

Why Should Happiness have a role in Welfare Economics?

Happiness versus Capabilities and Orthodoxy

(This version – May 2007)

(Working Paper)

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Abstract

Welfare Economics (WE) is a branch of Economics concerned with the evaluation of the impact of different economic setups and policies on the welfare of agents and societies. Objective as it might seem this is one of the most controversial issues of Economics (and one that grounds Political Economics). In this paper we try to understand how new approaches to WE (particularly Sen's Capabilities and the Happiness Literature approaches, SCA and HLA, respectively) help to clarify and enrich economic analysis of welfare. In particular we demonstrate that different theoretical alternatives, when facing the same situations, can lead to different policy conclusions (mostly from Mainstream WE (MWE) to SCA or HLA). Furthermore, different approaches have different domains of application (SCA and HLA enlarging that domain). We then assert that HLA stands as an autonomous alternative for WE with particular assumptions, techniques and policy conclusions. Finally, we claim that the choice between MWE, SCA and HLA, even when the policy conclusions are similar, imply different axiomatic and philosophic foundations for those very policies.

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