

# Redefining Success<sup>1</sup>

Opening Address: GES 2013

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How successful are we as a species?

It is clear that, however successful we may be, humanity still has a long way to go, for we have unremitting difficulties in cooperating to achieve fulfillment. The news items of merely the last week testify to these difficulties:

- the UN climate panel's conclusion that, with 95 percent confidence, humans are the dominant cause of global warming since the 1950s,
- the U.S. government braced for possible shut-down;
- the continuing stalemate in Syria's civil war and Iran's nuclear program;
- the doubts about the sustainability of E.U. institutions, which have not been allayed by the outcome of the German election;
- the deaths in the shopping mall in Nairobi, the church in Peshawar and the markets in Baghdad, all at the hands of terrorists; and so on.

So we must ask ourselves: Is humanity making sustainable progress in achieving wellbeing?

There are three conventional narratives in response to this question:

- the Materialistic Progress Narrative, which documents the dramatic progress we have made in raising material living standards;
- the Global Risks Narrative, which sets our materialistic gains against threats; and
- the Happiness Narrative, which focuses on people's self-reported happiness.

Each of these narratives defines success in a different way. Each leads us to a different life goals and a different prescription for the future.

I will argue that these narratives do not take us far enough. *We need to redefine success.*

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The **Materialistic Progress Narrative** defines success in terms of the growth of economic output and the decline of poverty.

Since 1950 real gross world product has increased over 11-fold, and even in per capita terms it grew more than fourfold. In the developed countries, our material living standards exceed anything that was imaginable a century ago.

Over the past two decades nearly a billion people have escaped from extreme poverty, conventionally measured as less than \$1.25 a day. That is a colossal achievement, since those who live in extreme poverty lack enough food, clothing, shelter, sanitation and health care to meet their most basic needs.

This collapse of poverty has been associated with accelerated growth in developing countries over the past two decades.

The Materialistic Progress Narrative encourages us to find ever new ways to stimulate growth and shrink poverty. This is commonly viewed as involving substantially deregulated economic markets, with strong forces of competition among individualistic decision makers.

The **Global Risks Narrative** sets these materialistic gains against the dangers to which they are linked. Free markets cannot prevent large inequalities of income and wealth. And growing free markets not only promote rising availability of private goods, but also proliferation of externalities from public goods (like greenhouse gas abatement) and the commons (such as ocean fish stocks). The reason is simple: Free markets compensate people adequately for the costs and benefits associated with private goods, but not those associated with public goods and the commons. The resulting market failures generate many of our growing global problems – ranging from climate change to resource depletion, from pollution to biodiversity loss, from energy security to food security, from banking crises to sovereign debt crises, and much more.

Looking towards the future, the global risks are likely to escalate. The world's population is expected to grow by another 2-3 billion people in the next 50 years, and the average income per person is expected to rise fourfold, mainly in the developing countries. The number of middle-class consumers is expected to increase by 3 billion by 2030. If these new consumers copy Western lifestyles, then the resulting worldwide economic activity may lead to irreversible environmental damage and threaten the earth's capacity to meet our food, water, energy and resource demands.

The Global Risks Narrative widens our conception of success by considering not only current affluence, but the sustainability of this affluence. Many of the world's problems are at heart about unsustainability, as various panels in this Symposium illustrate.

The **Happiness Narrative** defines success in terms of how happy people say they are. The evidence gathered over the past few decades shows that material prosperity has a diminishing payoff. This is a weak form of the Easterlin Paradox,<sup>2</sup> named after the American economist Richard Easterlin, who found that although people with relatively high incomes in a particular county at a particular time report relatively high happiness, for the population as a whole, rising income through time is associated with less and less reported happiness.

The reason why a population-wide rise in income has diminishing returns on reported happiness is that people quickly become accustomed to their more affluent lifestyles. In relation to their new material aspirations, their newly accumulated wealth is no longer so thrilling. The reason why people with relatively higher incomes tend to be happier is that money buys status. But for all those who are made better off buy high status, there are others who are made worse off by low status. Thus, the quest for status has no clear-cut influence on social welfare overall.

So the pleasures of material accumulation are fleeting, continually eroded by the forces of habit and status-seeking. So, you may well ask, are these fleeting pleasures sufficient to justify the damage we do – the resource depletion, the environmental degradation, and the endless conflicts over material possessions? Why do we do this?

Based on the accumulated research of the past few decades, we can answer this question with some confidence. We persist in the pursuit of material wealth for the following reasons: (i) because we have acquired the habit of pursuing wealth and habits are difficult to break; (ii) because everyone around us is doing so as well and we have a deep-seated urge to follow others; and (iii) because we systematically overestimate the pleasure we will gain from material wealth. Buying expensive cars and designer clothing, for example, easily becomes a way of life for those who can afford it; it is an established way of gaining social standing; and it is virtually impossible to imagine how the thrill of the purchase will wear off, once we get used to our purchase and once our friends have made it as well.

In short,

we plunder our planet  
to produce material goods  
from which we expect great pleasure  
that fails to materialize.

This tragedy may be called the “**Great Wasteful Delusion.**”

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<sup>2</sup> Easterlin (1974). The strong form of the hypothesis is that happiness ceases to increase with income beyond a particular level of affluence. This has been disputed by various authors (e.g. Stevenson and Wolfers (2008)). The weak form, described in the text above, is undisputed.

The Happiness Narrative implies that we need to redefine success more inclusively, as discussed in many guises in this Symposium. If additional income produces less and less additional happiness, then raising the incomes of the poor becomes much more important than doing so for the rich.

The Happiness Narrative also implies that we need to redefine success less positionally. As noted, goods demanded for status contribute little to the overall wellbeing of society.<sup>3</sup>

While the Materialistic Progress, Global Risks and Happiness Narratives capture important aspects of success, they are all, I claim, incomplete. What they all lack is a simple, but profound insight – namely, that success should be defined in such a way that, when we pursue it, we thereby promote sustainable wellbeing, giving our lives meaning and fulfillment.

In recent years there have been many studies in a variety of disciplines – spanning psychology, biology, anthropology, sociology, cognitive science, neuroscience and more – of what produces sustainable wellbeing. For people who are already materially secure, the following five determinants are particularly significant across time, countries and cultures:

- *being active*: personal achievement and environmental mastery;
- *becoming aware*: mindfulness, curiosity, learning, personal growth, and achieving the “flow” by engaging in activities that draw on our strengths;
- *accepting and respecting*: self-acceptance and tolerance of others, self-respect and respect for others;
- *connecting*: affiliative personal relationships; a sense of social belonging; cooperative contributions to the workplace and society; and creating trustworthiness and trust;
- *giving*: seeking to promote the happiness and relieve the suffering of others; and using one’s greatest abilities in the service of others.

What these experiences have in common is that they connect us to our environment and particularly to other living things. Accordingly, the corresponding account of success may be called the **Interconnectedness Narrative**.

These experiences of the good life do not dissipate under the forces of habit or status-seeking. Raising your compassion, relatedness, awareness, curiosity and engagement gives you persistent wellbeing that does not leave others worse off – quite on the contrary, it promotes others’ wellbeing.

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<sup>3</sup> Frequently the losses from envy exceed the gains from pride, in which case positional goods diminish overall social welfare.

The Interconnectedness Narrative has some important implications.

One implication is that wellbeing is multifaceted. The wellbeing of environmental mastery differs from that of mindfulness, which differs from that of acceptance and respect, which differs from that of belonging, which differs from that of compassion. They cannot be compared with one another through a single, time-invariant unit of measurement. Just as there are many different ways of interconnecting with others, so there are many different kinds of wellbeing.

So, wellbeing is not a homogeneous entity that can be measured by a single metric – which is claimed by traditional economics, behavioral economics, happiness economics and many empirical studies of happiness and life satisfaction.

The wellbeing that is relevant to us at any given time often depends on our social context. The laughter and friskiness of your child may induce you to play; the child's cries of pain elicit your care and compassion; the child's screams of fear in the presence of a growling dog prompt protective goals; and so on. We are pained by the pain of our loved ones, but we may feel Schadenfreude at the pain of our adversaries. In short, wellbeing is multidimensional and contextual.

Yet another implication of the Interconnectedness Narrative is that the accumulation of material wealth is a mixed blessing for everyone except the poor. For once people are materially secure, the quest for material things comes at the expense of other sources of wellbeing. The more we value material things and the more aspects of our lives we allow to be governed by market forces, the less we are able to partake of the non-material sources of wellbeing – and particularly those associated with compassion and care. We are psychologically incapable of being competitive and caring at the same time. Market transactions may crowd out non-market norms, such as duty, responsibility and faithfulness.

These considerations affect the conduct of many aspects of our lives. If we give our children cash as reward for good school performance, we may teach them more about accumulating cash than accumulating knowledge. If a country sells immigration quotas to foreigners, it may instill more avarice than virtues of citizenship in them. When military service is delegated to private contractors, it spreads the drive for profit maximization rather than patriotism.

This means that we cannot aim follow a “the more the merrier” strategy with respect to our wellbeing. There are tradeoffs to be recognized and choices to be made. The more we focus on the satisfaction of our material resource desires, the less opportunity we have to fulfill our

needs for connecting and giving. The more concerned we are to protect ourselves from external threats, the less latitude we have to open ourselves to others in trust and mutual reliance.

Finally, the Interconnectedness Narrative implies that we need to redefine success more in terms of what actually promotes our wellbeing. This means that, for those of us whose are already materially secure, we should focus more on the non-material things that have a profound and long-lasting influence on our wellbeing, rather than waste our time acquiring things whose value is eroded once we become accustomed to them and others have acquired them as well. We should distinguish between our positional desires (that are zero-sum pursuits, since they advance our interests at the expense of others) and our non-positional desires (that are positive-sum pursuits, since they do not involve a struggle to climb the pecking order). We should reorient our lives around positive-sum, rather than zero-sum, pursuits.

Among the positive-sum pursuits, we should give particular attention to the accumulation of internal prosperity that flows from care and compassion. This prosperity neither goes at the expense of others, nor fades with experience. It helps us avoid unsustainable lifestyles by enhancing our concern for others. It also raises our powers of cooperation.

Today's mainstream conception of success – centered heavily on material acquisition – has not served us well. It has not helped us to seek our wellbeing in a balanced way, either individually or collectively: individually, since the single-minded pursuit of wealth does not give us long-term fulfillment; collectively, since this pursuit does not give us adequate incentives for human cooperation.

The time has come to redefine success. People in the developed and emerging economies need to press an internal reset button, realigning their pursuits with their sources of durable wellbeing. We must become open to the possibility that the relentless chase after economic growth may obstruct our awareness of where our fulfillment lies.

These are my personal reflections on “redefining success,” and you are of course free to explore your own notions in this Global Economic Symposium. I urge you to think boldly and creatively about new conceptions of success and how to realize them. I hope that together we will gain valuable insights about succeeding in ways that promote our sustainable wellbeing.

## References

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