

LET'S FOCUS PUBLIC SPENDING ON PROMOTING HAPPINESS

The whole focus of economics should shift towards a science of promoting well-being and happiness, according to Professor **Yew-Kwang Ng** of the Chinese University of Hong Kong, writing in the November issue of the *Economic Journal*. Conventional measures of welfare such as per capita GDP are highly misleading if happiness becomes our objective, he argues. Indeed, because of environmental disruption and the relative income effects of the rat race, economic growth may make people less happy. At that point, increased public spending to safeguard environmental quality and promote research is more welfare-enhancing than higher private consumption.

Ng argues that although happiness is more subjective and difficult to measure and compare, it is more important than income. Happiness is after all our ultimate objective, he points out. We want money not for money's sake but to increase our happiness; we want happiness for its own sake. And except for in poor countries, higher incomes do not make people significantly happier.

Once individuals have their basic needs and comforts, their money is spent on improving their life in relation to others. This competitiveness causes waste by generating higher levels of production and consumption than necessary, which in turn increase environmental costs. At the same time, the benefits of public (relative to private) spending are underestimated, biasing public spending downwards.

Ng's analysis leads him to some surprising recommendations on public spending. As an example, he notes that it has been known for nearly half a century that the electrical, chemical and magnetic stimulation of certain parts of our brain induces intense pleasure and obliterates emotional and physical pain without addiction, without harmful effects and without imposing burdens on our peripheral nervous system. Why, Ng asks, haven't more resources been used to perfect this method for widespread use to increase happiness by quantum leaps and to solve many social problems like mental depression and drug addiction?!

Note: 'A Case for Happiness, Cardinalism, and Interpersonal Comparability' by Yew-Kwang Ng is published in the November 1997 issue of the *Economic Journal*. Ng is in the Economics Department at the Chinese University of Hong Kong, Shatin, Hong Kong.

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