be said that a person enjoying freedom of choice always consents to the consequences

stemming from the choices made. And if so, that person will be happy. Unfortunately, the assumption above is a very poor one, since there are many cases of significant constrained volition in economic and social life which prompt the intuition that constraints may matter in the analysis of individual actions. In these very common cases, freedom of choice does not include the constraints structure. Scitovsky (1976) draws attention to the gap between being free to choose and being free to be able to choose: I might certainly choose freely without consenting to the consequences of my choice. (Consider that consent is a moral notion, related to acting rightly). In similar cases, an expansion of freedom of choice does not guarantee at all an increase of the happiness index; it might even diminish it. (This provides a further explanation to the well-known “happiness paradox”). As Sen has repeatedly noted, the opportunity set an individual is presented with is as important to evaluating his freedom as it is his autonomy in decision making.

To this regard, a famous maxim by W. Goethe is of particular relevance. “Treat a human being for what s/he is and s/he will remain what s/he is. Treat a human being for what s/he can and must be and s/he will become what s/he can and must be”. Goethe’s maxim introduces the dimension of *possibility* – hence of capabilities – , what persons can be. Responding to persons as they can be implies to take care of the possibility of people to flourish, to develop as persons. However, in the maxim the dimension of necessity appear too. What a person has to be refers to the project of person that each one of us tends to be, a project where each one aims at recognizing himself and at being recognized by others. (In the context of labour relations, for example, the maxim implies that people are to be treated in a way that their identity as moral agents is acknowledged and respected).

Finally, I will argue that the most relevant input to the so-called happiness technology is, *to-day*, the interpersonal dimension. “The bads – wrote G. Leopardi – are less damaging to happiness than tedium...Indifference is not the state of the human being; it is contrary to his nature, *hence* to his happiness” (*Zibaldone*, 1555). Here indifference refers to the absence of human relations. It is well documented that several transactions in modern economies are regulated on a reciprocity base. Reciprocity is not just important besides or outside the market and the state, but even more within these two spheres. Well, reciprocity entails deep relational aspects, which cannot be entirely captured within an ontologically individualistic approach. Consider a situation in which I decide to reciprocate another person’s action. From an individualistic perspective, I

may have both instrumental reasons to do it and I can have “communicative” reasons. In a rational choice set-up, the latter reasons can only be incorporated as an argument of an agent’s objective function. From a relational perspective, however, intentions are not all that matters: a relation is characterized by the two (or more) persons linked and by the kind of link they have. This perspective is better suited to discuss the implications of individuals’ social identity, since it recognizes that establishing a certain kind of link with a person also affects my own identity. As Akerlof argues, the choice of one’s social identity may be the most relevant (economic) decision, which then drives all other economic choices.

Since a long time, quality ties to others have been recognized as central to optimal living, i.e. to happiness. It is a fact that one cannot be happy in isolation, while a lonely person can be a perfect utility maximizer. Why is this remark important? For the fundamental reason that, if it is true that sometimes the causality runs from economic and socio-political variables to determine the degree of happiness, it is also true that it might run in the opposite direction.