



The importance of human happiness (in eight arguments)

Feelings are central to our lives, so feelings data is of foundational importance to economists

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It is common sense, and scientifically important, for economists to study happiness and mental wellbeing.

1

First, happiness is ultimately what matters.

2

Second, it is politically dangerous for a society not to do so. Various forms of evidence suggest that US President Donald Trump, say, was elected because of growing discontent within his nation. Unhappiness

got him elected. The same is true for populist leaders in a dozen countries. Now, too late, liberal observers are troubled by what is happening to democracy in the world.

I would be surprised, I am sorry to say, if the current global trend reverses before there has been large-scale violence of some sort. Yet what we have seen was predictable. The data plainly revealed ever-rising levels of extreme mental distress, especially among low-skilled white Americans, for two decades before Trump's second election victory. Sadly, because of their conventional training, economists and most other analysts were not looking at feelings data.

3

Third, if we focus on the measurement of human happiness, it reminds us of the difference between means and ends. I imagine most economics students, at both the undergraduate and graduate level, gradually forget what they knew when they arrived at university — that what matters are human feelings — because they are distracted by an array of interesting but ultimately means-to-an-end influences, such as GDP, unemployment, inflation, national debt, and so on.

4

Fourth, we must engage with the Easterlin Paradox. It states, and was forcibly repeated by Professor Richard Easterlin until his death in late 2024, that countries do not grow happier as they become richer. He argued that human beings are fundamentally creatures of comparison: we look over our shoulders at our neighbours and, when the tide of economic progress lifts all boats, it depresses us that they also get fast BMWs. Thus, there is a giant neutralisation of feeling.

Whether the paradox is true is an empirical matter. Certainly, the broad statistical facts suggest it holds in OECD nations. (I am more doubtful of it for countries with low GDP and poor health systems.)

As readers will know, in 2025 the paradox is currently ignored by almost every president, prime minister and finance secretary of state in the world. One reason why is that political leaders tend to have not been shown their nation's happiness data. Another is that the ones who have find the concept too psychologically disturbing to think through it calmly.

The Easterlin Paradox dismantles the foundations of the average politician's framework for thinking. In my judgment,

political speeches will eventually refer to the late professor's ideas. But that is unlikely to be in my lifetime. The only occasion I have seen it done was in a stunning speech by the prime minister of Iceland, Kristrún Frostadóttir. Perhaps that is both a marker for the future and a hopeful reminder about the nature of youth. (She was, and still is, in her 30s.)

5

Fifth, happier people are more productive. (We know this from lab and field experiments.) So there is likely a virtuous circle of emotional and material prosperity to be studied and appreciated.

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Sixth, happier people are healthier, so there may also be a beneficial cycle in that sphere.

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Seventh, some governments are starting to incorporate happiness and wellbeing data into official national statistics. The UK's Office for National Statistics has for the last 14 years collected annual data on citizens' feelings of life satisfaction, happiness, anxiety and perceived worthwhileness of life. At this very moment, the UN has a set of distinguished expert panels that are debating how to "move beyond GDP", as the jargon goes. Wellbeing measures are being actively discussed. The OECD launched its own version in proposal form more than a decade ago; it is about to release an updated report.

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Eighth, and finally, it is necessary to bear in mind the scientific complications in measuring human

feelings. There are (currently) no units of measurement. Yet we have now learnt that humans behave in a systematic way, as though they comprehend and infer a psychological scale. We can, as researchers and policy analysts, build on that remarkable fact. A vast cross-disciplinary scientific literature has already started doing so.

If there is a more important topic within economics and quantitative social science, it is hard for me to think what it would be. Feelings are central to our lives. Feelings data is thus of foundational importance.

This article is a complement to an RES masterclass given by Andrew Oswald in the autumn of 2025.

Further reading

Clark, A. E. (2018). Four Decades of the Economics of Happiness: Where Next? Review of Income and Wealth.

Dwyer, R. J. and Dunn, E. W. (2022). Wealth redistribution promotes happiness. Proceedings of the National Academy of Sciences of the United States of America.

Kaiser, C. and Oswald, A. J. (2022). The scientific value of numerical measures of human feelings. Proceedings of the National Academy of Sciences.

Layard, R. and De Neve, J. (2023). Wellbeing: Science & Policy. Cambridge University Press.

Liu, S. and Netzer, N. (2023). Happy Times: Measuring Happiness Using Response Times. American Economic Review.