

WILLIAM DAVIES

THE POLITICAL ECONOMY OF UNHAPPINESS

FOR THE MAJORITY of its history, Britain's National Health Service has scarcely ever considered the specific health needs of working people, other than those of its own staff. Almost by definition, the NHS was originally dedicated to supporting people who were outside of the labour market—new mothers, children, the sick, the elderly and the dying. British doctors issued 'sick notes', certificates that were given to patients, informing their employers that they were unable to work. But in recent years policy-makers have begun to challenge these assumptions, along with the binary split between health and illness, economically productive and economically needy, on which they rested. In 2008, a review of the health of Britain's working-age population was published jointly by the Department of Health and the Department of Work and Pensions. Most strikingly, it calculated that the annual cost to the British economy of health-related absence from work was £100bn, only around £15bn less than the entire cost of the NHS.¹

'Wellbeing' provides the policy paradigm by which mind and body can be assessed as economic resources, with varying levels of health and productivity. In place of the binary split between the productive and the sick, it offers gradations of economic, biological and psychological wellness. And in place of a Cartesian dualism between tasks of the body and those of the mind, blue and white collar, proponents of 'wellbeing' understand the optimization of mind and body as amenable to a single, integrated strategy. One of the leading influences on the UK government's work and wellbeing programme, Gordon Waddell, is an orthopaedic surgeon whose book *The Back Pain Revolution* helped transform policy perspectives on work and health. Contrary to traditional medical assumptions—that 'rest and recuperation' are the best means of getting the sick back to work—

Waddell argued that, in the case of back pain, individuals could recover better and faster if they stayed on the job.

Waddell's findings suggested that, even where work is primarily physical, medical and economic orthodoxy had underestimated the importance of psychological factors in determining health and productivity. Being at work has the psychological effect of making people believe themselves to be well, which in turn has a positive effect on their physical wellbeing. Hardt and Negri argue that, while 'immaterial' or 'cognitive' labour still only accounts for a small proportion of employment in quantitative terms, it has nevertheless become the *hegemonic* form of labour, serving 'as a vortex that gradually transforms other figures to adopt its central qualities'.² Waddell's work is a case of this transformation in action. The emerging alliance between economic policy-makers and health professionals is generating a new consensus, in which the psychological and 'immaterial' aspect of work and illness is what requires governing and optimizing, even for traditional manual labour. In place of the sick note, a new 'fit note' was introduced in 2010, enabling doctors to specify the positive physical and mental capabilities that a patient-employee still possessed and which an employer could still put to use.

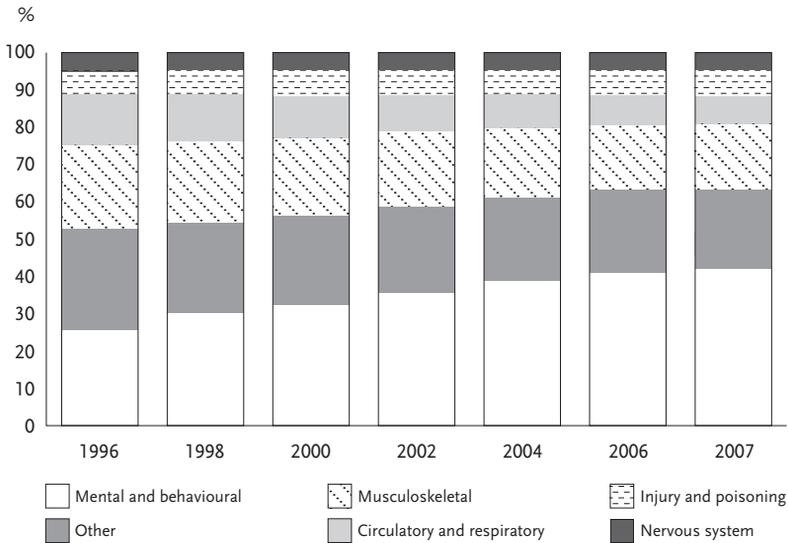
There was another, more urgent reason for the new policy paradigm. As labour has become more 'immaterial', so has the nature of health-related absence from work. Some £30–40bn of the annual £100bn lost to the UK economy through health-related absence was due to mental-health disorders.³ Around a million people in the UK are claiming incapacity benefit due to depression and anxiety.⁴ Figure 1 indicates the gradual 'dematerialization' of incapacity over recent years. The turn towards 'wellbeing', as a bio-psycho-social capacity, enables employers and healthcare professionals to recognize the emotional and psychological problems that inhibit work, but also to develop techniques for getting employees to improve their wellbeing and productive potential. Even more than back pain, mental illness is considered to be better treated by keeping people in work, than absenting them from it. In contrast to

¹ Health, Work and Well-being Programme, *Working for a Healthier Tomorrow: Dame Carol Black's Review of the Health of the Working Age Population*, London 2008.

² Michael Hardt and Antonio Negri, *Multitude: War and Democracy in the Age of Empire*, London 2004, p. 107.

³ UK DWP, *Working Our Way to Better Mental Health*, 2008.

⁴ Richard Layard et al, 'Cost-Benefit Analysis of Psychological Therapy', *National Institute Economic Review*, vol. 202, no. 1, 2007.

FIGURE I. *Incapacity-benefits claimants by primary medical condition*

Source: DWP Administrative Data.

a neo-classical or utilitarian perspective, which would treat work as the opposite of utility, many economists also now argue that work is a positive force for mental health, and that unemployment causes suffering out of any proportion to the associated loss of earnings.

Depressive hegemony

Depression is the iconic illness in this respect. Indeed, we might say that if 'immaterial' labour is now the hegemonic form of production, depression is the hegemonic form of incapacity. Typically, depression is characterized by a lack of any clear clinical definition; indeed it is often defined as anything that can be treated with anti-depressants.⁵ Depression is just *sheer incapacity*, a distinctly neo-liberal form of psychological deficiency, representing the flipside of an ethos that implores individuals to act, enjoy, perform, create, achieve and maximize. In an economy based in large part on services, enthusiasm, dynamism and optimism are vital workplace resources. The depressed employee is stricken by a chronic deflation of these psycho-economic capacities, which can lead him or her

⁵ Alain Ehrenberg, *The Weariness of the Self: Diagnosing the History of Depression in the Contemporary Age*, Montreal 2008.

to feel economically useless, and consequently more depressed. The workplace therefore acquires a therapeutic function, for if people can somehow be persuaded to remain in work despite mental or physical illness, then their self-esteem will be prevented from falling too low, and their bio-psycho-economic potential might be rescued. Many of the UK government's strategies for reducing incapacity-benefit claims and health-related absence focus on reorienting the Human Resources profession, such that managers become better able to recognize and support depressed and anxious employees. Lifting the taboo surrounding mental illness, so as to address it better, has become an economic-policy priority.

In the early 1990s, the study of the psychological effects of unemployment was the catalyst for a new and rapidly expanding branch of neo-classical economics: happiness economics.⁶ Together with the concept of wellbeing, happiness—sometimes referred to as 'subjective wellbeing'—provides policy-makers with a new analytical tool with which to measure and govern economic agents. It represents one prominent attempt to cope with the 'crisis of measure' that arises when capitalism's principal resources and outputs are no longer solely physical, yet still require economic quantification in order to be valued. At an aggregate level, concern for the happiness of entire nations, and the failure of economic growth to improve it, has inspired political leaders to demand new official 'indicators' of social and economic progress, which account for this intangible psychological entity. President Sarkozy's 'Stiglitz Commission' on the measurement of national progress made headlines around the world, while the Australian, American and British statistical agencies are already collecting official data to track national happiness levels.⁷ The gap between growth in material and psychological prosperity, known as 'Easterlin's Paradox' after a 1974 article on this topic by economist Richard Easterlin, is soon to receive official endorsement.⁸

Unhappiness has become the critical negative externality of contemporary capitalism. In addition to the policy interventions already mentioned, the New Labour government introduced an Increasing

⁶ The seminal article was Andrew Oswald and Andrew Clark, 'Unhappiness and Unemployment', *Economic Journal*, vol. 104, no. 424, 1994.

⁷ Jean-Paul Fitoussi, Amartya Sen and Joseph Stiglitz, *Report of the Commission on the Measurement of Economic Performance and Social Progress*, 2009.

⁸ Richard Easterlin, 'Does Economic Growth Improve the Human Lot?' in Paul David and Melvin Reder, eds, *Nations and Households in Economic Growth: Essays in Honor of Moses Abramovitz*, New York 1974.

Access to Psychological Therapies (IAPT) programme, to make Cognitive Behavioural Therapy more widely available via the NHS. Richard Layard, an economist at the London School of Economics appointed by Blair as the UK's 'happiness tsar', stressed the economic significance of this programme, urging that it be expanded further in response to rising unemployment. The sheer *inefficiency* of depression, and the efficiency of CBT in tackling it, is demonstrated by Layard in a paper making the 'business case' for spending more public money on talking cures.⁹ CBT, and policy enthusiasm for it, is controversial amongst psychotherapists and psychologists, many of whom view it as a 'sticking plaster' which conceals mental illness, at best for limited periods of time.¹⁰ Yet, by virtue of being clearly time-limited—a course of CBT can last a mere six sessions—and output-oriented, it is amenable to an economic calculus in a way that traditional psychoanalysis or psychotherapy are patently not. Programmes for getting unemployed people back to work in the UK now offer CBT courses, in an effort to re-inflate their desire to overcome economic odds.

Thinking pleasure

Optimistic theorists of cognitive capitalism, such as Hardt and Negri, believe that the positive externalities or spill-over effects associated with immaterial production create the conditions for a new commons. Efforts to measure and privatize human, intellectual and cultural resources must ultimately fail; the hegemonic character of immaterial labour means that the most valuable economic resources are becoming socialized, despite the best efforts of capital to prevent this. The proposition I wish to investigate here is in some ways the inverse: while policy-makers, doctors and economists seek to contain the negative externality of unhappiness as a measurable psychological deficiency and economic cost, it has inherently political and sociological qualities that lend it critical potential. One contradiction of neo-liberalism is that it demands levels of enthusiasm, energy and hope whose conditions it destroys through insecurity, powerlessness and the valorization of unattainable ego ideals via advertising. What is most intriguing about the turn towards happiness amongst political elites and orthodox economists is that it is bringing this truth to the fore, and granting it official statistical endorsement. Even a cursory

⁹ Layard et al, 'Cost-Benefit Analysis'.

¹⁰ See Oliver James, 'Therapy on the NHS? What a Crazy Waste of £600m!', *Daily Mail*, 24 October 2006.

examination of the evidence on unhappiness in neo-liberal societies draws the observer beyond the limits of psychology, and into questions of political economy.

For heuristic purposes, let us grant that the terms ‘happiness’ and ‘unhappiness’ can be conceptualized in three different registers. The first is merely mental and utilitarian, where ‘happiness’ is primarily understood as the immediate experience of pleasure, or *hedonia*. ‘Unhappiness’ would therefore refer to some breakdown of consumer choice, personal relationships or neuro-chemical processes, with depression becoming a proxy for these. The second is ethical and teleological, where ‘happiness’ is understood as the attainment of a good life, or *eudaimonia*. Within this register, ‘unhappiness’ represents a lack of positive capability to act meaningfully in pursuit of one’s own substantive goals; unhappiness, from this perspective, would be akin to what republican thinkers term subjection to ‘domination’. And the third is historical and messianic, the endlessly delayed promise of Enlightenment. This is the tragic teleology of the Frankfurt School, whereby we experience the possibility of happiness via its apparently perpetual absence, but—like Kant—must retain some distant faith in a collective human *telos*, if only because critique is impossible without it.

To the extent that these different registers can be kept ontologically separate, the emerging regime of wellbeing policies and measurement can successfully contain unhappiness as a neuro-psycho-economic phenomenon. And yet, as the recent statistical interest in social and economic ‘progress’ suggests, the neo-classical discourse surrounding happiness and unhappiness invariably strays into ethical, then teleological, and then critical terrain. On the one hand this leads to an instrumentalization of critical, ethical and Enlightenment concerns (as the *measurement* of historical progress would suggest); but on the other, the contradictions and injuries of neo-liberal capitalism start to show up within the very positivist bodies of knowledge that are intended to regulate and sustain it. If the ‘need to lend a voice to suffering is a condition of all truth’, perhaps liberal economics is on the verge of uncovering truths that it never previously imagined.¹¹

Capitalism would seem to require an optimal balance of happiness and unhappiness amongst its participants, if it is to be sustainable. The need

¹¹ Theodor Adorno, *Negative Dialectics*, London 1973, pp. 17–18.

for *dissatisfaction* is implicitly recognized by Keynesian economics, which sees the capitalist system as threatened by the possibility of individual or collective satisfaction, manifest as a demand shortfall. Capitalism's gravest problem is then how to maintain governments or consumers in a state of dissatisfied hunger, and how to find ever more credit through which to feed that hunger. The defining difference between the Keynesian era and the neo-liberal era was simply that the former depended on an insatiable, debt-fuelled, 'unhappy' state, whereas the latter depended on an insatiable, debt-fuelled, 'unhappy' consumer. The question of who or what is to inject such an appetite in future has no apparent answer as yet.

Max Weber, and more recently Luc Boltanski and Eve Chiapello in *The New Spirit of Capitalism*, addressed a parallel problem, but via moral and cultural sociology. To what extent and on what basis must capitalism serve our human needs and desires, if we are to remain committed to it? Immaterial needs and desires play a key role, as these are less easily exhaustible than material ones. As Boltanski and Chiapello argue:

Whereas capitalism, by its very nature, is an insatiable process, people are satiable, so that they require justifications for getting involved in an insatiable process. It follows that capitalism cannot make do with offering nothing more specific than its inherent insatiability.

The culture of capitalism must keep individuals sufficiently dissatisfied that they continue to seek satisfaction from it, but not so dissatisfied that they reject or resist it outright. Boltanski and Chiapello's central argument is that capitalism has drawn on varieties of anti-capitalist critique in generating the 'spirit' which induces a sufficient mass of the population to remain at this finely tuned level of engagement. At key moments of crisis, capitalist accumulation has alternately drawn on those criticizing its unfairness (the 'social critique') and those criticizing its dullness (the 'artistic critique') in order to find 'routes to its own survival'.¹² In promising to answer these critics, it pledges to treat the moral and human injuries that it itself has enacted, thereby renewing its legitimacy.

The spirit of capitalism regulates the political economy of unhappiness, aiming to ensure that individuals find partial fulfilment in work and consumption. If they found no fulfilment, there would be a risk that

¹² Luc Boltanski and Eve Chiapello, *The New Spirit of Capitalism*, London and New York 2006, pp. 486; 27.

they might opt out; yet if they found too much fulfilment, this could signify a satisfaction of desire that is anathema to an economic system that depends on desire remaining inexhaustible. Real happiness, Adorno reminds us, would mean no longer seeking ever more and ever newer sources of satisfaction. Real progress would mean abandoning the obsession with technical and economic progress. Far safer, therefore, for the capitalist to promise substantive *eudaimonia*, but to deliver only a taste of it, or substitute it for a more instant *hedonic* experience that leaves the individual still wanting more. During periods of stability, capitalism successfully regulates this distribution of happiness and unhappiness. That unhappiness is now appearing as a costly and threatening negative externality to be tackled by the state suggests that this equilibrium is breaking down.

Industrial psychology

Boltanski and Chiapello examine the 'new spirit of capitalism' via human-resource management texts which, as they point out, must go beyond the narrow prescriptions of neo-classical economics and argue for more than the pursuit of efficiency and profit. From Hugo Munsterburg's 1912 *Psychology and Industrial Efficiency* onwards, management theory has depended far more on the insights of applied psychology than on the harsh rationalism of Taylorism or economics.¹³ Human Resource Management emerged from the industrial psychology studies of Elton Mayo in the 1920s, developed via the famous Hawthorne experiments of the 1930s, and expanded under the influence of the psychologist Kurt Lewin in the post-war period to engage with theories of group behaviour, as explored by Lewin and the Tavistock Institute during the 1950s.¹⁴ The discourse of management theory is, strikingly, both instrumentalist and moral. It is instrumentalist inasmuch as it self-evidently exists to serve the interests of managers and those 'principals' on whose behalf management acts, namely the owners of capital. But it is moral inasmuch as

¹³ Frederick Taylor himself was of course an engineer, not a psychologist, and his *Principles of Scientific Management* (1911) consequently offers little to the employer concerned with motivation and morale.

¹⁴ See Loren Baritz, *The Servants of Power: A History of the Use of Social Science in American Industry*, New York 1960; Stephen Barley and Gideon Kunder, 'Design and Devotion: Surges of Rational and Normative Ideologies of Control in Managerial Discourse', *Administrative Science Quarterly*, vol. 37, no. 3, 1992; Peter Miller and Nikolas Rose, 'The Tavistock Programme: The Government of Subjectivity and Social Life', *Sociology*, vol. 22, no. 2, 1988.

it takes seriously the need for happiness, respect, engagement and community, at least within groups. This morality is not a complete sham. Rather, instrumental and substantive reason are wedded together in psychological concepts such as ‘teamwork’ and ‘leadership’, whereby employees are viewed as morally endowed, emotional beings to be mobilized and co-operated with.

Advertising is no less important in producing and regulating the new spirit of capitalism. It too conducts a subtle game of instrumentalizing unhappiness and dissatisfaction with capitalism as a motivation for consumption. This was witnessed as early as the 1920s, when American marketers targeted a growing collective sense of *ennui* and alienation from urban-capitalist existence, a feeling that more innocent, dependable relations were being lost. The images used to sell products during the 1920s and 30s were specifically drawn from a social ideal of traditional family and community life that industrial capitalism appeared to be destroying.¹⁵ By the 1960s, advertising was tapping into frustrations with bourgeois and bureaucratic routines, speaking to the counter-culture even as it was first emerging.¹⁶ Advertising, like management theory, is fuelled by a critique of the dominant normative-economic regime within which it sits, facilitating safe acts of micro-rebellion against the macro-social order. It acts as capital’s own trusted moral and artistic critic in order to inspire additional psychological engagement on the part of ordinary worker-consumers. Dissatisfaction is reduced to a psychological tendency to be fed back into processes of production and consumption. As a result, understanding such psychological qualities as impulse, libido and frustration—often in the micro-social context of the ‘focus group’—has been key to the development of advertising since the 1920s.

As tools of economic administration and legitimation, neo-classical economics and psychology have had a relatively clear, yet mutually supportive, division of labour since their split at the start of the twentieth century. The pioneering economists of the 1870s and 80s did engage with questions regarding psychological states, as it was in the subjective experience of happiness that they placed their concept of value, in contrast to

¹⁵ See Stuart Ewen, *Captains of Consciousness: Advertising and the Social Roots of Consumer Culture*, New York 1976.

¹⁶ Thomas Frank, *The Conquest of Cool: Business Culture, Counter-culture and the Rise of Hip Consumerism*, Chicago 1998.

the labour theory of value of classical political economy. In 1881, Francis Edgeworth even went as far as proposing the creation of a ‘hedonimeter’, a measurement device that would gauge levels of mental pleasure as the basis of a new economic science.¹⁷ But after Marshall and Pareto had distanced themselves from this largely speculative concern with the psyche, and with psychologists developing experimental techniques in the late 1890s, neo-classical economics cut itself off from any empirical concern with the mind. It opted instead to study preferences via choice-making behaviour, on the methodological presupposition that this was a perfect representation of how pleasure and pain were experienced.

This formal premise, often referred to as *homo economicus*, enabled a clean split between neo-classical economics and empirical psychology that lasted for most of the twentieth century. The mental realm—like the social realm, which was also acquiring its own specialist branch of social science—would be external to the territory of neo-classical economics. Economics could thereby focus purely on questions of rational choice and efficiency, leaving the study of irrational behaviour and ‘equity’ to the rival social sciences of psychology and sociology. Not least, it helped to define what counted as ‘economic’ in the first place, through designating the limits of market logic. Neo-classical economics was an adamantly amoral, rationalist science, which could be employed as a neutral tool to regulate and delineate markets, but did not recognize happiness or unhappiness as anything other than a calculable, utilitarian phenomenon, subject to a logic of price. Similarly, any assessment of social or political action would be on efficiency grounds alone, or what following Arthur Pigou became known as ‘market failure’ grounds. Chicago economists, led by Gary Becker and Ronald Coase, later went further still in establishing efficiency explanations for various ‘social’ and ‘normative’ institutions and practices, such as marriage, law and firms.

The mind and its injuries are now being brought within the purview of mainstream economics and subject to an efficiency analysis. The implication of the wellbeing policy agenda is that dynamics of happiness and unhappiness, satisfaction and dissatisfaction, can no longer be left in the hands of applied psychologists and their colleagues in management and marketing. Neo-classical economics has hitherto avoided

¹⁷ David Colander, ‘Edgeworth’s Hedonimeter and the Quest to Measure Utility’, *Journal of Economic Perspectives*, vol. 21, no. 2, Spring 2007.

directly confronting the ‘immaterial’ nature of Western post-industrial capitalism, disguising it with the metaphor of ‘human capital’, which treats the mind as analogous to physical fixed capital, such as machinery. But persistent, stultifying unhappiness represents a form of negativity that can neither be contained within the psychological techniques of marketing and management, nor explained within the rationalist logic of inadequate ‘human capital’ investment. Negativity, primarily in the form of depression, is being confronted at a societal level as a bio-psychological epidemic that undermines the viability of post-industrial capitalism.

To respond to this particular crisis of measure, economics and psychology are being forcibly re-married. Behavioural and experimental economics have their earliest origins in game theory in the 1940s, which allowed economists and psychologists to compare normative rational choice-making—that is, according to neo-classical economics—with empirical choice-making, as observed under laboratory conditions. The gap between economists’ prescriptions for how people should behave and what they actually do became subject to testing. Discovering patterns in such ‘anomalies’ became the preoccupation of behavioural economists, following Kahneman and Tversky’s landmark 1979 article on ‘prospect theory’, which later won them a Nobel Prize.¹⁸

The economic study of happiness has different antecedents, but led in a similar direction. Hadley Cantril’s 1965 *The Pattern of Human Concerns* represents the first attempt to measure and compare the happiness of entire nations, and provided much of the data used by Easterlin in his 1974 article comparing GDP growth with happiness growth. The late 1960s also witnessed the birth of the positive psychology movement, focused on psychological optimization rather than normalization, and the birth of the social indicators movement, which sought to measure various intangible socio-economic assets, including wellbeing. Psychologists came to enquire into sources of happiness for the first time, developing new scales and questionnaires with which to do so, while social-indicators researchers employed survey techniques and questionnaires to measure immaterial assets, informal interactions and quality of life. This coincided with an emerging awareness of depression as a mental affliction, challenging the techniques of psychoanalysis

¹⁸ Daniel Kahneman and Amos Tversky, ‘Prospect Theory: An Analysis of Decision Under Risk’, *Econometrica*, vol. 47, no. 2, 1979.

that had been developed principally to relieve patients of neuroses and feelings of guilt. Depression, by contrast, necessitated techniques for mental reactivation, which CBT, a derivative of positive psychology, now promised to deliver.

Thanks to the new empirical techniques and data sets, economists could start to spot anomalies—cases where human happiness does not rise and fall as neo-classical economics would predict. At the centre of happiness economics sits the psychological concept of ‘adaptation’, the extent to which individuals do or do not become psychologically attuned to changes in their circumstances. Where they do adapt to changed circumstances—for example, of increased monetary income or national wealth—their happiness ceases to correspond to changed objective conditions, at least after the transition has passed. Where they do *not* adapt to changed circumstances—as with unemployment—their happiness remains directly proportionate to their objective conditions, regardless of how long they have lived with them.

Happiness economics took off during the 1990s, drawing on data provided by a number of national household surveys, which had included questions on ‘subjective wellbeing’ from 1984 onwards. With it has come the rise of *homo psycho-economicus*, a form of economic subjectivity in which choice-making is occasionally misguided, emotional or subject to social and moral influences. If *homo economicus* was unhappy, that was merely because he had insufficient money or consumer choice. But *homo psycho-economicus* suffers from psychological afflictions as well. He makes mistakes because he follows others too instinctively; he consumes things which damage his health, relationships and environment; he sometimes becomes unhappy—or even happy—out of all proportion to his material circumstances.¹⁹

Regulating wellness

Homo psycho-economicus is less rational, less calculating, than *homo economicus*; but to what extent is he a social creature? Wellbeing policies

¹⁹ The field of neuro-economics is expanding rapidly, convincing some economists that the question of what truly makes people happy and unhappy will soon be placed on an objective footing, no longer requiring surveys at all. See for example Richard Layard, *Happiness: Lessons from a New Science*, London 2005.

can be seen as efforts to get people to conform more closely to the ideal of neo-classical rationality, and the ‘Robinson Crusoe’ rugged individualism that it assumes. But the re-engagement with psychology eventually necessitates the rediscovery of sociability, if only via the importance of groups, therapy and psychological norms. Service-sector capitalism draws precisely on those innate human capabilities—sociability, mental activity, creativity, communication—that neo-classical economics had treated as ‘externalities’; hence the ‘non-economic’ becomes more valuable than the ‘economic’ (narrowly understood).

What is new today is that the state is now stepping in to confront psychological problems of motivation and dissatisfaction that were previously the concern of management and HR professionals.²⁰ The NHS is being mobilized to increase the bio-psychological potency of the working-age population, not as a social ‘externality’ to the labour market, as embodied by the sick note, but as an asset within it, as certified by the ‘fit note’. ‘Nudging’ individuals to take ‘better’ decisions for their bodies, old age, environments and families—as prescribed by *Nudge*, a best-selling work of behavioural economics, allegedly required reading for Cameron’s coalition Cabinet—has become a policy strategy for aligning psychological impulses with longer-term economic efficiency.²¹ Again, rather than treat problems such as obesity, economic insecurity, environmental degradation and bad parenting as social, normative or psychological issues that are beyond the limits of markets and economics, the emerging economic logic treats them as inefficiencies that can be dealt with through better management of consumer choice. Competition regulators are now importing lessons from behavioural economics, to ensure that the ‘choice architectures’ presented to consumers do not imperil their capacity to take the ‘right’ decision. This is a significant disavowal of the Hayekian, neo-liberal model of the state, that focused on creating the market conditions within which diverse consumer preferences could be pursued as efficiently as possible.

²⁰ The HR profession is also taking on healthcare responsibilities that were previously the preserve of the state. More employers now offer gym membership, physiotherapy, smoking-cessation programmes and even psychological counselling, as part of their own ‘wellbeing’ programmes. See *Building the Case for Wellness*, PriceWaterhouseCoopers, 2008.

²¹ Richard Thaler and Cass Sunstein, *Nudge: Improving Decisions about Health, Wealth and Happiness*, New Haven 2008.

In an age when the most valuable assets and products are intangible and cognitive, accounting techniques have to somehow include capacities to think, feel and communicate. Minds must be measured, valued and invested in, even if this means opening up economics to the possibility that people are ‘irrational’, social and moral creatures. After all, their sociability and morality may also yield satisfactory investment returns. Future policy proposals include teaching happiness or ‘resilience’ skills in schools, while ‘voluntary’ forms of sociability and gift-giving are now also internal to a governing economic logic, as the British government’s prioritization of ‘The Big Society’—a neo-communitarian policy programme aimed at increasing non-market exchange—now indicates.

The ambiguity that lurks within this emerging apparatus of government is that between the *hedonic* and the *eudaimonic* registers of happiness. The failure of neo-classical economics, and of neo-liberal regulation generally, stems from its excessive commitment to hedonism, the utility form of pleasure. The neo-classical assumption—enshrined in neo-liberal regulatory agencies—that economic agents are incapable of making a ‘bad’ choice, has hit multiple crises, most graphically in the case of financial markets, where the quest for psychological kicks is held culpable for bringing down entire banks. But it is also increasingly apparent that insatiable consumption can undermine the potential for mental wellbeing, and be entirely compatible with depression. Mark Fisher captures this neo-liberal paradox of happiness in his portrait of students he once taught at a further education college:

Many of the teenage students I encountered seemed to be in a state of what I would call depressive hedonia. Depression is usually characterized as a state of anhedonia, but the condition I’m referring to is constituted not by an inability to get pleasure so much as by an inability to do anything else except pursue pleasure. There is a sense that ‘something is missing’—but no appreciation that this mysterious, missing enjoyment can only be accessed beyond the pleasure principle.²²

The Weberian insight that capitalism cannot sustain itself only by offering more money, more choice and more pleasure, is at the heart of this crisis. The ‘spirit’ of capitalism is its promise of not only utility or *hedonia*, but also of meaning or *eudaimonia*; not simply psychological-economic gratification, but a form of ethical fulfilment and the demonstration of

²² Mark Fisher, *Capitalist Realism: Is There No Alternative?*, Ropley 2009, pp. 21–2.

innate self-worth. If a regime of capitalism neglects the latter, it encounters a moral crisis. Managers and advertisers may have been attuned to this requirement for the best part of a century, but evidently they have now neglected their duties, and economic technocrats are coming to the rescue.

From ill-being to critique

In 2007, the British government's Department for Culture, Media and Sport was criticized in a cross-departmental 'Capability Review' carried out by the Cabinet Office for its poor economic evaluations and inadequate 'focus on outcomes', a problem it described as 'urgent'.²³ The difficulty for DCMS is that its output is largely public and intangible; it exists to generate positive externalities, in the form of creativity, cultural 'buzz' and sporting prowess. The Culture Minister duly hired a private-sector economics consultancy to perform an output evaluation, using a new public-accounting technique based on happiness economics.²⁴ The method, known as the 'income compensation' technique, poses the following question: how much private monetary income would be necessary to compensate a person psychologically for the loss of a specific public good that he or she can currently use for free? For example, if someone regularly visits a free public art gallery, their measured happiness levels may be x per cent higher than someone who does not do so. It is then possible to assess how much private income this x per cent difference corresponds to, using established data on the correlation between happiness and pay. That figure can then be multiplied by the number of households who visit the gallery in question, to produce an artificial proxy for its 'market price'. The same technique has been proposed for use by law courts in setting damages payments, where a claimant has suffered some emotional or psychological harm.²⁵

The problem that this technique encounters, from a policy-maker's point of view, is that it ends up valuing public and non-market goods at implausibly high levels. Private income is such a weak correlate of

²³ Capabilities Review Team, *Capability Review for the Department of Culture, Media and Sport*, 2007.

²⁴ Department of Culture, Media and Sport, *Making the Case*, 2010.

²⁵ Andrew Oswald and Nattavudh Powdthavee, 'Death, Happiness and the Calculation of Compensatory Damages', in Eric Posner and Cass Sunstein, eds, *Law and Happiness*, Chicago 2010.

happiness, when compared to ‘social’ and public goods, that it often takes extraordinarily large monetary payments to compensate for the loss of non-market goods. The Department of Culture, Media and Sport study found that regular attendance of concerts had an impact on happiness equivalent to £9,000 of additional income. Elsewhere, studies have shown that an unemployed person would need an annual income of £250,000 to compensate for the psychological injury of not having a job.²⁶ Economists using the income-compensation technique are aware that it could potentially justify common ownership and planning of large swathes of the economy, on the technical basis that one pound spent collectively generates a far greater psycho-economic return on investment than the same pound spent privately. The political ramifications of such a technique have to be carefully concealed by the neo-classical economists currently seeking to introduce it to policy-making. But, arguably, a spectre is haunting liberal economics.

Human ill-being is never merely an absence of pleasure, which is one thing that consumer society can usually promise to avoid; nor is it even an absence of any substantive meaning, which the ‘spirit’ of capitalism can partially deliver on, if only as an epiphenomenon. Followed to its logical conclusion, it is an absence of democracy, and consequently a basis for resistance and critique. Happiness economics starts with a psychological interest in *hedonia* and the mind, strays into ethical questions of *eudaimonia* and society, and eventually grapples clumsily with the Kantian dilemma of Enlightenment—what is all this rationality, efficiency and technology ultimately for? The meaninglessness of utilitarianism, and the emptiness of hedonism, are now subject to empirical and statistical analysis. On the one hand, this is a co-option and subsumption of core Enlightenment and critical thinking, to rival—but exceed—the capacity of management and marketing discourse to internalize the critique of capitalism. To the pessimist, the fact that economists have discovered unhappiness and history may look like the final triumph of immanence. The optimistic reading would be that when positivists seek to grasp and quantify the immeasurable problem of unhappiness, they encounter causes of that unhappiness that are far larger than economic or medical policy can calculate or alleviate. Is it too much to hope that, if critique can be rendered psychological, then the reverse may also be true: that mental ill-being may be rendered critical?

²⁶ Nicola Bacon et al, *The State of Happiness*, London 2010.