THE PARADOX OF HAPPINESS IN WESTERN ECONOMICS: A BUDDHIST PERSPECTIVE

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Abstract

The pursuit of happiness always involves a paradox. This article begins by examining the concept of happiness and the paradox of happiness in Western economics and shows how the paradox of happiness is never overcome. The paper then examines the Buddhist idea of happiness. In Buddhism, happiness is explained with regard to how it arises in the human mind. In Buddhism to avoid the paradox of happiness and its attendant suffering is to change our views and attitude about happiness and about the pursuit of happiness.

1. INTRODUCTION

Happiness, has been a central philosophical theme since the time of Socrates, Plato, and Aristotle. Happiness has always involved suffering in its pursuit. As long as we are attached to its pursuit, we will never achieve it. In Buddhism this is known as the paradox of happiness, and this insight goes against the thought of many modern economists, philosophers, and thinkers.

Pursuing it means that we have already made it impossible because to get happiness does not work that way. To pursue is to desire or crave. The right thought taught by the Awakened One of Buddhism is a ‘letting go’ of desire or craving. Whether we ‘try’ to suppress desire or just pursue desire, we remain bound to desire and suffering. But, in the state of mindfulness (or attentive awareness), we begin to see happiness or our happy feelings as it is actually taking place and vanishing. Then, we can let go of the cause of our suffering (dukkha)—by seeing how it actually is—this frees the mind to attain happiness.

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That view in economics concerning happiness is complex. The pursuit of happiness in association with economics seems to directly contradict the essence of the Buddhist teachings. Many people in the developed world seem to think that they can only become happy if they fulfill their desires. Their lives involve the pursuit of money. Easterlin (1974) finds that happiness in advanced countries such as USA, UK, or Japan is not confined to economic affluence. But, a recent study reveals that the paradox of happiness refers to ‘two different empirical data’—in the short term, richer people are on average happier than poorer ones, but in long term, a society does not become happier as it became richer. The question is what is the reason for this paradox?

The answer is complex and there is no single explanation. This article investigates how far the Western economics and Buddhism can explain the paradox of happiness regarding those ‘two different empirical data’. Then, I develop a Buddhist perspective on the paradox of happiness.

2. A WESTERN UNDERSTANDING OF HAPPINESS

In the Western world, there are assorted concepts which characterize ‘happiness’. Some concepts are not related to each other (e.g., eudaimonia, ataraxia, beatitudo, and utility); some are reduced or derived from one another (e.g., welfare or well-being is derived from choices or preference-satisfaction, and preference-satisfaction is relied on utility, and utility is hinged on pleasure and pain); but all concepts are various forms of an entity called ‘happiness’. In short, the idea of happiness can be traced back to the ancient Greeks in the 4th century B.C., ranging from Socrates, Plato, and Aristotle through Hume and Smith down to Marx (1875), Bentham (1789), J.S. Mill (1863), and Kahneman (1997).

Eudaimonia, a Greek word for ‘happiness’ (or ‘flourishing’) where ‘virtue’ or ‘excellence’ is centred, is first discussed by Socrates (c. 469-399 B.C.) in the Euthydemus (Eu III.278e-282e) where he contends that humans want to be happy. Later, Aristotle (c. 384-322 B.C.), in his theory of eudaimonia, written in 350 B.C., describes eudaimonia as the life of virtuous activities that takes pleasure in their own virtues (NE X.7/284-7). Up to the Hellenistic Era (4th-1st centuries B.C.), happiness is viewed as ataraxia (tranquility); but in the Medieval Era (5th-15th centuries), happiness conception is shifted to be beatitudo or the perfect happiness—it is
heavenly happiness which would be granted by God in heaven afterlife; then happiness is *gold pursuing* concerning the Mercantilism (16th-17th century); since 18th-19th centuries, happiness is perceived as public happiness (18th-19th centuries)—including the ideas of ‘wealth of the nations’ of the classical economics, ‘benevolence’ of the socialist utopian such as Rousseau (1782), or Turgot (1727-1781 C.E.) who suggested the idea that the laws must contribute to *public happiness* and the government should endeavour to allow thriving of individual freedom rather than “to always immolate the happiness of the private individuals”;2 and the communism of Marx (1875: 10); up to the late 18th century, happiness is *utility* and *welfare*; and *preference-well-being* of the new welfare economics (20th to present). For our contemporary, happiness is the ‘conspicuous consumption’ or being an ‘icon’. Besides, there are no morals involving in it (utility), and it cannot be the directive rule of human conduct.

Although the Western economics concept of happiness borrows from powerful approaches related to psychology and individual *utility* to understand social well-being, it conflates happiness with desire. It is related to each individual’s pursuit, and not for the society as a whole. As a result, happiness from the Western perspective holds “no possible definition”, or it is presumably an indefinable concept according to philosophers such as Hobbes (Le I.11.1), Kant (1785: 12, 27), and Hegel (1830: 396). Later the *summum bonum*, is what Bentham (1789), James Mill, and J.S. Mill hoped to settle via the power of the Principle of Utility or quantitative hedonism — the general acceptance of utilitarianism (Mill, 1863: 113-9).

3. THE PARADOX OF HAPPINESS

This concept can be traced back to the 19th-century philosophy as the “paradox of hedonism” or the “pleasure paradox”. J.S. Mill (1989: 117) was the first to point out that to interpret happiness as the goal of life is paradoxical, as he says, “But I now thought that this end was only to be attained by not making it the direct end”. Sidgwick (1874: 24) continues to develop this paradox of happiness, by saying, “It is true of some pleasures of the merely animal life, as well as of the satisfactions of a good conscience, that they can be obtained only if they are not directly sought”. He means that pleasure cannot be acquired directly; it can
only be acquired indirectly. It is not until much later that the idea is developed further. Easterlin began studying the empirical data on the national happiness and raised the paradox of happiness in his 1974 article. The paradox becomes known as Easterlin’s paradox and has been used as a starting-point of a new study called the Economics of Happiness.

3.1 Paradox of Happiness: A Western Economic View

A ‘paradox’ means a phenomenon or idea that is opposite to common sense, hypothesis, expectation, belief of general people, or the truth. By the paradox of happiness, it means “the decrease in happiness in a rising (or advancing) economy”. In this article, however, it refers only to the happiness-income paradox.

3.1.1 Empirical Evidence

The early empirical studies which contributed to this paradoxical claim and which gained wide acceptance in the recent economics of happiness are Easterlin (1974); Scitovsky (1976); and Smith (1979). Unfortunately, their works have remained unknown to mainstream economists for years. Today, the paradox of happiness is described by two facts (Layard et al., 2012: 60-6). Fact 1: happiness and income have positive relationship with each other in short run, (Figure 1). Fact 2: there is a

Figure 1: Happiness-Income Cross-sectional Relationship in the U.S.1972-2004

happiness-income paradox in long run (Figure 2). The Easterlin paradox refers to Fact 2—the time-series evidence shows ‘no relation between income and happiness’ which means “getting richer does not make a nation (an individual) happier in the long-run”.

Most economists and researchers accept ‘Fact 1’ as ‘correct’ for income always emerges as a factor explaining the variation in life satisfaction (happiness) within a country. But, ‘Fact 2’ is controversial and much debated.

### 3.1.2 The Western Explanation of the Paradox of Happiness

The explanations of this paradox are many. But in this paper two basic economic theories will be applied: The LDMUI and RIH.

*The Law of Diminishing Marginal Utility of Income* (LDMUI) represents societies that are affluent and where individuals can satiate their material needs, by purchasing what they want. But as the society becomes wealthier, any additional income they have can buy less and less happiness (Layard et al. 2008; Oswald 2012) since economic growth cannot increase happiness beyond a certain level once basic needs are fulfilled. In other words, when a country has satisfied its material needs and with plenty kinds of products and services, there is a law of diminishing returns.
The Relative Income Hypothesis (RIH) refers to the tendency of people to compare their income or consumption to others. Duesenberry (1949) examines and tests consumption behavior based on a hypothesis that “people usually compare themselves to others; so their consumption functions are influenced by the difference between their level of income and the others”. Today, people’s reported level of happiness in advanced countries such as the United States rests on their own income (absolute income) and also how their income compares to their peers (relative income). The latter has more influence in determining their happiness. Also, as income continues to grow, it could promote an ongoing consumption race—‘keeping up with the Joneses’ (Layard 2010, Clark & Senik 2010). This causes the level of income and consumption to increase greatly, while average (or total) happiness does not.

Furthermore, a recent research by Princeton University researchers reveals that people also compare their income to some level of reference. In this study it was about $75,000 a year (Luscombe, 2010). The lower the person’s annual income was below this reference, the unhappier the person felt, because it made them feel weighed down by the problems they already have. But, at $75,000, this effect disappeared because they care for relative income. However, no matter how much people make above $75,000, it didn’t make them happier, although they felt their life was going well. This means that when each person gains wealth above a certain point the overall level of happiness stays the same.

3.2 A Buddhist Economic View

Happiness, from a Buddhist standpoint, is a feeling (sukha vedanā). Also, happiness is conditioned arising between the mind-and-body (nāma-rūpa) through the DO (Dependent Origination) cycle. So, happiness in this perspective is transient (anicca), stressful (dukkha), and not-self (anattā). Although it embraces a variety of meanings, types, and grades, it can be given one definition: “A sensory-derived feeling that arises in regard to the five sensual elements: forms or material shapes, sounds, smells, tastes, and touches (M II 66)”. Besides, there are three theoretical doctrines (theories or types) of happiness in Buddhism: Sensual Happiness (kāma-sukha), Happiness of Meditative Absorption (jhāna-sukha), and Supreme Happiness (nibbāna-sukha). Sensual happiness creates for its seekers (and societies) more dangers than benefits and lessens economic and social co-operation. However, it is not rejected
in the Buddhist context, if and only if it produces right-life pursuits in
keeping with the three practical doctrines of happiness — that is, the Ten-
Bases of Meritorious Action (Dasa-puññakiriyā-vatthu), the Noble Eight-
fold Path (Ariya-atthangika-magga), and the Four Foundations of Mind-
fulness (Catu-Satipatthāna), which support one another to bring real hap-
piness.

I propose Buddhism as an alternative explanation to the Western
approach to the paradox of happiness. The paradox of sukha (happiness)
in a Buddhist standpoint conveys key insights, truths, and itself contains
small paradoxes. The issue has also enlarged our understanding about
the complexity of happiness, by which I mean sensual (ordinary) happi-
ness (kāma-sukha).

3.2.1 Meaning of the Paradox of Happiness
Following the Buddhist perspective, I define the paradox of happi-
iness as “the situation that the pursuit of happiness is always impos-
sible or incompatible with its attainment for a person without right-view
(seeing the thing as it really is)”.

3.2.2 The Buddhist Explanation of the Paradox of Happiness
The two alternative theories that pertain to the paradox of happi-
ness are applied here: the PMB and the LDO.

The Principle of Nāma-Rāpa or the Mind-and-Body (PMB) in-
vokes an image of men and societies that are obsessed with pursuing
happiness and become entrapped in endless routines of getting more and
spending more due to unlimited want and not seeing the true nature of
happiness: impermanent, unsatisfactory, and not-self, leading them to
unhappiness. The PMB actually carries four small paradoxes which are
axioms of life (or of the world) (M II 261-2). The four are:

1) The world [Life] is unstable, it is swept away
(Upanīyati loko addhuvo).
2) The world [Life] has no shelter, no guard; (Atāno loko
anabhissaro);
3) The world [Life] has nothing of its own, one must go
leaving everything (Assako loko, sabbam pahāya
gamanīyam);
4) The world [Life] is insatiate, incomplete, and the slave
of craving (Uno loko atitto taahādāso).
Axioms 1, 2, and 3 can be summarized through three words: anicca, dukkha, and anattâ. The Axiom 4 reveals that human beings are born of craving (tanhâ). Their desires or wants are unlimited. Thus, happiness (or utility in the Western economic sense) which arises from a life that is unstable, has no protector, and has nothing of its own, has to hold the ‘same truths’ and it is also made up of ‘desires’. This results in the marginal utility of income (MUI) to be positive, $U > 0$. In other words, the Fact 1 agrees with the Buddhist PMB. In long run, the pursuit of happiness nearly equals the pursuit of money (or wealth), where its intensity is due to the extent of ignorance (avijjâ). When people become richer (not just Americans as shown in Figure 1 and 2), they do not merely pursue a comfortable life, but pursue conspicuous consumption (e.g., new houses, new more cars, digital TV, new dresses, etc.). So, rather than building wealth to increase freedom and a peace of mind as many rich householders, particularly, in the Buddha’s time did, “they go from having one Ford to having three Lexuses, and nobody is happier”. (Easterlin, cited in Oswald & Blanchflower 2011: 4). This brings about the paradox, involving the decline of happiness. Thus, the Fact 2 is in agreement with the Buddhist PMB.

The Law of (Momentary) Dependent Origination (LDO)4 illuminates the condition of people who live in societies that are preoccupied with money as a measure of well-being; they do not see the nature of happiness as connected to dependent origination, always ceasing, ultimately empty, and always leading to unhappiness. The gist of DO (paticcasamuppâda) can be clarified by a chain of 12 links without a beginning or an end.3 Venerable Ajahn Chah Subhaddo (1918-1992) has given a fine analogy of ‘falling from a tree’ in his Dhamma Talk, on January 17, 1969 (B.E. 2512):

It’s in a flash, you’ve fallen all the way from the top of the tree and hit the ground, and you have no idea how many branches you passed on the way down. When the mind experiences a mind-object and is attracted to it, all of a sudden you find yourself experiencing a good mood without being aware of the causes and conditions which led up to it ... In reality, there are no signs telling you that now it’s ignorance, now it’s volitional formations, then it’s consciousness, now it’s mind-and-body, and so on... the Buddha analyzed one moment of consciousness... ev-
everything happens so fast you don’t have time to reckon how far you’ve fallen and where you are at any given moment. What you know is that you’ve hit the ground with a thud, and it hurts! (Subhaddo 1969: 335).

In the Mahānidāṇa Sutta, the Buddha shows that happiness derived from the six-sense bases are contextual or causally conditioned in which ignorance (avijjā), or craving (tanhā), is involved (D II 50-70). This spiritual problem (craving or greed), where its related ideas such as self-interest, unlimited want, demand, choices, or desire, are now accepted as ‘natural’. Yet, it is hard to deny that the mainstream economic philosophy not only requires but promotes greed through competition, resulting in the more pursuit, the richer and the happier. Thus, Fact 1 is correct, it agrees to the LDO.

In the same Sutta, the Buddha explains that craving also conditions seeking or pursuing. The process of DO operates externally at the macro-level, manifesting the social and economic ills (D II 55-8). Several teachings such as the Aggaṇīṇa Sutta (D III 77-94), Cakkavatti-Sīhanāda Sutta (D III 59-76), Vāsettha Sutta (M II 379-85), and Mahādukkhakhanda Sutta (M I 110-9), explain the implications of ignorance or craving as resulting in social and economic problems, especially poverty and inequality of distribution of wealth in a society. To the Buddha, “Poverty is a woeful thing for a worldly wanton. It is miserable because it leads to borrowing, mounting debts, and ever-increasing suffering (A III 249-50)”. This implies that the pursuit of happiness (without wisdom of self-limitation), in long run, cannot lead people to the greatest happiness, but only to societal suffering and ecological catastrophe. This is, indeed, the paradox of happiness.

In sum, ordinary people desire to possess, desire to be, desire not to possess, desire not to be, all of which only serve to produce dissatisfaction or suffering (dukkha); suffering which is not always obvious, but concealed. The momentary DO implies that the paradox of happiness always happens inside our minds, but hidden in our feeling—that is in our mind, “Whatever happiness and pleasure arises dependent on the body,… feelings… on consciousness—this is the satisfaction in them. Whatever there is of impermanence, changeability, pain, and confusion on account thereof—this is the misery and unsatisfactoriness inherent in the body and the mind (S III 24-5)”.

The LDO also indicates four conclusions about happiness: 1) it
is an impermanent and conditioned occurrence, 2) It flows and changes with no-self or me-and-mine found in the mind, 3) it always ends its revolution with dukkha, and 4) it is paradoxical at every moment of mind but we cannot see it as it really is due to our ignorance or craving. To escape the paradox of happiness is only through following the correct practice or virtuous conduct (along the Noble Eightfold Path). When one knows and sees the truth of happiness (which is impermanent and paradoxical); ignorance-based clinging vanishes; desires have no means of arising; and suffering ceases.

Now is the time to awaken together, set a common ground of understanding happiness as a complex conception and the paradox of happiness with a moral language, as well as often nourish our minds with peace. Only thus can happiness be truly achieved.

ABBREVIATIONS

1. Pali Texts and Translations:

A = Anguttara-nikāya, for example,

D = Dīgha-nikāya, for example,

M = Majjhima-nikāya, for example,

S = Samyutta-nikāya, for example,
S III 24-5 = Samyutta-nikāya, vol. 3 (Khandhā Vagga), pp.24-5.
2. Ancient Books:

Eu = Euthydemus (by Plato), for example,

Le = Leviathan (by Hobbes), for example,
Le I.11.1 = Hobbes, Thomas. Leviathan. Part. 1, Chapter 11, paragraph 1.

NE = Nicomachean Ethics (by Aristotle), for example,

DO = Dependent Origination (Paticcasamuppâda)

Endnotes

1David Hume, the skeptic and empiricist, is a Scottish philosopher known for his philosophical empiricism and skepticism. He introduced the term ‘utility’ into the moral vocabulary, and his theory was the immediate forerunner to the classic utilitarian view of J. Bentham and J.S. Mill.


3‘Keeping with the Joneses’, an idiom and one of the tenets of consumerism, refers to people living beyond their means and trying to keep up with their better-off neighbours.

4Owing to the Sammohavinodani, the Commentary on the Vibhaga, presents DO in two ways: 1) in terms of kamma (volitional activities) that takes place in the ‘cycle of births and deaths’ (samsâra) of the men or in a three-lifetime basis (the past, present, and future)—an orthodox explanation called as the Suttanta-bhâjanîyanaya; and 2) in terms of events happening in everyday life within a moment of mind, an alternative explanation called as the Abhidhamma-bhâjanîyanaya.4 This article applies DO of the latter explanation, although the former more common Pa?iccasamupp?da because of its more complete documentation.

5The 12 links are, namely, 1) Avijjâ: ignorance, 2) Sankhârâ: volitional formations, 3) Viññâ: consciousness, 4) Nâma-rûpa: mind-and-body, 5) Salâyatana:

The cycle of DO may begin with other steps; it does not necessarily start from the first. Besides, all the mental states (contact, feeling, etc.) are coexistent. They arise in one conscious moment; there is no reason for the sequence (Nārada: 83).

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