Economists like to quantify things. However, while measuring concepts like income and prices is relatively easy, measuring more subjective concepts – like happiness and well-being – is more challenging and is often sidelined.

A three-year project involving distinguished Birkbeck economist Professor Ron Smith is now helping to redress this imbalance, by assessing the relationship between the ‘capabilities approach’ (developed by Nobel prize-winning economist Professor Amartya Sen) and subjective well-being.

Professor Smith’s drive into such an important research area was born out of serendipity, proving the value of academics investigating new disciplines or interests outside their original specialism. He was the second supervisor for Dr Graham Hunter, a Birkbeck alumnus (MSc Economics, 2003), who completed his PhD on happiness and capabilities at the Open University with Professor Paul Anand.

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Professor Smith is now involved in the final year of the three-year project to assess the value of the capabilities approach and how it relates to subjective well-being. Approximately 3,800 people have been surveyed – including 1,000 each in the US, the UK and Italy – as part of the research. They have been asked a range of questions, which cover all three aspects of the capabilities approach: what they can do, what they actually do and their reported well-being, as well as other socio-demographic and personality characteristics. The questions include ones like:

- Are you able to socialise?
- Does your health limit your activities?
- Are you able to have children?
- Are you free to practise your religious and political views?
- How safe do you feel going home at night?

Although the analysis has not been completed, some findings confirm earlier research: marriage, work and good relationships all increase happiness.

Professor Smith said: “The ability to interact with others is crucial to well-being. Also, being unemployed is one of the worst things that can happen.”

Some counter-intuitive results have been spotted as well: old people are happy; and being a parent makes you unhappy, because of the time and effort required to care for children.

Professor Smith said: “One well-known case where capabilities decrease and happiness tends to increase is with age. There is a lot of evidence that there is a U-shaped pattern in relation to happiness throughout a person’s life. The young and old are fairly happy, but the middle-aged are miserable.”

Above all, Professor Smith stressed the importance of context with regard to reported happiness. People of certain nationalities are known to be happier than others, and some people are naturally cheerful, while others tend to be miserable. Although there are exciting emerging findings, there is still a degree of mystery regarding what makes us happy and why.

Ron Smith is Professor of Applied Economics at Birkbeck. The ‘Capabilities and Human Well-being’ research project will be completed in 2015.