



*The.  
Happiness  
Manifesto*

NIC  
MARKS

# The Happiness Manifesto

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How Nations and People Can Nurture Well-Being

By Nic Marks



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# Note

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Throughout this book I use the word "happiness." Some people do not like this word, especially when considering something as serious as the progress of nations. The research centre that I founded at the UK think tank **nef** (the new economics foundation) is called the centre for well-being. We use the word "well-being" when we have a policy focus. We see well-being as being broader than happiness, encompassing people's resilience, their vitality and their sense of purpose, as well as relationships with other people. However, "well-being" is a slightly dry word. "Happiness," with its emotional undertone, more directly expresses a life goal most people can agree on. It is precisely people's emotional experience of life that I think governments, institutions, organizations and, indeed, other people need to respect. So "happiness" it is, but please be aware that I often use the words "happiness" and "well-being" interchangeably.



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# The Happiness Manifesto:

## How Nations and People Can Nurture Well-Being

In August 1963, Martin Luther King Jr. stood on the steps of the Lincoln Memorial in Washington D.C., and said these words:

Even though we face the difficulties of today and tomorrow, I still have a dream. It is a dream deeply rooted in the American dream. I have a dream that one day this nation will rise up and live out the true meaning of its creed: "... that all men are created equal."

Nearly 50 years later, we face different difficulties of both today and tomorrow. Today our world financial system is in tatters and, despite decades of attention, global poverty and inequality stubbornly persist. The threat of climate change looms over our tomorrows. With these serious difficulties it is perhaps not surprising that we seem to be in a state of despair about the future; it is as if we have lost our capacity to dream. But it is precisely now that we need inspiration most.

Like King, we can return to one of the truly inspiring documents of human history: the U.S. Declaration of Independence. There, in the second sentence, is perhaps the most famous statement of human rights ever made:

We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness.

King drew attention to the words "all men are created equal"; I want to draw attention to the very last word, *Happiness*.

I want to draw attention to this word because I believe we have lost sight of the nobility of this aspiration: to unite the purpose of nations with the hopes of people. I believe that this unity of purpose is breaking down. Much of modern life is based upon a false logic, a logic that assumes that happiness and well-being come from financial prosperity. Thus most politicians – and most of our mainstream media – appear to assume that the main goal of government is to ensure the economy is forever moving forward. It is almost as if the American founding fathers had declared that our inalienable rights were Life, Liberty and the pursuit of Economic Growth.

There are two main reasons why this assumption is wrong.

First, once basic material needs have been met, there is very little evidence that pursuing financial prosperity generates much extra happiness for individuals or for nations.

Second, by blindly pursuing economic growth, we are creating a whole set of social and environmental issues that will undermine the potential happiness and well-being of future generations.

It is time to wake up and imagine a different future. A future where nations and people can again share a common purpose: nurturing well-being. This Happiness Manifesto is a plea for nations and people to work together to create happier, more sustainable lives. It is not a traditional political manifesto, though it does suggest a radical new approach to policy making. It is also not a traditional happiness self-help book, though it does contain some ideas that you might find helpful for your happiness. Instead it is a manifesto for a better future where people's happiness is genuinely valued.

Before I share the vision of this Happiness Manifesto, I need to explain how I plan to ensure that



too, is not based on a false logic. First, I will unpick some of the reasons why we have gotten to where we are. ~~This is a story about the power of measurement. How what we measure *matters* and how, by measuring the wrong things, we have headed in the wrong direction.~~ Secondly I will illustrate that it is only by using different measures, and redefining progress in terms of sustainable happiness, that we will find a new sense of direction. Finally I will turn from numbers to an exploration of human nature. Drawing on insights from psychological research, I will suggest that human happiness is not only desirable but also an essential part of how we will develop creative solutions to the challenges we face.

It is only when I have laid these foundations that I will propose the Happiness Manifesto, a set of positive actions that will nurture our personal and national well-being: five ways to personal well-being and seven strategies for national well-being.

So first to the power of measurement, as it is here that the roots of the false logic we are trapped in can be found.



# Measurement matters

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# In the beginning there was ... a warning sign

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The extraordinary thing about how we have come to value economic growth as our key indicator of national success is that Gross Domestic Product (GDP) was neither developed for, nor envisioned to be used as, a measure of human welfare.

Economist Simon Kuznets was one of the architects of the US national accounting system. In 1933, in the throes of the Great Depression, he presented a report to the Senate Finance Committee on the estimates of national income from 1929 to 1932. In it, he describes how the national accounting system could reveal new kinds of economic information such as accurate estimates of income distribution, the identification of the sources of economic growth, plus the potential to create economic stability by better understanding the fluctuations in the business cycle. He particularly suggested that a key value of national accounts could be as a means of ensuring that the “consumption needs of different sectors of the population were being met.” He also understood that purely income-based indicators didn't tell the full story of a nation's welfare, and he recognized the value of other activities, such as unpaid work in the home, that were essential to people's lives but were not part of the economy. For these reasons, in his report to the Senate, he categorically stated: “the welfare of a nation can scarcely be inferred from a measurement of national income.”

Despite Kuznets's warning, though, national income and its formal indicator GDP have indeed come to be the dominant measures of human welfare. How did this come about? As is often the case, war changed everything. In the UK, probably the most famous economist of his generation, John Maynard Keynes, worked on producing a reliable and practical national accounting system. It was inevitably focused on production, as there was a need to produce a lot of things very quickly and very efficiently – for example, the UK manufactured nearly half a million trucks during the war and more than 100,000 aircraft. After the war there was a renewed focus on production, as most of Europe needed rebuilding. So it was almost by accident, because of the outbreak of war, that production-based national accounts became the exclusive focus of policymaking.

In 1947, the United Nations System of National Accounts (UNSNA) was created, and the attention on GDP as a headline indicator of progress began. Kuznets regarded the system as a great disappointment. His original purpose, of working to alleviate inequalities and poverty, was not adequately addressed by this new formal system.

# Imagine how different the world could have been

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Imagine what the world would be like if Kuznets' original intentions had been adhered to. Would governments today see their core purpose as minimizing inequalities in income distribution instead of maximizing economic production? Would such sensitivity to the welfare of the poorest have changed the whole pattern of globalization? The path of history has turned on smaller things.

Two decades later, one politician started to question where this path of forever focusing on economic growth was leading us. In probably the most eloquent deconstruction of our measurement system ever, Robert Kennedy gave an impassioned speech at Kansas University in March 1968 at the beginning of his presidential campaign. He talked about the restlessness of the national soul in America, the growing division between Americans, and the persistent unacceptable levels of poverty and deprivation. But then his speech took a remarkable turn as he explicitly confronted the nation's accounting framework and criticized the rising materialism in the country:

Even if we act to erase material poverty, there is another greater task; it is to confront the poverty of satisfaction – purpose and dignity – that afflicts us all. Too much and for too long, we seem to have surrendered personal excellence and community values in the mere accumulation of material things. Our Gross National Product, now, is over \$800 billion a year, but that Gross National Product ... counts air pollution and cigarette advertising, and ambulances to clear our highways of carnage. It counts special locks for our doors and the jails for the people who break them. It counts the destruction of the redwood and the loss of our natural wonder in chaotic sprawl. It counts napalm and counts nuclear warheads and armored cars for the police to fight the riots in our cities. It counts Whitman's rifle and Speck's knife, and the television programs which glorify violence in order to sell toys to our children. Yet the Gross National Product does not allow for the health of our children, the quality of their education or the joy of their play. It does not include the beauty of our poetry or the strength of our marriages, the intelligence of our public debate or the integrity of our public officials. It measures neither our wit nor our courage, neither our wisdom nor our learning, neither our compassion nor our devotion to our country. It measures everything in short, except that which makes life worthwhile.

Kennedy's words still ring true; GDP (or GNP as it was usually referred to in his day) simply does not measure what matters ... to us.

GDP has continued to be criticized since Kennedy's speech. There is now a long list of its shortcomings. GDP not only includes things which are "bads" such as the costs of health problems, accidents, family breakdown, crime and pollution, it also excludes things which are "goods" such as unpaid activities like child-rearing, running a household, helping friends and neighbors, volunteering, and local political participation. All of these activities are outside the market, yet they are at the very core of our economies. As well as not valuing what matters most, GDP doesn't account for the social and environmental costs of economic development, with perhaps the most pressing example being the long-term costs of climate change, which economist Nicholas Stern has called "the greatest and widest-ranging market failure ever." All in all, GDP cannot be considered a reliable or desirable measure of progress.

Again we are left imagining what could have been. If Kennedy hadn't been assassinated and had gone on to become president, what would he have asked the various US statistics agencies to measure? Would he have created different policies based on those measures?

He would no doubt have faced stern opposition from classical economists. They would argue that

even if GDP is not a good measure of progress, this does not matter if increasing it automatically leads to increases in well-being anyway. Neatly, the assumptions they make have allowed them to argue precisely this. Classical economists assume that people have rational and stable preferences and that their well-being is greatest when they have the maximum opportunities to satisfy them. So more choice is always better, and more income increases choices, so the way to make life better is to increase people's incomes. This theory is all well and good, but is it in fact true?

# The false logic is uncovered

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Back in the early 1970s, Richard Easterlin, an economist from California, started to explore the relationship between GDP growth and happiness using a new type of subjective well-being measure. These subjective measures used the data from large-scale surveys where respondents have been asked to rate their own happiness or satisfaction with life. While simple, these measures have been shown to be reliable, and in experiments people who score highly on them have been observed to smile more and are rated as happy by people who know them well.

So what did Easterlin find? A paradox no less! He found that if he looked within a given country, at a given time, then people with the highest incomes did indeed report the greatest happiness. He did not find any evidence, however, that rising per-capita GDP caused average national happiness to also rise. Instead he found that happiness levels stayed the same. So while richer people are happier at any point in time, we do not all get happier as we all get richer. This perplexing finding has become known as the “Easterlin paradox.” Easterlin himself explained the paradox by suggesting that it was relative income that mattered for happiness, rather than absolute. In other words, he suggested that we compare our current income to other people’s income now, rather than to our past earnings.

While recently the paradox has been challenged using new international data collected during the intervening years, it is absolutely clear that the magnitude of any increases in happiness is very small. Many countries, such as the US or the UK, which have had substantial economic growth over the last few decades have not had any discernable increases in national happiness over the same period.

It is worth pausing for a second and reflecting on why these findings are so startling. They are the very uncovering of the false logic at the heart of our economic system. We have organized our modern societies around a particular model of how to pursue happiness. We have assumed that increasing economic output would lead straightforwardly to increases in the standard of living and therefore human happiness. Our economies are organized around increasing GDP with little regard for the negative impacts on the environment or even how income is distributed within our nations. Our business models are focused almost exclusively on maximizing profits for shareholders, often ignoring the needs of their broader stakeholder groups, such as local communities, employees and suppliers. Meanwhile people are led to believe that the more disposable income they have, the more they will be able to consume, and that this is the route to happiness. In fact, in recent decades, people seem to have become exclusively focused on consuming and in the process have gotten themselves heavily indebted. Tim Jackson, in his TEDTalk on an “economic reality check,” put it brilliantly when he said: “It is a story about people, us, being persuaded to spend money we don’t have, on things we don’t need, to impress people we don’t care about.”

If we are going to become happier and more sustainable, then the false logic of this story needs to be exposed and laid bare.

# Walking his TEDTalk

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There are signs that things are starting to change. At the TED conference in February 2010, David Cameron, the British politician who has since become prime minister, quoted Robert Kennedy extensively and shared his vision of how Britain should start to measure GWB – General Well-Being. It turns out that this was not just TED-talk -- and since his election he has started to walk his talk. In November 2010, Britain woke up to a very welcome front-page headline:

UK happiness index to gauge national mood: despite the cuts gloom Cameron wants wellbeing measure to steer policy.

Cameron has announced plans that he is going to invest £2 million in creating the first national well-being indicators. He has given the UK National Statistician, Jil Matheson, the task of exploring how a new set of well-being indicators can best be created. We at **nef** (the new economics foundation) anticipate that the Office for National Statistics (ONS) will consult with experts about the questions to be used, and then they will be asked systematically in one of the existing, large household surveys. This is crucial as it is only by the regular collection of high-quality data that policymakers will start to gain confidence in this new type of well-being analysis. Cameron is to be applauded, not only for his ambition, but also for his actions so far. The well-being indicators should help shift the policy debate away from an exclusive focus on economic performance. Some may argue his goal is simply political – to create an alternative success narrative in the event his economic efforts fail. But both cynics and supporters can agree that the measurement of well-being will only really start to matter if it does actually steer policy.



# **A call for new ways to measure progress**

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The UK interest in well-being indicators is not in isolation and builds on a lot of recent activity by governments and international agencies. In fact, one of the ONS's explicit briefs from Cameron is to review work that has been carried out by the French government. This work started in January 2007 when French president Nicolas Sarkozy recruited Nobel Prize-winning economists Joseph Stiglitz and Amartya Sen together with French economist Jean-Paul Fitoussi to form a special commission on the measurement of economic performance and social progress. As they outlined the scope of their work, all three economists were well aware of the challenges they faced:

There is a huge distance between standard measures of important socioeconomic variables like growth, inflation, inequalities etc. ... and widespread perceptions. ... Our statistical apparatus which may have served us well in a not too distant past, is in need of serious revisions.

The commissioners were right to note that people's "widespread perceptions" were very different from the official GDP story. In 2006, which we would perhaps now regard as the peak of the economic boom years of the decade, a question in the European Social Survey asked people whether they felt life was getting worse in their country. Startlingly, 61% of Europeans felt it was, and the French were even more pessimistic, with 84% feeling that life was getting worse for their fellow citizens.

# National accounts of well-being

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Their call for serious revisions to the statistical apparatus was like music to our ears at **nef** (the new economics foundation), the London-based policy think tank that I work at. In fact, we had some suggestions to make ourselves about how to include well-being within the national accounting framework. To this end, in early 2009, we launched our own report called National Accounts of Well-being ([www.nationalaccountsofwellbeing.org](http://www.nationalaccountsofwellbeing.org)). The report is based on data from the European Social Survey (ESS), which covers 22 countries across Europe. In each country a representative sample was asked over 50 questions about their personal and social well-being.

Recently the ESS confirmed that the set of well-being questions will be repeated in the 2012 survey. For us this is very significant, as it will enable us to make comparisons across time as well as between nations. As much as anything, we are interested in starting a debate about how well-being should be measured to make it most useful in guiding policy. Should the measurement focus on how happy people are now, or their resilience and potential to respond to future challenges? Should policy be more interested in people's personal well-being or their thoughts and feelings about their relationships and local communities? These are important questions that can be answered only by researchers and policymakers working together to develop robust, reliable and relevant indicators.

# More new measurements of happiness

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We are not the only ones calling for these types of revisions, and there seems to be a genuine gathering of momentum. It is probably not a coincidence that the UK is one of the first to start to act on all these ideas, as there has been a concerted effort, not only by us, to re-focus policy on happiness and well-being for some time now. In fact, the first to make these calls was the prominent UK economist Richard Layard, who in 2004 published a highly influential book simply titled *Happiness*. Recently Layard has launched “Action for Happiness” – a movement for positive social change that seeks to bring people together from all walks of life to create a happier society for everyone ([actionforhappiness.org/](http://actionforhappiness.org/)). It is also clear that the British public seems to support the main thrust of Layard’s campaign as a recent poll suggested that 81% of people supported the idea that government’s prime objective should be the “greatest happiness” rather than the “greatest wealth.”

In the US, there has been a long tradition of social indicators work that aims to supplement economic accounts. In late 2010, the Rockefeller Foundation launched a new website called *The State of the USA* ([stateoftheusa.org/](http://stateoftheusa.org/)); its aim is to create a national dataset of key social, environmental and economic data. Recently there have also been calls to create national well-being indicators that go beyond GDP, particularly led by three leading psychologists, Ed Diener, Daniel Kahneman and Martin Seligman. Diener and Seligman wrote a very influential paper – *Beyond Money: Toward an Economics of Well-Being* – in which they identified the potential for well-being indicators to supplement economic ones. Kahneman, who although a psychologist, is a Nobel Prize winner in economics, has done considerable work on evaluating the usefulness of different types of well-being indicators. Some of Kahneman and Diener’s work has been with Gallup, which has invested heavily in its US daily poll and a world poll, both of which include several well-being questions.

The European Commission has held a series of conferences on *Beyond GDP*, and its statistical agency Eurostat has started to work on developing well-being indicators for the European Union. In addition, the OECD (Organisation for Economic Co-operation and Development – effectively a group of the wealthiest nations) has had a whole stream of high-level engagement work and conferences on *Measuring the Progress of Societies*.

These are all important developments, and they highlight the need for international cooperation and systematic investment. Our current economic accounts were not created overnight, and their annual construction is not a trivial matter either -- the UK agency ONS spent £238 million in 2009/2010 collecting and analyzing social and economic data. If well-being indicators are going to become more central to how we organize government, then other governments should follow the UK’s recent lead and invest in them.

# Measuring sustainable well-being

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The Stiglitz Commission, as the French presidential commission became known, published its very comprehensive report in the second half of 2009. The first section of the report deals directly with several of the internal inconsistencies of GDP, such as how to value public services – is it how much we spend on them or what their outputs are worth to us? These are important questions and worthy of attention.

However our attention, at **nef**, was drawn to their thinking about well-being and sustainability. Interestingly, the Commission distinguished between current well-being and sustainability, which is defined as whether well-being can last over time:

The time is ripe for our measurement system to shift emphasis from measuring economic production to measuring people's well-being. And measures of well-being should be put in the context of sustainability.

This is absolutely our opinion, too. It makes no sense if a nation's current well-being comes at the expense of its future well-being, something we have not heard the UK government pick up on yet. The Stiglitz Report received a warm welcome in almost all circles and its publication will certainly become one of the definitive markers along this long road to challenging the dominance of GDP.

# The power of a single indicator

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I disagree, however, with one of the Commission's conclusions. While it states that "...well-being needs to be put in the context of sustainability," it shied away from the need for a single headline indicator to capture their relationship because of technical concerns. It is true, of course, that the measurement of happiness and well-being is complex and to place them in the context of sustainability even more so. But for me, the danger is that if there is no headline indicator to challenge GDP, then nothing very much will change.

I have put it to Professor Stiglitz that he is technically correct but strategically wrong. Most people are not economists or statisticians; they simply want to get on with making decisions that improve their lives and the lives of other people. This is why the simplicity of GDP is so appealing, the assumption being that if it goes up, things are going well. Politicians look for those GDP figures so that they can point to their "success." Policy makers do not want to have to look at 10, or even 50 different indicators and make a judgement about what they all mean. What happens if five indicators are going up and five are going down? Is that a good or a bad thing overall? In my opinion, it is vital to consider such trade-offs and the tensions between different goals of society, but if we have no way of jointly assessing their implications, they tend to be ignored. We need a new single indicator as powerful as the GDP that allows us to compare nations and track our own progress.



# Redefining progress

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When the Stiglitz Report highlighted that current well-being needs to be placed in the context of sustainability, it was really drawing attention to the fact that there is an inherent tension between them. In fact, it is this tension that first inspired me to start to think about sustainability, and progress towards sustainability, from a happiness perspective. Thinking about happiness freed me up to stop focusing on sustainable consumption or production and to instead simply think about happy sustainable lives.

It suddenly became clear that it is no good having people living happily now, if this present happiness is created in such a way as to undermine the ability of future generations to live happily. That is not progress. Progress is about aligning these two goals: happiness now and happiness in the future.

Perhaps, as I am a statistician, it is not surprising that somewhere along the way I started to think about how we could capture this tension between present levels of happiness and sustainability in an index. This train of thought eventually came to fruition when we, at **nef**, published the *Happy Planet Index (HPI)* in 2006.

The name itself makes clear that we are not only talking about happy lives but also about the planet. The first HPI was launched in July 2006, and it attracted a lot of interest – more than we could even have imagined. Newspaper articles were written across the globe, and within two days of its launch the report had been downloaded and read in 185 countries worldwide. In fact, **nef's** website crashed for four days running as we simply couldn't deal with the volume. Three years on, HPI 2.0 was calculated with new improved data sets for 143 countries, covering 99% of the world's population.

The HPI measures two things: the *well-being* of nations and the *sustainability* of nations.

# The well-being of nations

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To measure well-being, we expanded the concept to include peoples' health as well their happiness. The indicator we use for health is "life expectancy at birth," as used in the UN's *Human Development Index*. The use of this reliable and well-known objective indicator helps to anchor the less well-known subjective data about human happiness. For happiness, the only global data available is on life satisfaction. We were generously granted access to the *Gallup World Poll*, the largest cross-national survey that has ever been carried out on well-being, which we supplemented with data from the *World Value Survey* for some extra countries. We combined the subjective life satisfaction data with the objective life expectancy data to create a measure known as "happy life years," which was first developed by the Dutch sociologist Ruut Veenhoven. Happy life years can be seen as happiness-adjusted life expectancy. The measurement has a powerful logic to it. It recognizes that a satisfying life is not ideal if it is short; and that a long life is not ideal if it is miserable.



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