

**PUBLIC HAPPINESS IN TODAY'S ECONOMICS**  
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Recent well-known developments on happiness and economics mark a strong revival of reciprocal interest between economists and psychologists on one side and moral philosophers on the other. The attribution of the Nobel Prize for Economics to an eminent cognitive psychologist, Daniel Kahneman, in 2002, is the symbolic expression a whole new school of economic thought. Before him, in 1998, Amartya Sen was awarded the same prestigious prize. The two of them represent alternative ways of interpreting the significance of public happiness today

In the recent decades, – as Albert Hirschman once noted – we have rediscovered that man does not live by bread, not even by GDP, alone. We have realized that a number of heretofore neglected items must be incorporated into individual utility function. Examples are reasonable clean air, feeling of participation and community, and an atmosphere of security and trust within and among nations. Of course these developments affect almost any aspect of human life – from sport, to education, to sustainability in all its various forms – and give expression to a diffuse search for the good life, i.e. the *eudaimonia*.

Happiness is back into economics. Happiness, however, is not a new concept in the tradition of economics: we find it at the very beginning of the modern economics.

In Naples “pubblica felicità” was, in fact, a special synthesis between the ‘new’ utilitarian ideas about individual happiness and the classical, mainly Thomistic, theory of *bene comune* “common good” and virtues: the former element of utility explains the substantive “felicità”,<sup>1</sup> the latter, of public happiness, the adjective “pubblica”. Therefore “pubblica felicità” meant that political economy (or *civil* economy, as was sometimes called) must deal with the tools and ways of increasing the happiness of the people, of the Nation.

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<sup>1</sup> Happiness, instead, comes from “happen”, a concept related to fortune. The Oxford Dictionary defines happiness as “ Good fortune or luck in life or in a particular affair; success, prosperity” (first sense), or “ The state of pleasurable content of mind”.

It is worth noticing that the Latin term *felicitas* semantically is very close to the Aristotelian *eudaimonia*: *felicitas*, in fact, has the same origin than *ferax* or *fecundus*, adjectives referred to the cultivation of the earth, as *eudaimonia* that flourishes. Up to XVIII century English writers used also the term *felicity*, such as Hume in the *History of England* (III. LXI. 326), or Ferguson in his *Essay on the History of Civil Society*. Ferguson's *Essay* provides us some hints in order to understand the difference between *felicity* and *happiness*: the latter is considered to be a state of the individual, while the former refer to "public" or social. In fact, in Jefferson's *Essay* *felicity* is coupled with national ("On National Felicity", is the heading of section IX: 1767, p. 86); and the *Oxford Dictionary of English* indicates one of the meaning of *felicity* in "that which causes or promotes happiness; a source of happiness". *Felicity* are the conditions that allow or help to being happy, being happiness a subjective matter.

Aristotle, G.B. Vico, Montesquieu, Shaftesbury, Hutcheson and the Platonic school of Cambridge were the sources of the philosophical works of Genovesi and their focus on sociality as the key characteristic of human beings. The sensist, hedonistic and Epicurean approach to happiness, although present, did not have a central place. Both in Galiani and in Genovesi we find strong and clear statements against sensism and Epicureism: this was surely partly due to political reasons (they were both priest, in Naples), but that was also partly due to the other mentioned sources that greatly influenced Neapolitan culture. In particular, although not a follower his philosophy of nature and his metaphysics, Genovesi after all agreed with Aristotelian Ethics and Politics and with the Vichian philosophy of history.

To him sociality is "an indelible feature of our nature", common to all social animals. We are "created in such a way as to be touched necessarily, by a musical sympathy, by pleasure and internal satisfaction, as soon as we meet another man" (*Diceosina*, I, Ch. 1, §XVII, p. 42)

To Genovesi, economy is "civil" only if aims at public happiness. In this expression, the adjective "public" is very important, as one of the most important author of public happiness, Ludovico Muratori, underlines: "in us, the master desire, the father of many other desires, is our private good, our private happiness. ... More and more sublime, and of more noble origin, it is another Desire, that is the Good of Society, of Public Good, that is

of the Public Happiness. The former comes from the nature, the latter has virtues as mother” (1749, premise).

The common good, therefore, is not simply the unintended result of individual search for private interest: self-interest can be transformed into public happiness not spontaneously, but only within the laws and institutions of civil life. This idea was common to the whole Neapolitan tradition, not only in Genovesi (*Lezioni*, I, p. 339), but also in Vico and Ferdinando Galiani who both had a very clear theory of unintended consequences of action.

In Vico’s *Scienza Nuova* (1725, §§ 132-133) we read a passage that shows him to be an upholder of the idea of unintended consequences of action.<sup>2</sup> However, while in the Smithian view of the *invisible hand* a Newtonian influence can be detected (see Vaughn, 1987), in Vico the concept appears without a Newtonian influence, as instead a by-product of an Italian humanistic tradition. Vico, in fact, can be rightly be considered the link between Civic Humanism and the modern Neapolitan Civil economy.

It was perhaps because of this genial intuition that one of the bravest economists of all times, Schumpeter, defined Vico “one of the greatest thinkers to be found in any age in the field of the social sciences” (1954, ch. 2, § 7d, p. 137). Vico’s version of invisible hand greatly influenced the Neapolitan tradition of civil economy. opulence, happiness of every nation is the good custom and virtue” (*Lezioni*, I, pp. 245, 255).

Contemporary economic theory has largely been a return to the individualistic path of modernity. Classical political economy, both Latin and English, has been the last attempt to save the classical and humanistic approach to human agency: means (wealth) are important, but the final end (happiness) more. Modernity has not pushed ahead the program, initiated, but not accomplished, in the Middle Age (Augustine, Aquinas), of building a theory of human agency combining individuality and sociality. From Humanism onwards modern cultural mainstream has chosen to take only one side of the coin, the individual, neglecting the interpersonal dimension as an essential component of human lot.

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<sup>2</sup> I quote from the original: “Come dalla ferocia, dell’avarizia, dell’ambizione, che sono gli tre vizi che portano a travverso tutto il genere umano, ne fa la milizia, la mercanzia e la corte, e sì la fortezza, l’opulenza e la sapienza delle repubbliche; e di questi tre grandi vizi, i quali certamente distruggerebbero l’umana generazione sopra la terra, ne fa la civile felicità. Questa degnità pruova esservi provvidenza divina e che ella sia una divina mente legislatrice, la quale delle passioni degli uomini, tutti attenuti alle loro private utilità, per le quali viverebbero da fiere bestie dentro le solitudini, ne ha fatto gli ordini civili per li quali viviamo in umana società” (*Scienza Nuova*, §§ 132-133).

The founders of classical political and civil economy, interested in explaining social phenomena, and thanks to the social anthropology of the first social economists, tried to follow a different path. In continuity with the civic Humanism, Smith and Genovesi (those that we have analysed in this paper, but the list is much longer) kept clear the distinction between wealth and happiness, between well-being and the material conditions of it; and knew very well how much “relational goods” are important in human flourishing. This epistemological foundation of political or civil economic has not disappeared: it has instead continued along with the individualistic and hedonistic stream, that took over with neoclassical economics. Marshall, in full neoclassical revolution, can be considered a representative of such an approach to economics. After him, mainstream economics has been characterised, up to now, by an anthropology based on solipsism and instrumental rationality, which leaves no room for understanding the issue of happiness that, ontologically, depends on non-instrumental interpersonal relationships.

Twentieth century economics has become a science which studies instrumental interactions among individuals. The interpersonal dimension enters into play only when and if it affects individual utility; only when and if it can be modelled as arguments, or constraints, of the individual utility function.

I would just ask a simple question: why is it that economists, so much engaged in the study of externalities and of the failures of individual rationality (the various forms of the “prisoner’s dilemma”), do not turn their attention towards one of the most important and essential failure, that of reaching happiness through wealth accumulation ? Why do not study the “relational externalities” that take place since the increasing effort for wealth accumulation has perverse effects on *relational* goods?

“It is clearly that wealth is not the good that we want: wealth is not more than one useful thing that is wanted for an other aim” (Aristotle, *Nicomachean Ethics*, I, 6, p. 7).

In the recent years this Review has pioneered a research programme on Public Happiness. Let us mention, as a conclusion, some of the fundamental issues on which research is still well under way.

1. Happiness and relational goods. Gui and Stanca (2010) have shown the way to overcoming the widespread disregard of mainstream economics for personalized relationships.

2. The logic of co-operation needs revisiting. Beraldo and Bruni (2011) have outlined the significance of the we-thinking approach, largely on the basis of the revision of the basic idea of rationality in the works of Robert Sugden.

3. Studying the relationship of Market and Happiness. Bruni (2012) has shown how and why the whole conception of the civil economy is founded in a strong and innovative conception of the market order.

The present issue of this Review is ideally and practically linked with all these fundamental aspects of the study of Public Happiness to day. Our age of the common good and of the common goods requires a new reflection on the market mechanism.

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