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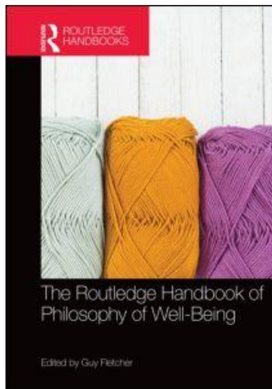

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Well-being and economics

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WELL-BEING AND ECONOMICS[1]

Erik Angner

Introduction

Since its early days as a science, economics has aimed not only to better understand the world, but also to improve it. The urge to change the world is perhaps most famously seen in the work of Karl Marx, who remarked: "The philosophers have only *interpreted* the world in various ways; the point is to *change* it" (Marx 1998/1845: 571). But economists from the left to the right have shared the sentiment. In the words of Paul A. Samuelson: "Beginning as it did in the writings of philosophers, theologians, pamphleteers, special pleaders, and reformers, economics has always been concerned with problems of public policy and welfare" (Samuelson 1947: 203). Friedrich A. Hayek agreed:

> It is probably true that economic analysis has never been the product of detached intellectual curiosity about the *why* of social phenomena, but of an intense urge to reconstruct a world which gives rise to profound dissatisfaction. This is as true of the phylogenesis of economics as the ontogenesis of probably every economist.
>
> *(Hayek 1933: 122–123)*

Hayek goes on to quote A.C. Pigou, who wrote: "It is not wonder, but rather the social enthusiasm which revolts from the sordidness of mean streets and the joylessness of withered lives, that is the beginning of economic science" (Pigou 1952/1920: 5). It remains standard for a journal article in economics to conclude with a section on policy implications—perhaps justifying its relevance by the potential to shape policy and thereby improve the world.

As Samuelson's choice of words indicates, the central normative concern of contemporary economists tends to be welfare or well-being—I will use these words interchangeably—and perhaps its distribution (Hausman and McPherson 2006: 97). Even economists who disagree sharply about economic policy frequently agree at least implicitly that policy is properly assessed by its welfare consequences. The subdiscipline that deals with normative economics is simply called *welfare economics* (Hausman and McPherson 2006: 97), and it absorbs a good part of both undergraduate- and graduate-level microeconomics textbooks. *The* standard graduate-level microeconomics textbook used in the English-speaking world, Andreu Mas-Colell, Michael D. Whinston, and Jerry R. Green's *Microeconomic Theory* (1995), explicitly identifies normative economics and welfare

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analysis (p. 80) and dedicates almost 140 pages to "Part V: Welfare Economics and Incentives" (pp. 787–925), while values other than welfare—including justice, freedom, fairness, dignity, and respect—do not even appear in its index (pp. 971–981). Pigou, author of *The Economics of Welfare* (1952/1920) and often described as the father of welfare economics, even considered economic welfare the very subject matter of economics (Pigou 1952: 11). A central part of the project of welfare economics is to provide criteria by which alternative policies can be assessed as better or worse with respect to welfare. Hence, as Tibor Scitovsky pointed out: "Welfare economics supplies the economist and the politician with standards, at least with some standards, by which to appraise and on the basis of which to formulate policy" (Scitovsky 1951: 303). Consistent with the ambition not only to understand but also to change the world, welfare economics was from the very beginning intended to be of practical use: "The goal sought is to make more easy practical measures to promote welfare—practical measures which statesmen may build upon the work of the economist" (Pigou 1952: 10).

From a philosophical point of view, the immediate question about the enterprise is: "What do they mean by 'welfare'?" The aim of this chapter is to explore what accounts (or conceptions) of welfare underlie contemporary welfare economics. (The second-most immediate question—"What does it take to measure well-being?"—will be completely ignored here, but see Angner (2011a, 2013a) for more.) As is customary, I will distinguish accounts of individual welfare (meaning the well-being of persons) from accounts of social well-being (meaning the well-being of groups, including entire countries). Moreover, I will follow Derek Parfit (1984: 493–502) in dividing accounts of individual welfare into three main classes: *mental-state accounts*, *preference-satisfaction* or *desire-fulfillment accounts*, and *objective-list accounts*. According to mental-state accounts, well-being is some subjectively experienced positive or desirable mental state. According to desire-fulfillment or preference-satisfaction accounts, a person is well off to the extent that her desires are fulfilled and/or her preferences are satisfied. And according to so-called objective-list accounts, a person's well-being does not depend on subjective factors like mental states and personal preferences; on such accounts, there is a list of things that are good or bad for people, independently in at least some cases of whether those things would make people happier, or whether they want those things. Parfit's tripartite division is not without its critics (e.g., Scanlon 1998), but it nonetheless serves as a first approximation.

My focus here will be on economic practice, that is, on what economists do when they make welfare judgments. I will explore three different approaches to welfare assessment: what I call standard economics, the economics of happiness, and the social-indicator/capability approach. These three approaches are not exhaustive, but they include the vast majority of practicing economists. For each approach, I will review briefly how economists working within the approach go about assessing welfare and proceed to discuss what accounts of welfare are reflected in their practice. I will argue that, roughly speaking, there is a one-to-one mapping between the three approaches to welfare assessment and the three philosophical accounts of individual well-being:

standard economics	—	preference-satisfaction accounts
economics of happiness	—	mental-state accounts
social-indicators/capability approach	—	objective-list accounts

Meanwhile, at least standard economics and the economics of happiness are based on some utilitarian social-welfare criterion, according to which social welfare is the sum or average of

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individual welfare (Mongin and d'Aspremont 1998: 415). The discussion underscores how economists both use and produce philosophy in their scientific practice, and how economists and philosophers may have much to learn from each other.

Standard economics

What I call "standard" economics—the approach first-year graduate students are taught in a mainstream economics department—in fact relies on a range of methods to assess welfare. Some are based on income or wealth. This kind of measure goes back to Pigou himself, who favored the *national dividend*—that is, "that part of the objective income of the community, including, of course, income derived from abroad, which can be measured in money" (Pigou 1952: 31)—as a measure of welfare. "The economic welfare of the country is intimately associated with the size of the national dividend, and changes in economic welfare with changes in the size of the dividend" (Pigou 1952: 50). Measures of this general kind, like *gross domestic product* (GDP) per capita, have well-known shortcomings but continue to be widely used as welfare measures for public-policy purposes (Nussbaum and Sen 1993: 2). The importance of the national product as a measure of well-being helps explain the widespread concern with economic growth: since "growth" is often used to refer to the first derivative of the national product, and "growth rate" to refer to the second derivative, high growth (or growth rate) can be seen as an indication of future well-being.

An alternative way to evaluate the welfare consequences of policy interventions is in terms of *consumer surplus* (CS) and *producer surplus* (PS). The notion of consumer surplus goes back to Jules Dupuit (1969/1844), who wished to determine the conditions under which public works can "be declared of public utility" (Dupuit 1969: 255). Dupuit's ideas were developed and popularized by Alfred Marshall (1920/1890), who defined the consumer surplus of a good as "[the] excess of the price which [the consumer] would be willing to pay rather than go without the thing, over that which he actually does pay" (Marshall 1920: 124). Total surplus, being the sum of consumer and producer surplus, is frequently used in economic practice to evaluate the consequences of public policy (Slesnick 1998: 2110). It is the tool preferred by many economics textbooks when evaluating the welfare consequences, e.g., of price ceilings and taxes.

Yet another set of measures revolves around the concepts of *compensating variation* (CV) and *equivalent variation* (EV). These notions were developed in a series of publications by John R. Hicks (e.g., 1943), who had noted certain technical difficulties associated with surplus measures. The CV is "the amount of money which, when taken away from an individual after an economic change, leaves the person just as well off as before," while the EV is "the amount of money paid to an individual which, if an economic change does not happen, leaves the individual just as well off as if the change had occurred" (Just et al. 2004: 9). CV/EV measures are used quite widely in cost–benefit analyses and other exercises in welfare economics to assess changes in welfare (Blackorby and Donaldson 1990: 471–472).

Though superficially different, one thing that these measures have in common is the fact that they are based on preference-satisfaction accounts of well-being. In the standard analysis, these measures are treated as measures of welfare because they can be shown to be *utility functions*. The proofs are available in any standard-issue graduate-level microeconomics textbook. Mas-Colell et al. demonstrate that, given a number of assumptions, e.g., about the rationality of individuals and the nature of the budget set, and holding prices fixed, utility is strictly increasing in individual wealth, which is to say that under certain assumptions wealth is a utility function (Mas-Colell et al. 1995: 56). Given slightly different sets of assumptions, they also show that consumer surplus as well as compensating and equivalent variation are utility functions

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(Mas-Colell et al. 1995: 81–83). The significance of these proofs is that a utility function is an *index* or *measure* of preference-satisfaction. Thus, each proof establishes that a person with a higher score on the measure has his or her preferences satisfied to a higher degree—which, on a preference-satisfaction approach, is equivalent to saying that he or she is better off. John C. Harsanyi defends the standard approach by invoking what he calls *preference autonomy:* "the principle that, in deciding what is good and what is bad for a given individual, the ultimate criterion can only be his own wants and his own preferences" (Harsanyi 1977: 645).

Another thing these measures have in common is that they are based on a utilitarian social-welfare function, according to which social welfare is the sum or average of individual welfare. The significance of an income-based measure such as GDP per capita is that it represents an average value across the inhabitants of a country. On the assumption that individual income represents individual welfare, a utilitarian social-welfare function implies that average income represents social welfare. When it comes to surplus and CV/EV measures, economists construct aggregate measures by simply adding up the numbers for each individual in the group. On the assumption that individual CS/PS or CV/EV measures represent individual utility, the utilitarian social-welfare function implies that aggregate measures represent social welfare. Notice that, while contemporary economists sometimes express skepticism about the possibility of making interpersonal comparisons of utility, they routinely add up (or average) utilities across people, thereby implicitly assuming that utilities are perfectly comparable. The utility functions in question are often *money-metric* utility functions, meaning that they express welfare or welfare changes in dollar units (Mas-Colell et al. 1995: 81), but they are utility functions all the same.

The accounts of welfare underlying standard economics carry over in some domains where they would perhaps not be expected. Consider behavioral economics: the effort to increase the explanatory and predictive power of economic theory by providing it with more psychologically plausible foundations (Angner and Loewenstein 2012). Though behavioral economics represents a sharp departure from orthodox economics in certain ways, the normative foundations of behavioral economics are largely continuous with those of neoclassical economics. Behavioral economists too take their central normative concern to be that of welfare or well-being; thus, normative behavioral economics is often referred to as behavioral welfare economics (Angner and Loewenstein 2012: sec. 6.3). With some exceptions to be discussed in the next section, behavioral economists apparently continue to think of well-being in terms of preference satisfaction and of social welfare in terms of total or average individual utility (see, e.g., Camerer et al. 2003). As historian Floris Heukelom (2014: 199–200) has noted, the main difference is that behavioral economists emphasize more clearly than neoclassical economists that what counts are an individual's "true" or "ideal" preferences—the preferences he or she would have if he or she were ideally rational and perfectly informed—rather than the "manifest" or "actual" preferences revealed in his or her choices (Angner and Loewenstein 2012: 678–679). But this represents a shift in emphasis more than a disagreement. Philosophically sophisticated neoclassical economists like Harsanyi (1977: 55) already agree that well-being should be understood in terms of the satisfaction of true or ideal preferences.

Daniel M. Hausman and Michael S. McPherson (2006: 121–122) speculate that standard economists do not take the preference-satisfaction account they rely on literally and, in spite of appearances, adopt some mental-state account. The two offer no systematic evidence for the hypothesis, so it is difficult to assess. Nonetheless, the historical figures who were responsible for the neoclassical synthesis clearly rejected any connection to mental states (Angner and Loewenstein 2012: 647–648). Lionel Robbins's influential book *An Essay on the Nature and Significance of Economic Science* insisted that neoclassical economic theory "is capable of being set out and defended in absolutely non-hedonistic terms" and has no "essential connection with

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psychological hedonism, or for that matter with any other brand of *Fach-Psychologie*" (Robbins 1984/1932: 85). Moreover, with the rise of the economics of happiness (see next section), Hausman and McPherson's hypothesis has lost some of its appeal: these days any mainstream economist committed to a mental-state account can study happiness directly. At any rate, as long as we are engaged in unbridled speculation, it seems to me more likely that many economists are simply confused, in the sense that they take mental-state and preference-satisfaction accounts of well-being to be one and the same, when in reality they are distinct.

The economics of happiness

In the last few decades, economists have shown increasing interest in the scientific study of happiness, satisfaction, and other subjectively experienced positive or desirable mental states. The systematic empirical study of such states goes back almost 100 years, to a time when psychologists turned the tools of the nascent subdiscipline of personality psychology to the study of happiness and satisfaction (Angner 2011b). The economics of happiness as a self-conscious subdiscipline is largely due to Richard A. Easterlin (1974), who brought happiness studies to the attention of mainstream economists and whose results continue to attract attention from them (e.g., Stevenson and Wolfers 2008). The economics of happiness has benefited hugely from the concurrent rise of positive psychology within psychology (Seligman and Csikszentmihalyi 2000) as well as the endorsement of Nobel Memorial Prize laureate Daniel Kahneman (e.g., 1999) and other high-profile economists.

Welfare assessments within the economics of happiness are typically based on questionnaires with one or more straightforward questions, such as: "Taking things all together, how would you say things are these days—would you say you're *very happy*, *pretty happy*, or *not too happy* these days?" (Gurin et al. 1960: 411). Sonja Lyubomirsky and Heidi S. Lepper (1999) offer four prompts of the form "In general, I consider myself . . . " and invite subjects to respond on a seven-point scale, where 1 represents " . . . not a very happy person" and 7 " . . . a very happy person" (Lyubomirsky and Lepper 1999: 151). Others ask subjects "How do you feel about your life as a whole?" and give them response categories ranging from "Delighted," "Pleased," and "Mostly satisfied," through "Mixed (about equally satisfied and dissatisfied)" to "Mostly dissatisfied," "Unhappy," and "Terrible" (Andrews and Withey 1976: 18). In the past, participants were asked whether they satisfied descriptions such as: "Cheerful, gay spirits most of the time. Occasionally bothered by something but can usually laugh it off," "Ups and downs, now happy about things, now depressed. About balanced in the long run," and "Life often seems so worthless that there is little to keep one going. Nothing matters very much, there has been so much of hurt that laughter would be empty mockery" (Watson 1930: 81). Occasionally, researchers invite responses using graphic representations like horizontal lines (Watson 1930), ladders and mountains (Cantril 1965), or happy and sad faces (Andrews and Withey 1976).

A somewhat different approach has been developed by Kahneman and colleagues under the heading of *experience sampling*. Kahneman prompts his subjects every so often—e.g., with the use of handheld electronic devices—to judge the "quality of their momentary experience" along the "good/bad dimension" (Kahneman 1999: 7). The assumption is that, at every point in time, the brain rates the quality of experience in a manner that can be represented on a single numerical scale and which, furthermore, is accessible to the agent. What matters, at the end of the day, is the time integral (which Kahneman calls "objective" happiness) of the instant happiness rating (which he calls "subjective" happiness) (Kahneman 1999: 5). The effort to produce a dense record of an individual's affective state as a function of time was pioneered by Hornell Hart (1940), the inventor of the *euphorimeter*—a device that would permit the quick assessment of an individual's level of self-reported happiness. Though Kahneman and co-authors have since

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developed other measures, they insist: “Experience sampling is the gold standard” (Kahneman et al. 2004: 1777).

More recently, Kahneman and Alan B. Krueger have suggested the use of a measure they call the *U-index* (Kahneman and Krueger 2006; cf. Krueger 2009). Introduced under the heading of “A Measure of Society’s Well-Being,” the U-index is clearly intended to be a measure of social well-being. The “U” stands for “unpleasant” or “undesirable,” and the index “measures the proportion of time an individual spends in an unpleasant state,” where an episode gets classified as pleasant or unpleasant depending on whether the strongest affect experienced during the episode is positive or negative (Kahneman and Krueger 2006: 18–19). The U-index was designed to overcome several perceived problems associated with other subjective measures, above all, problems related to interpersonal comparability (Krueger 2009: 3).

Unsurprisingly, given their focus on mental states like happiness and satisfaction, these measures are all based on some mental-state account of individual welfare (Angner 2011c). Kahneman is explicit about using “happiness [and] well-being . . . interchangeably” (Kahneman 1999: 5). Some make it clear that they think happiness is what ultimately matters from the point of view of a person’s well-being. Andrew Oswald notes: “The relevance of economic performance is that it may be a means to an end. That end is . . . the enrichment of mankind’s feeling of well-being. Economic things matter only in so far as they make people happier” (Oswald 1997: 1815). The exact account presupposed differs somewhat across authors and over time and sometimes involves a combination of multiple mental states. Norman M. Bradburn and David Caplovitz (1965), for example, take well-being to be constituted by three irreducible components: positive affect, absence of negative affect, and satisfaction. Angner (2010) suggests that happiness economists can be understood as proponents of preference hedonism—an account according to which well-being is a matter of desired mental states (Parfit 1984: 493).

Perhaps more surprisingly, given the ways in which they try to gain distance from the standard economic approach, happiness economists typically maintain the very same utilitarian account of social welfare (Angner 2009). To construct a measure of social well-being for some group, it is customary for researchers to average the scores of the group members. As Rafael Di Tella and Robert MacCulloch note, “a large fraction of the happiness literature in economics is based on comparing average happiness scores for large numbers of people” (Di Tella and MacCulloch 2006: 29). When researchers compare different nations, for example, they typically compute the mean happiness or satisfaction score in each nation and compare and contrast those levels (Diener and Suh 1999: 435). To get a measure of social well-being based on the U-index, Kahneman and Krueger propose that the “U-index can be computed for each individual . . . and averaged over a sample of individuals” (Kahneman and Krueger 2006: 20). Richard Layard, one of the most visible happiness economists, vigorously and explicitly endorses the classical utilitarian approach: “[Bentham] proposed that all laws and all actions should aim at producing the greatest [total] possible happiness . . . I believe that Bentham’s idea was right and that we should fearlessly adopt it and apply it to our lives” (Layard 2005: 111–112). The reference to Bentham supports the hypothesis that these economists commit themselves to some mental-state account of well-being and to a utilitarian social-welfare criterion. There are exceptions: some researchers use other measures of central tendency, such as the median (e.g., Angner et al. 2009) or the fraction of participants who answered “very happy” on a three-point scale (e.g., Easterlin 1974).

Social indicators and capabilities

The social-indicator movement, which emerged during the late 1960s in part as a reaction to the widespread adoption of what I call the standard economic approach, differs in at least two

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important respects (Campbell 1976: 117–118; Andrews 1989: 401). First, it uses a broader panel of indicators, which jointly give a fuller view of the nature and conditions of people's lives. Second, it aims to use "output indicators" that track directly how well off people are, as opposed to "input indicators" (such as income) that at best cause well-being. In practical terms, this movement encouraged the collection of data on life expectancy, quality of food and water, access to adequate medical care, level of education, quality of housing, and so on. As Angus Campbell notes: "It is reasonably argued that as the level of education rises, the adequacy of medical care improves, the amount of substandard housing is reduced, and the purity of the air and water is increased, the quality of life is therewith enhanced" (Campbell 1976: 118). Social indicators are sometimes referred to as *objective* indicators, since they do not depend on the individual's personal preferences or subjectively experienced mental states (Campbell 1976: 118). (Note that these "objective indicators" bear little resemblance to Kahneman's measures of "objective happiness.")

Quite arguably, the most famous outgrowth of the social indicator movement is the Human Development Index (HDI) of the United Nations Development Programme (UNDP). The HDI has appeared annually in the *Human Development Report* since 1990. Noting that "income is not the sum total of human life" (UNDP 1990: 9), the HDI is based on "three essential elements of human life—longevity, knowledge, and decent living standards" (UNDP 1990: 12). The UNDP explains that life expectancy matters because "a long life is valuable in itself" and because it is associated with important achievements such as adequate nutrition, and that literacy matters because it reflects access to education; the importance of decent living standards is treated as self-explanatory (UNDP 1990: 11–12). The summary HDI is the geometric mean of three normalized indices: one for life expectancy at birth, one for mean and expected years of schooling, and one for gross national income (GNI) per capita (UNDP 2014: Technical note 1).

In both conceptualization and execution, the *Human Development Report* reflects the influence of the *capability approach* associated with Amartya Sen (e.g., 1985) and Martha C. Nussbaum (e.g., 2000). The capability approach represents a shift away from what people succeed in attaining—whether evaluated in terms of happiness, preference satisfaction, or something altogether different—and toward the freedom they have in leading their lives (Sen 2008: 23). In this approach, the focus is on *capability:* the set of alternative functionings that a person can attain, where *functionings* are things that a person manages to do or to be in leading her life (Sen 2008: 24). Efforts to measure capabilities typically start with some list of central human capabilities and proceed to operationalize each element of the list. Thus, Paul Anand and co-authors (2009) take as their starting point the list provided by Martha Nussbaum (2000: 78–80): life; bodily health; bodily integrity; senses, imagination, and thought; emotions; practical reasoning; affiliation; other species; play; and control over one's environment. The authors then propose that life can be assessed by the question "Given your family history, dietary habits, lifestyle and health status until what age do you expect to live?," bodily health by the question "Does your health in any way limit your daily activities compared with most people of your age?," and so on (Anand et al. 2009: 132–137).

The social-indicator/capability approach (which for these purposes I will treat as one) is most plausibly interpreted as based on some objective-list account of individual well-being. The ambition to identify a panel of "output" indicators that directly track well-being is consistent with a conception of well-being according to which there is an objective list of things that are good for a person independently of whether they make her happy or whether she desires those things. The argument proffered in the *Human Development Report* to the effect that life expectancy data should figure in welfare assessment because life is valuable in itself similarly fits a conception of well-being according to which some things are good in and of themselves.

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Moreover, the capability approach is explicitly based on a conception of well-being according to which having a large capability set is inherently good for a person. As Flavio Comim, Mozaffar Qizilbash, and Sabina Alkire (2008: 10) explain, "the capability approach is distinctive inasmuch as it stresses that capabilities and functionings have value in themselves: 'intrinsic value.'" Amartya Sen, who originally presented his account in response to mental-state and preference satisfaction accounts (Sen 1985: 14–15), traces the historical roots of the capability approach to Aristotle, who is often treated as the archetypical objective-list theorist (Sen 2008: 23). Given the commitment to objective-list accounts, it should come as no surprise that proponents of this approach often think of well-being as multidimensional, which means that there is no non-arbitrary way to construct a unidimensional index of well-being (Comim et al. 2008: 8).

When it comes to accounts of social welfare among proponents of the social-indicator/capability approach, the answer is more elusive. The fact that many indicators are constructed based on population-level data—such as average life expectancy—obviates the need for an explicit social-welfare function converting data about individual welfare levels into social welfare. Amartya Sen has long rejected the notion that economists need a social-welfare function of a kind that allows for the complete ranking of possibilities, like the utilitarian social-welfare function does. In Sen's view, "welfarism has much greater plausibility than the narrow perspective of utilitarianism, since utilitarianism pays no attention to the interpersonal distribution of happiness and utilities" but, even so, "welfarism is a very limiting approach, since it insists that nothing other than utilities or happiness matters" (Sen 2008: 26). That said, it is not uncommon for authors operating with a social-indicator or capability approach to average values across groups, just like economists committed to a utilitarian social-welfare function do. This is most obvious in the case of the Human Development Index, which is based on the (geometric) mean of three indices, one of which is the arithmetic mean of two other figures.

Discussion

This chapter has explored accounts of individual and social welfare in contemporary welfare economics. It has argued that, roughly speaking, there is a one-to-one mapping between three prominent approaches to welfare assessment and three philosophical accounts of individual well-being: while standard economics is based on preference-satisfaction accounts, the economics of happiness is based on mental-state accounts, and the social-indicators/capability approach on objective-list accounts. Moreover, I have argued that at least standard economics and the economics of happiness are based on some utilitarian social-welfare criterion. The discussion underscores how economists in their scientific practice, as Mario Bunge (1976: 137) puts it, "use and even produce philosophy." (It goes without saying that my intention here is not to assess or endorse approaches to measurement or accounts of well-being.)

There are caveats. As one would expect from any broad-brush treatment of a large and heterogeneous discipline like economics, every rule has exceptions. First, there are economists who are not welfarists, and who assign independent weight to values such as justice, freedom, fairness, dignity, and respect. Yet, values other than welfare have not so far inspired anything even remotely similar to welfare economics. Second, as I mentioned above, the tripartite division of approaches to welfare assessment is not exhaustive. And some economists who do adopt one of the three nonetheless fail to conform to the one-to-one mapping between approaches to welfare assessment and accounts of well-being. This should not be surprising, since there is nothing logically necessary about this mapping, and the fact that a given measure was developed and/or is typically defended with a particular account of well-being in mind does not mean that the very same measure could not be used and defended by an economist committed to another

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account. The HDI uses the standard metric of GNI per capita as one of its indices, in spite of the close historical and conceptual ties between the HDI and objective-list theories of well-being. Matthew Adler and Eric A. Posner (2008) defend the use of happiness-based measures for a range of purposes, though they explicitly commit themselves to a preference-satisfaction account. Even Amartya Sen himself agrees that happiness measures have important uses, arguing that "[the] perspective of happiness illuminates one critically important element of human living" (Sen 2008: 26). Third, not every economist is committed to a utilitarian account of social welfare. Representatives of the social-indicator/capability approach are particularly likely to reject such accounts, as signaled in the previous section. And some do attend to distributions: currently, for example, inequality is attracting increasing amounts of interest.

Why does it matter that economists use and produce philosophy? For one thing, the fact that economists operate with different philosophical accounts of well-being—even implicitly—helps explain important differences between them. A commitment to mental-state accounts of well-being helps explain why some economists measure well-being by distributing questionnaires asking people about their subjectively experienced mental states. A commitment to preference-satisfaction accounts helps explain why others favor indicators that assign higher numbers to people who have more options available to them and who get what they prefer. And a commitment to objective-list accounts helps explain why some economists argue that welfare is multidimensional and that welfare measures need to include a wide panel of "output" indicators. Moreover, the fact that economists operate with different conceptions of well-being helps account for the fact that many of their disagreements appear irreconcilable even in the light of rapidly increasing amounts of empirical data that, one might otherwise think, should help economists converge on one and the same approach to welfare assessment. Finally, the broad commitment to some utilitarian social-welfare function helps explain economists' history of relative indifference to issues of distribution in general and inequality in particular, since utilitarian social-welfare functions are entirely insensitive to the distribution of welfare when holding total or average welfare constant (Angner 2009).

The fact that economists use philosophy also matters to the assessment of their work. Even practically-minded economists' arguments often depend essentially on philosophical presuppositions, e.g., about the nature of well-being. For example, what I have called the underlying account of well-being will frequently appear among the premises in arguments to the effect that a given measure is valid, that is, that it represents that which it is supposed to represent. And any time premises about the nature of well-being appear (implicitly or explicitly) in arguments about welfare and its measurement, the truth of the former is relevant to the soundness of the latter. To Bunge, the fact that scientists use and produce philosophy entails that "they should be able to learn something from the professional philosopher" (Bunge 1976: 137). No doubt Bunge is correct: when economic conclusions depend on philosophical presuppositions, as they often do, economists have much to learn from the philosophers who have spent a great deal of time thinking about the advantages and disadvantages of alternative accounts.

The fact that economists not only use but produce philosophy also means that philosophers have much to learn from them. Over the course of the twentieth century, economists have arguably been decades ahead of philosophers when it comes to accounts of well-being. For example, philosophers' interest in preference-satisfaction accounts of well-being during the second half of the twentieth century lagged economists' (due to figures like Vilfredo Pareto and Robbins) by about half a century (Angner and Loewenstein 2012: sec. 2.2). When philosophers turned their attention once again to questions of happiness and satisfaction in the 1990s and 2000s, they lagged economists who had been working on the topic since the 1970s and 1980s, not to mention psychologists who had been at it since the 1920s and 1930s

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(Angner 2011b). It is not completely unlikely that the next trend in accounts of well-being will similarly start among psychologists and economists, not philosophers. Moreover, philosophical conclusions—even outside of applied ethics—often necessarily depend on empirical presuppositions, which means that empirical research is highly relevant to philosophical conclusions (Angner 2013b).

In all, there is reason to think that philosophers and economists have much to learn from each other, when it comes to both philosophical commitments and empirical presuppositions. Although my goal here has been modest—I do not presume to determine who is right and who is wrong in any of these debates—I do hope the discussion will at a minimum permit deeper and more accurate assessments of the relative advantages and disadvantages of alternative welfare measures, as well as their suitability for public policy.

Related topics

Hedonism, desire-fulfillment theory, objective-list theory, happiness, the concept of well-being, the measurement of well-being, welfarism.

Note

1 Unless otherwise noted, all italics as in original.

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