CREATIVITY AND MOTIVATIONS

ECONOMIC RESEARCH CENTER

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DEPARTMENT OF ECONOMICS AND LAW

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CreaM- Working Paper Nr. 2/2015

ISSN: 2421-4264

Creativity and Motivation Economic Research Center
Working paper
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At the origin of the notion of "creative goods" in economics: Scitovsky and Hawtrey

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April, 2015

Abstract: The notion of "creativity" has assumed a growing importance in the recent economic literature on happiness, motivations and life-satisfaction. Starting from the seminal contribution of Scitovsky, the effects of "creative goods" and "creative activities" on consumers' well-being, in connection with cultural, sociological, psychological and educational aspects, have been analyzed. An increasing interest in these concepts has also been shown recently by policy-makers and international institutions (see, e.g., the UNCTAD Reports on Creative Economy, 2010, 2013), in particular in relation to economic growth. On the other hand, a clear and rigorous analytical definition of this category of goods and activities and deep investigation of its peculiarity in comparison with other types of products and activities, broadly defined as comfort or defensive ones, is still lacking in the economic literature. This is why, despite its wide use in economics, the nature of the distinction still remains somehow vague and not univocal. The aim of this paper is to provide a contribution to help clarify this distinction by reconstructing its meaning and scope in the works of Scitovsky (1976, 1992) and Hawtrey (1925) – the first economists who have tried to provide an analytical content to the notion of creative goods and activities in their theoretical frameworks.

JEL codes: B31, B41, D01, D11, Z01

Keywords: Scitovsky, Hawtrey, Cambridge, creative goods, creative activities, consumers' satisfaction, education, culture, cultural policy.

1. Introduction

The issue of 'creativity'[1] has recently been taking on growing importance in economics: creative goods, creative industries, creative activities are concepts that we increasingly find in economic models dealing with consumers' satisfaction, well-being and happiness[2] but also in analyses of workforce formation, educational backgrounds and skills in relation to growth (e.g. Romer 1994, Florida 2002, Bobirca and Dragici 2011). At a policy level too, the role of creative products and creative industries has

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[1] This concept, first analyzed in psychology and cognitive science (Hargreaves 1927; Guilford 1950, 1967; Finke et al. 1992), has recently also acquired an increasing role in economic modeling (see, e.g, Rubenson and Runco 1992, Diamond 1992, Koppl et al. 2014).

[2] We refer here to recent contributions, which analyze consumption choices in relation to well-being and which are grounded on the distinction between positional versus relational goods (see, e.g., Gui, 1996; Pugno 2009, 2013, 2014) and the role of intrinsic versus extrinsic motivations, and which took their inspiration from the Scitovskian distinction between 'creative' and 'comfort' goods and activities.

received increasing attention from policy-makers and institutions, owing to the fact that these sectors have shown good performance in many countries, even during the dark years of the recent economic crisis. In most cases they represented the only sectors showing a positive growth trend (UNCTAD Reports on Creative Economy, 2010, 2013). Nevertheless, despite their wide use in economics, the meaning of these notions, and, more specifically the nature of the distinction between 'creative' goods and activities and the so-called 'defensive' ones, still remains somewhat ambiguous and not univocal. This paper intends to provide a contribution, from a history-of-economic-analysis perspective, to clarify the matter by investigating in depth the origin of these notions in economics.

The first economist who made a large and fundamental use of these concepts and attributed them a great relevance in his analysis of consumers' satisfaction was Tibor Scitovsky (1976, 1992). In particular, he was the first who investigated the main implications of the existence of this class of goods and activities, for both economic theory and policy. More specifically, he analysed the nature of the distinction between creative and defensive goods and activities and how differently they influence individual and social welfare. In Scitovsky (1976, 1992) the distinction has fundamentally to do with the type of satisfaction these different forms of consumption generate to the consumer. Broadly speaking, the activities he called "defensive" seem to give rise to pleasure because they offer relieve of a previously experienced pain (so the pain is a pre-condition for pleasure), while activities he called "creative" appear to produce pleasure and positive stimulation, independently from a previous condition of discomfort felt by the individual.[3] Defensive goods and activities seem thus characterized, we may say, by a 'compensative' function, while creative goods seem characterized by an 'additive' function. This distinction, as it stands, seems devoid of any value judgment related to a hierarchy between the two categories of activities. But the question is much more complex than it first appears. In fact, as we shall see in the paper, Scitovsky's treatment is not always clear on this point or exempt of ambiguities, so that, to some extent, he seems to have contributed to the subsequent confusion between a normative and a positive approach to the issue of creative consumption. We will come back in depth to this point when we will examine the evolution of Scitovsky's position on this subject, because we consider it a central issue in our discussion on the origin of the notion of creative goods.

[3] In his view, only the creative are self-rewarding consumption activities, capable of representing a source of enduring happiness and well-being to individual. For an insightful analysis of this distinction in Scitovsky in relation with the psychological studies of Berlyne 1960, see Bianchi 2015.

As a matter of fact, Scitovsky was not the inventor of this notion. As early as 1925 it had been introduced into economic analysis by Ralph Hawtrey, a Cambridge economist,[4] to whom Scitovsky refers in his work.

The main research questions to which we have tried to give an answer in the paper are the following:

(i) Where does the notion of creative goods come from? Who are the economists who inspired Scitovsky in this specific aspect of his analysis? And which were the particular characteristics of the intellectual context they worked and lived in?

(ii) What exactly do we mean when we refer to creative goods and activities? What are the meanings attributed to these concepts by the economists who first introduced this category of products in economics?

(iii) Did this classification of different types of goods or activities as distinguished between creative or defensive also have a normative value in the systems of thought of the economists who first adopted it? In other words, what, originally, was the point of introducing this distinction in their theoretical framework?

The structure of the paper is as follows. Section 2 analyses the intellectual environment in which the notion of creative goods was generated (i.e. the Cambridge of the 1920s) and, following Scitovsky (1985, 1986), focuses in particular on the contributions by Marshall, Keynes and Hawtrey in order to clarify why, and to what extent they can be considered as Scitovksy's predecessors and inspirers. Particular attention has been paid to the original meaning attributed by Hawtrey to the notion of creative goods and the role it played in his analysis. Section 3 analyses the works of Scitovsky (1959, 1976, 1992) which are relevant to understand and clarify his approach to the theory of consumption and the meaning he attributed within it to the notion of creative goods and activities, in relation also to his views on culture. In particular our analysis is devoted to explaining the evolution that this notion went through in Scitovsky's system of thought with detailed comparison between the three editions (1976, 1977 paperback, and 1992) of his main work *The Joyless Economy*. In this section we try to show the ambiguities of Scitovsky's treatment of the distinction between creative and defensive goods and activities, which oscillates between a normative (more or less explicit) and a positive approach. To make our interpretation of this aspect clear, we also make a close analysis of the reviews of the *Joyless Economy*, 1976 edition. Finally, Section 4 provides some very provisional conclusions.

[4] Ralph Hawtrey (1879-1975) was educated first at Eton and then at Trinity College, Cambridge, where he graduated in 1901. A close friend of Keynes, he belonged to the Apostles Society, the intellectual society of Cambridge University, and can be considered, in all respects, a Cambridge-man. He entered the Treasury in 1904 and he was Director of Financial Enquiries from 1919 to 1945 (Moggridge, 1992: 881-882). He is best known as a monetary economist for his books *Currency and Credit* (1919) and *The Art of Central Banking* (1932).

2. The genesis of the notion of 'creative goods' in economics

About ten years after the publication of *The Joyless Economy*, in the paper 'Psychologizing by Economists' (Scitovsky 1986a)[5] - partially reprinted in 'How to bring joy into economics' (Scitovsky 1986b) - Scitovsky revealed some interesting insights into the genesis of his own approach to consumer theory and the notion of creativity. In this paper he focused not on the studies of physiological psychology by Hebb (1949) and Berlyne (1960) (which he had already explicitly referred to in the first edition of his main book) but on the *economists* (and philosophers) who inspired his work, and which he saw as his predecessors both in questioning the traditional approach to the theory of choice and in bringing psychology into economics. Scitovsky limits his treatment to a discussion of the Greek thinkers of antiquity (considered the forerunners) and to three 20th-century Cambridge economists whose works contain, according to him, 'most of what little psychology is still used by the profession' (Scitovsky 1986b: 185), namely Marshall, Keynes and Hawtrey. While justifying his leap from the Greek philosophers to the above three modern economists, Scitovsky (ibid.) calls the reader's attention to a very important factor: the role of *classical* education[6] in England, and in Cambridge. Therefore it appears useful to investigate this element better by briefly retracing some specific aspects of the systems of thought of these three economists, who were all educated in Cambridge and lived and worked there a great part of their life.[7] This can help to make clearer the genesis of the concept of creative goods in economics.

2.1 Marshall: the activities undertaken 'for their own sake' and the social role of culture

The 'primordial soup' from which the notion of creative goods emerged was the intellectual environment of the 1920s Cambridge (UK). Two elements in particular seem to have favoured its genesis: (i) the strong imprinting given by the classical education, and the knowledge of Greek philosophy and

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[5] For an analysis of this paper, see Di Giovinazzo (2011).

[6] For more details on the classical formation of Marshall, Keynes and Hawtrey as undergraduates, see respectively Groenewegen (1995: 55-60) and Moggridge (1992: 44-45). In particular, both Keynes and Hawtrey (as many other of their contemporary Cambridge economists) were students at Eton, where classics represented 'the heart of the curriculum' (ibid.). For an explanation of the graduate educational system and how the examinations (*Tripos*) were organized at the University of Cambridge at Marshall's and Keynes's times, see Collard (1990), Tribe (1997) and the *Cambridge University Reporter*. On the specific role played by Marshall in reorganizing the *Economics Tripos* at the beginning of the XXth Century, see Groenewegen (1995: 531-569); for the specific role of Keynes in reforming them in the 1920s see Komine (2014).

[7] For an analysis of the specific characteristics of Cambridge as a 'place' in economics, see Marcuzzo, Naldi, Rosselli and Sanfilippo (2008). In that paper it is argued that the economists living and working in Cambridge in the interwar periods can be considered as a 'group' and not a 'school', because they do not adhere to a single theoretical framework (many of them belonged to opposite camps) but they all share a common style in doing economics, based on the view that economic theory should help in understanding the economic reality, the behaviours of people and their choices, with the purpose to guide policy action and to improve people's lives (see also Marcuzzo and Rosselli, 2005).

culture widespread *among economists*; (ii) the strong influence exercised by Alfred Marshall on how economics was conceived and practised there.[8]

As far as the first point is concerned, it is Scitovsky (1986: 185-186) himself who reminds us of the striking similarities between Plato's reflections on desires, stimulation, pain, comfort and novelty and the discoveries of the studies and experiments of the neurophysiologists in the 20th Century. Following Scitovsky, we may say that the attention paid to motivations and psychology in explaining people's behaviours and choices that characterizes the approaches to economic analysis of Marshall, Keynes and Hawtrey (as well as those of other Cambridge economists of their times) can easily be considered as a by-product of their common classical education, a legacy of the thought of the Greek philosophers.[9]

On the second point our argument is grounded on both biographical and theoretical aspects. From Keynes's *Obituary* of Alfred Marshall (Keynes 1924) we learn some biographical details of some relevance here, and first of all that Marshall arrived at Economics passing first through Metaphysics and Psychology. On the latter discipline Marshall wrote: 'Its fascinating inquiries into the possibilities of the higher and more rapid development of human faculties brought me into touch with the question: how far do the conditions of life of the British (and other) working classes generally suffice for fullness of life? Older and wiser men told me that the resources of production do not suffice for affording to the great body of the people *the leisure and the opportunity for study*; and they told me that I needed to study Political Economy' (Marshall 1917, quoted in Keynes 1924: 320, italics added). Many ingredients of the Scitovskian approach to creativity and consumption appear to have been already present in Marshall's thought: the fascinating potential of the human faculties and mind and the focus on psychology; the tension experienced in the working classes between the lack of leisure time and the possibility to cultivate themselves, with the consequent difficulty in attaining a condition of true happiness; and, finally, a sort of ethical and normative approach to the study of economics.

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[8] For a recent analysis of the 'Cambridge School of Economics', considered as pursuing 'happiness in capitalism' and aiming at a gradual reform of the economic society, in particular in relation to Marshall's influence, see Komine (2014).

[9] '[…]the Cambridge economists probably learned most of their psychology from the Greeks' (Scitovsky 1986b: 185). He expressed a similar view in his *Memoirs* (p. 105a). Scitovsky, after all, had also a direct knowledge of Cambridge intellectual environment having spent two academic years (from October 1929 to Spring 1931) at Trinity College (*Memoirs*: pp. 34 and ff.) to study international law. During the last two terms of his staying in Cambridge he also attended courses in economics. Recollecting this period he wrote 'Maurice Dobb was my favorite teacher, Joan Robinson, the grand old lady of economics my supervisor and Dennis Robertson my director of studies' (p. 40). (For more details on Scitovsky's *Memoirs*, see Bianchi 2012).

In fact Marshall started his academic career as Lecturer in Moral Science (1868) at Saint John's College, like his colleague Henry Sigdwick at Trinity in the previous year. According to Keynes's reconstruction, Marshall's serious study of economic theory started only in 1867 (Keynes 1924: 327).

Looking at Marshall's system of thought it is not difficult to detect the echo of his psychological studies in the way he theorizes and describes the behaviour of economic agents. In the *Principles* (1920) there are frequent references to wants, pleasures, desires and satisfaction (and not only utility) in the discussion of the consumer behaviour (for an analysis see Martinoia 2003). Similarly, in Marshall's evolutionary theory of the firm and entrepreneurship a fundamental role is attributed to creativity in the dynamic process through which firms and sectors develop and change (see Raffaelli 2001, 2003). In his analysis of industrial districts and in his description of the qualities to be possessed by the entrepreneur the role of interpersonal connections, education, character and psychological intuition is underlined. Besides all this, Marshall can be considered a forerunner of the Scitovsky approach to economic theory for something more specific than his general attention to psychological aspects and motivations. According to Scitovsky, Marshall's most important contribution to economics consists in his critique of the traditional view according to which all that people want and desire is to consume goods, and his counter-argument that there are also activities pursued 'for their own sake' (Scitovsky 1986: 187). These activities, in the progressive stages of development of the society, can invert the causal relation going from wants to demand for goods and activities, since the pursuit of new activities and products can stimulate new wants and desires.

In Chapter 2 of the *Principles* Marshall (1920: 86) analyses more deeply the distinction between 'wants' and 'activities' in an evolutionary perspective. He defines wants as 'countless in number and very various in kind' but generally limited and satiable. These wants are identifiable with necessaries, and they characterize the first stages of development of the human society. But when the society evolves, the activities acquire a greater role and, especially, those which are pursued for 'their own sake', and are not induced by a monetary motive. He explains: 'It is […] the desire for the exercise and development of activities, spreading through every rank of society, which leads not only to the pursuit of science, literature and art for their own sake, but to the rapidly increasing demand for the work of those who pursue them as professions. Leisure is used less and less as an opportunity for mere stagnation; and there is a growing desire for those amusements, such as athletic games and travelling, which develop activities rather than indulge any sensuous craving'.

Marshall describes the evolution of people's wants and desires thus. At an earlier stage of human development, private wants were moved by the desire for variety - people desired not only larger quantities

of commodities but also better qualities of them (ibid.). Then, in the subsequent stage, people's choices were driven by a desire for distinction through status consumption. In a final (and ideal) stage, however, wants can assume the form of desire for excellence (Marshall 1920: 89) and people may engage in activities undertaken *for their own sake* – creative activities in general.[10]

Marshall, when explaining in particular the characteristics of entrepreneurship, introduced the important concept of 'economic chivalry', which he dealt with in a specific paper on 'The Social Possibilities of Economic Chivalry', published in 1907 in the *Economic Journal*.[11] The fundamental idea is that, in the more developed stages of economic society, entrepreneurs are driven in their business activity not only by the desire to accumulate wealth and to show it through positional consumption, but also by the desire to show their excellence, their capacity to overcome difficulties. In his view they should eventually attain economic chivalry: 'Chivalry in business includes public spirit […]. But includes also a delight in doing noble and difficult things because they are noble and difficult […]. It includes scorn for cheap victories, and a delight in succouring those who need a helping hand' (Marshall 1907: 14). The paper, in addition, contains searching considerations on 'social ideals and the ultimate ends of the economic effort'. In particular the question is raised as to what the study of economics can do 'towards helping the world to turn its growing resources to the best account for social well-being'. Evident here is Marshall's ethical stance, which implies a conception of economics not as a neutral but a normative discipline, which has the fundamental role of helping individuals (and the public authorities) to reach (social) well-being. The true question is: how can this goal be achieved? It is precisely at this stage in his reasoning that Marshall introduces the interesting connection between 'ways of using wealth' and happiness, i.e. between consumption choices and general well-being.

Marshall's ideal is a society in which both entrepreneurs and workers have reached economic chivalry, thus realizing 'happiness in capitalism'. Let us analyze first the case of entrepreneurs. When businessmen have reached a stage in which they use the wealth gained through their business not for conspicuous and status consumption (toward which Marshall is, by the way, very critical because it represents, in his view, a waste for society as a whole), but to dedicate themselves to creative activities ('activities undertaken for their own sake'), they will have achieved economic chivalry, and so personal fulfilment in life and, at the same time, they will have done something beneficial to the society (Marshall

[10] The special characteristic of the latter is that the more difficult the creation is, the higher is the fulfilment in life they can yield to those who venture upon them.For a careful reconstruction of this aspect of Marshall's thought see Komine (2014, pp. 6-8).

[11] This paper was not mentioned by Scitovsky, even though it touches upon many themes that became essential to Scitovsky's approach.

1907: 26-27).[12] In Marshall's hopes the concept of economic chivalry should prevail also in workers and not only in businessmen. In the *Principles* he distinguished two possibilities for workers in a context of economic growth: to increase the 'standard of life' or to increase 'the standard of comfort' (Marshall 1920: 690). When, in other words, the chance of receiving extra earnings arises, workers can decide to increase their 'standard of life', i.e. to invest these extra-incomes in cultivating themselves, enjoying the arts, studying sciences, improving their technological knowledge or skills. This choice will bring about positive externalities for society as a whole, and a virtuous circle which also implies an increase in the national dividend (Marshall 1920: 689). Evident here is the idea of the potentialities (also in terms of economic impulse) implicit in cultural and creative activities in general while, on the other hand, an increase in the 'standard of comfort' suggests 'a mere increase of artificial wants, among which perhaps the grosser wants may predominate' (Marshall 1920: 690).

Scitovsky's criticism of Marshall on this point is that all these aspects were not, in the end, included in his theoretical model when discussing consumption. And it is exactly in this direction that Scitovsky intended to develop Marshall's insights, as we shall see.

2.2 Keynes: the focus on psychology in understanding economic choices and the problem of how to employ leisure time

The second economist that Scitovsky (1986b) considers an inspirer of his own approach is John Maynard Keynes. Scitovsky in particular appreciated two aspects of Keynes's thought. One is his treatment – in the book *Economic Possibilities for our Grandchildren* (Keynes 1930) - of the question of how to employ leisure time once the capitalist system has reached its highest level of development and the problem of producing resources to satisfy basic needs is finally solved for most of the population. The other is his focus on the psychological aspects in describing business activity, including the concept of 'animal spirits', which could be really helpful in explaining the motivations behind entrepreneurs' actions.[13] A choice of investment is better understood with reference to psychology than to the profit-maximization rule and Keynes was the first to have underlined that many great economic achievements and enterprises would have never seen the light of day if the choices of businessmen were only based on a cost-benefit approach or on a mathematical calculus of expected gains (Keynes 1936: 149-50; 161-162). In fact, Keynes's focus on the psychological motivations for economic actions is not limited to investment choices but also concerns consumption decisions. In the *General Theory*, when listing the motivations behind consumer behaviour,

[12] Some examples, brought by Marshall, of 'chivalry' in the use of wealth are: to put at the public's disposal the paintings bought with private money, to finance the creation of public gardens and so on (ibid.).

[13] For an analysis of the concept of *animal spirits* in Keynes's thought see Marchionatti (1999). Renewed attention has been recently shown by the profession towards this concept, reinterpreted in a behavioural perspective (see Akerlof and Schiller 2009; for an interesting comment see Patalano 2013).

Keynes takes into account a whole set of psychological factors, like 'Enjoyment, Shortsightedness, Generosity, Miscalculation, Ostentation and Extravagance' (Keynes 1936: pp. 107-108).[14]

With regard to the *Economic Possibilities*,[15] which deals with the future prospects of mankind, Scitovsky underlines the point that in this essay Keynes was mainly interested in activities undertaken 'for their own sake', creative and cultural activities, which people can engage in when they have sufficient spare time from work and when – more important, if not crucial, as we shall see, to Scitovsky – they *learn* how to use leisure time.

Keynes started his discussion by distinguishing between two kinds of needs: 'those needs which are absolute in the sense that we feel them whatever the situation of our fellow human beings may be, and those which are relative in the sense that we feel them only if their satisfaction lifts us above, makes us feel superior to, our fellows. Needs of the second class, those which satisfy the desire for superiority, may indeed be insatiable; for the higher the general level, the higher still are they. But this is not so true of the absolute needs - a point may soon be reached, much sooner perhaps than we are all of us aware of, when these needs are satisfied in the sense that we prefer to devote our further energies to non-economic purposes' (Keynes 1930). This distinction has something in common with Marshall's distinction between 'wants' and activities pursued 'for their own sake' and also highlights another important element characterizing the notion of creative goods or activities, i.e. their insatiability; the fact that they are potentially unlimited, because there are no boundaries to curiosity, novelty and experience. The only point that distinguishes Keynes and Marshall's approach from the subsequent approach by Scitovsky is that it seems that these creative activities in the two Cambridge economists can have no economic reward, which is not necessarily true for Scitovsky.

Keynes's reasoning starts from the consideration that 'assuming no important wars and no important increase in population, the *economic problem* may be solved, or be at least within sight of solution, within a hundred years'(Keynes 1930). This implies that 'for the first time since his creation man will be faced with his real, his permanent problem - how to use his freedom from pressing economic cares, how to occupy the leisure, which science and compound interest will have won for him, to live wisely and agreeably and well. The strenuous purposeful money-makers may carry all of us along with them into the lap of economic abundance. But it will be those peoples, who can keep alive, and cultivate into a fuller perfection, the art of life itself and do not sell themselves for the means of life, who will be able to enjoy the

[14] For an analysis of the psychological motivations in Keynes's approach to consumer behaviour see D'Orlando and Sanfilippo (2010).

[15] This book has recently received renewed attention from economists (see, e.g., Pecchi and Piga, 2008).

abundance when it comes.' (ibid.) Keynes, in other words, alludes here to the incapacity of the ordinary man to change his habits and redirect his energy, time and efforts towards the enjoyment of life, the 'art of living', i.e. to the cultivation of the self through those activities which can really improve people's well-being. But what about the upper classes? Keynes's gives a very pessimistic answer: 'To judge from the behaviour and the achievements of the wealthy classes today in any quarter of the world, the outlook is very depressing! For these are, so to speak, our advance guard - those who are spying out the promised land for the rest of us and pitching their camp there. For they have most of them failed disastrously, so it seems to me - those who have an independent income but no associations or duties or ties - to solve the problem which has been set them. I feel sure that with a little more experience we shall use the new-found bounty of nature quite differently from the way in which the rich use it today, and will map out for ourselves a plan of life quite otherwise than theirs' (Keynes 1930). Here Keynes introduced another issue, very dear to Scitovsky: the fact that the potential enjoyment deriving from leisure time will be fulfilled only through a *process of learning*. Very often creative and cultural activities in a broad sense require experience, knowledge and curiosity (i.e. an investment of time and effort) in order to be fully appreciated and to bring 'joy' to the performer of the activities ("consumption skills").

.3.1 Creative goods in Hawtrey's original version: economics cannot be dissociated from ethics

The terms and categories of defensive and creative goods are, Scitovsky reminds us (1976, p.108 ff.), taken up from Ralph Hawtrey, another Cambridge economist.[16] In the Preface of his book The Economic Problem (1925),[17] Hawtrey wrote: 'Existing economic doctrine has or is apt to have two serious shortcomings: it presents too abstract a view of human nature, and it evades the question of the true end of economic action. […] In the treatment of human nature, the "economic man" has long become a by-word. Nevertheless economists, even while apologizing for him, continue to use him. Up to a certain point he is a legitimate abstraction.[…] But conclusions drawn from his characteristics, though they have their intellectual fascination, go a very little way towards settling practical questions. Apart from the economic

[16] A biographical detail that we can draw from Keynes's Memoir is that Ralph Hawtrey was related to Marshall since they had a common ancestor. Recalling this genealogical connection – and revealing his Cambridge-centric perspective – Keynes wrote: '[…] Alfred Marshall was third cousin once removed to Ralph Hawtrey, author of *Currency and Credit* - so there is not much in the true theory of Money which does not flow from that single stem' (Keynes 1924: 311, fn. 4). Paraphrasing and adapting Keynes's claim, we could say that there is not much in the original analyses of creative goods and activities in economics that does not come from 'that single stem'.

[17] There is a little puzzle in the story of the publication of this book. The work was published in 1925 with the publisher Longmans, Green and Co. This first edition was followed by what appears simply as a reprint in 1926 with the same publisher. The two texts and versions appear identical in contents, and total number of pages, but strangely enough in the 1926 book there is no reference to the 1925 edition. Many scholars working on Hawtrey cite his book referring to the 1926 edition, but Scitovsky (1985), for example, refers to the 1925 edition.

man, the psychology employed by economists is almost entirely empirical. Yet psychology has in recent years made great progress, and has particularly been brought into closer touch than ever before with practical life. Some aspects of this progressive and vital science can, I believe, be applied fruitfully to economics. In this book I have endeavoured to give them their proper place. […] The intrusion of ethics and psychology into economics does not mean that the subject is to be lifted nearer the clouds. On the contrary the reader will understand from the foregoing remarks, and will, I hope, be convinced by my book that it brings the subject into closer touch with the facts and interests of practical life' (Hawtrey 1925: Preface, vii-viii).

Hawtrey was decidedly in favour of the multidisciplinary character of economics: he firmly believed that it was only in 'intimate relation' with other disciplines like psychology, ethics, history, geography and anthropology that economics 'can make real progress and exercise a great guiding influence over human life' (Hawtrey 1925: Preface, ix).[18]

Hawtrey introduces the notion of defensive and creative goods about halfway (Ch. XVII, 'Objects of consumption', Hawtrey, 1926, pp. 189 ff.) through his major work on the economics of institutions, in the part dedicated to Wealth and Value, and in the context of a particularly stringent critique of the economists à la Jevons, defined by him as "Classics", and of analytic constructions of a utilitarian bent: "The consumer expresses his preferences in the prices he offers, and the things he chooses are thereby constituted ends. He knows best what he wants and no one has the right to challenge his choice. This detachment from criticism, thought it may be a salutary example for a meddlesome Government, does not really correspond to the normal attitude of any human being, and particularly of any seeker after truth, towards his fellow men. To many people it was attractive because it seemed to dissociate economics from ethics. Although it may be justified by an appeal to utilitarian ethics, it could, on the other hand, equally well be defended as a disavowal of any system of ethics whatever…Economists are proud to claim that theirs is the most exact branch of social science. The intrusion into it of the vexed question of ethics, with the vast amorphous phantoms of metaphysics looming in the background, would soon make an end to that claim…But economics *cannot* (his italics) be dissociated from ethics. Those who say that wealth or utility is the end of economic action are committing themselves to ethical propositions, which are open to challenge and need to be defended and justified" (Hawtrey, 1926, pp.181-184). On this latter point, Hawtrey also criticised Pigou, who had recently published his *The Economics of Welfare* (1920). Hawtrey recognised that the separation between economic well-being (directly or indirectly open to monetary

[18] It is to be noted that in those years some works started to investigate the question of creativity in psychology and science (see, e.g., Wallas 1926, Whitehead 1927-28[1978]).

measurement) and non-economic well-being is essentially due to (justified with) the pragmatic utility ("utilitarianism is a philosophy of practical aim"; Hawtrey, 1926, p.184) of singling out "that part of welfare where there is present something measurable on which analytical machinery can get a firm grip" (Hawtrey, 1926, p.184; Pigou, 1920, p.11, second edition). He also accepted (and appreciated) the distinction between intensity of desires and intensity of satisfactions (preferences are now determined by desidereness), but held that ultimately the distinction could make no difference in changing the essential outcome of the Pigouvian approach with regard to the aspect he was concerned with: "In identifying welfare with satisfactions Professor Pigou is implicitly assuming in the individual a disposition to prefer the greater good, just as the hedonist assumed a disposition to prefer the greater pleasure. The former assumption is no closer approximation to the truth than the latter, and we cannot adopt it. We must reserve our freedom to say whether and to what extent any particular kind of satisfaction is to be regarded as welfare" (Hawtrey, 1926, pp. 184-185).[19]

On this point Hawtrey does not suggest adopting any particular ethical system, but rather enunciates a criterion to guide analysis, which he considers sufficiently general. If any system eventually clashes with what he calls the "common ethical judgements of mankind" (Hawtrey, 1926, pp.186-187), a process is brought under way to reformulate the values, eliminating inconsistencies and irrationality. As an example he takes the case of J.S. Mill's revision of the Benthamian stances, bringing in the notion of "higher" rather than "greater pleasure".[20] These considerations, with the well-known example, open the way to "bring the conclusions of hedonism into conformity with common ethical judgements – they admit that poetry is better than push-pin, and try to explain it by saying that, though the quantity of pleasure appears to be equal, it is not really so"(Hawtrey, 1926, loc. cit). Finally, on the question of choosing between what is good and what is bad, Hawtrey argues his way out of the otherwise inevitable "uncritical acceptance of each man's judgement of his own ends", invoking those "feelings of approval and disapproval on the ends to be sought" held to lead eventually, and not without frictions and considerable differences of opinion, to

[19] Subsequently (see, e.g., Pigou, 1920 fourth edition, 1938, p. 17, note 3) Pigou responded to Hawtrey's criticism without, however, touching on the essence of it, arguing that the difference between his position and Hawtrey's is merely "a matter of words". "Whether it is better of two equal satisfactions, that one may in itself contain more good than the other, or to say that in themselves, qua satisfactions they are equally good, but that their reactions upon the quality of people enjoying them may differ in goodness, is chiefly a matter of words…". In reality Hawtrey's criticism appears to go far deeper while Pigou's response seems essentially to illustrate an analogy between the two lines of reasoning at the level of consequences – of effects (reactions) that may not be "good" in some cases although they derive from equally good satisfactions. For Hawtrey, on the other hand, the point is that individuals can make bad choices if they are inclined towards unethical activities: it is not the effects that count, but the aims in themselves [...].

[20] On Mill's view of Bentham as having effectively proved that poetry is better than the game of pushpins, see the classic text by G. E Moore, *Principia Ethica* (1903) [Italian edition 1964, Bompiani, pp. 145 and ff.]. For an analysis of the influence of Moorian philosophy on Hawtrey's theoretical system, see Hirai (2012).

a sort of sharing of objectives: "the economic problem, being concerned with the joint action of human beings, must be concerned in some sense with joint ends. If each individual who participates aims only at what is good for himself, that must be because a joint end can be found, which somehow includes the good of himself *and that of his neighbours"* (emphasis added). He goes on to observe: "For one who studies the economic problem must be presumed to be interested in the ends to be sought and to be attained by people *other than himself* (emphasis added). He is so interested because he *has* (author's italics) these feelings of approval and disapproval[…]. In so far as other people have similar feelings […], he and they will find common ground in search of a solution." (Hawtrey, 1926, pp.187-188).

2.3.2 Creative goods in Hawtrey's original version: products or production activities?

Having, then, established that welfare includes "all those experiences which possess ethical value in themselves, or, that is to say, are *good as ends* (author's italics)*",* as emerges from the above analysis, the next issue for Hawtrey to address is "to examine products to which the economic activity of mankind is devoted and to find to what extent they promote welfare" (Hawtrey, 1926, pp.189). Here Hawtrey refers to experiences (activities?) as constituents of welfare, but turns the focus of his analysis onto the goods (objects?), in the sense of consumption products, able to promote it, distinguishing between goods designed to prevent or allay "pains, injuries and distresses" (op. cit.; loc. cit.) and goods intended to provide "some positive gratification or satisfaction"(op. cit.; loc. cit). In short, the distinction is between defensive goods and creative goods. Structurally, as it were, the function of the former can at this point be seen as serving "compensative" ends (they add nothing, but remedy some harm or deficiency), while the latter serve "additional" ends (something extra, in addition to what is already available). Up to this point ethical judgement is suspended and no distinction is made between consumption effects at the purely individual or collective level. The author makes it immediately clear that the two classes of products are neither mutually exclusive nor exhaustive, and that often one and the same product serves the two types of purposes. Taken as an example here is food, which can respond to different needs in the two cases: it can simply "guard against hunger, ….and ultimately death by starvation" or, as a creative product, "different kinds of food are designed to give the consumer positive satisfaction". At this point it seems that Hawtrey's argumentation begins to creak, as it were, due to a certain inconsistency which emerges between the use of the terms and the meanings they take on within the same line of argument. "The pleasure that arises *merely* (author's italics) from the removal of distress cannot be regarded as constituting the product that occasions it a creative product. But it is often possible by a suitable *adaptation or elaboration* (emphasis added) of the product to procure much more pleasure than the satisfaction of the need alone would yield. Then the product will become creative" (op.cit.p.192). Thus it appears that in Hawtrey's argumentation

it is by virtue of that activity modifying the product which is decisive in transforming food from defensive good to creative good, rather than the actual characteristics (organoleptic, physical-chemical, etc) of the product as such, that the transformation is possible – not so much products as production activities. As we will also see a little later on, Hawtrey often develops his argument along these lines, but without making precise and explicit distinction. Moreover, it is this concept of the distinction between products and forms of satisfaction that Scitovsky was, in fact, to adopt (1976, pp.108-112) to distinguish between creative and defensive.

While we are on the subject of food there is an important conclusion which we can draw from Hawtrey's line of argument on the "defensive-creative" taxonomy where he identifies amongst the joint ends, or at least part of them, a distinctive aspect of creative goods which seems in fact particularly characteristic of Hawtrey. Let us take the case of Epicurus (p. 199). Having pointed out that he was gifted with faculties that few enjoy, namely discrimination in taste and in the potential of culinary creativeness and elaboration, Hawtrey goes on to conclude, however: "But it must be admitted that the prevalent verdict would be that the refinements of eating and drinking, *especially if separated from conviviality,* are not very worthy aims of human endeavour" (emphasis added).

2.3.3 Defensive and/or creative: Leisure time vs. Idleness

Food also offers a good example to bring out another particular aspect Hawtrey finds in the transition, so to say, from defensive to creative (op. cit. pp.189-190). Although both types of goods serve to satisfy needs, in the case of the defensive kind "no imaginative effort from within or prompting from without is required to awaken the need. In the case of the creative product, on the other hand, the need can only arise from *a knowledge of the possibility* of the product" (emphasis added). Essentially, in the two cases the difference in terms of want of information lies in the fact that, in the case of the defensive goods, past experience is necessary but sufficient to foresee the need, while in the case of creative goods a further effort of the imagination is necessary to conceive of the "future" potentialities of need and the appropriate goods to satisfy them. The idea that defensive goods are basically "compensative" while creative goods are "additional" is effectively illustrated by the author when he deals with "leisure". According to Hawtrey (op.cit.pp.190-101), "leisure" "like money, is a form of power, which people covet without necessarily having any clear idea of what use they wish to make it". Here there is a striking difference from the position that would be taken by Scitovsky in arguing that leisure has proved a source of greater potential for cultural creativity in developing societies (see section 3 below). Actually, the two authors arrive at different conclusions solely on account of the different "contents" with which the leisure time "container" must or can be prevalently filled in the cases they consider: leisure time can be acquired (or wasted; again

we think of Scitovsky, Scitovsky, 1959, here) in various ways and then "used" in different ways. As for Scitovsky one may figure in mind as an example, Jean Paul Sartre and Simone de Beauvoir having tea at the Café de Flore.

Hawtrey, on the other hand, might well be illustrated with a theme typical of the 19th-century imagery of late Victorian Neoclassicism, "Dolce far Niente", sweet idleness, recurrent in pictures by painters such as John William Godward (1861-1922) and evocative of leisure with apparently defensive contents.[21]

Actually, Hawtrey eventually (pp. 190-191) provides guidance in assigning any form of leisure to the respective category with a telling contrast: "It is possible for a rich man to incur heavy expenditure […] securing the minimum of discomfort and the maximum of leisure […] stock of furniture and clothes, a staff of servants, a large house and many other possession. But the whole yields no positive good: it merely brings him to the zero point, at which he is suffering from no avoidable harm. He has weeded his garden, and still has to choose what he will plant in it, before he can be said to have made anything at all of his life."

Scitovsky (1976), in turn, was later to return to the possibilities and abilities the individual may have to "choose what to plant in his garden", developing the "twofold distinction between comfort and stimulation" (p. 109).

3. Creative goods and creative activities in relation to consumers' satisfaction in Scitovsky's analysis

This section focuses on analysis of Scitovsky's treatment of the issue of creativity, in the article 'What Price Economic Progress?' (Scitovsky and Scitovsky 1959) and in his main book *The Joyless Economy* (Scitovsky 1976, 1992).[22] In particular, the section dwells on the problem - mentioned in the introduction - of the coexistence in Scitovsky of a normative and a positive approach to the question of the distinction between 'creative' and 'comfort' goods and activities.

3.1 Creative culture, economic development and the Baumol effect in Scitovsky and Scitovsky (1959)

Scitovsky's first interest in the question of creativity, curiously enough, came from, so to say, a 'practical' rather than a 'theoretical' concern. In the article written together with Anne Scitovsky (1959), the

[21] In this connection it may prove interesting to compare R.L. Stevenson's book (1877) on the merits of idleness with Bertrand Russell's essays on creative leisure time (1935).

[22] For a deep analysis of Scitovsky's contribution to the understanding of the mechanisms of consumer satisfaction see Bianchi (2003), and more recently, (2015). For a searching investigation of Scitovsky's theoretical framework in relation to the recent literature on happiness and well-being, see Pugno (2013, 2014).

two authors pointed out the existence of negative implications for creativity and, consequently, economic development due to the economic progress, which in those years, in particular in US society, took the form of mass production and consumption. They also suggested, as we shall see, some policy prescriptions to prevent (or limit) these negative consequences.

In general terms the Scitovskys refer to "important cultural implications" (p. 96), due to the distorting effects on costs, prices and wages that the gaps in increases in the rates of productivity and earnings in the "laggard" and " progressive" sectors can entail. The effects are to be seen in the rising prices of goods particularly sensitive to increased labour costs (due to competitive pressure amongst the sectors) including, above all, "personal services" and leisure time. This, according to the authors, has significant cultural effects. To cut a rather longer story short, if we concur with the authors in recognising: a) that this rise in the prices of personal services is associated with a reduction of spare time, now in part being dedicated to "do-it-yourself" personal services (typically housework and repair jobs) which have become less affordable; b) that the impact is particularly marked in the case of members of the professional classes (businessmen, managers, officials and professional people); and if it is believed that c) that "…leisurely contemplation and "idle" speculation seem to be necessary conditions of creative intelligence …", and, again, that "the professional classes being the best educated are the best able to make intellectual use of their leisure", thereby acknowledging that "…most of the political, cultural and technical progress of the past has been their achievement…"; then we can only conclude that d) "…A diminution in the amount of leisure available to them must therefore be regarded as undesirable from society's point of view" (pp. 100-101). Essentially, in the original, and indeed truly original, food for thought they offer on the effects of the gap between the rates of increase in earnings and productivity shown by the laggard or progressive sectors, the Scitovskys' attention was not focused on the "arts",[23] but rather on the "cost" that the change from this gap brought about in the personal services and leisure price structure would have in reducing the intellectual creativity potential of the classes held (by the authors) to be, historically, the most productive (in total).

Note that the Scitovskys specifically mention, alongside leisure and personal services, as services whose prices have risen through the effect of stagnant productivity public urban transport, telegraphic and postal communications and indeed most of the administrative services supplied by the government (Scitosky and Scitovsky, p. 102). Oddly enough, the authors make no specific mention of health services, but there may be a good explanation for this. It is, however, odd for at least two reasons: to begin with,

[23] In two subsequent papers (Scitovsky 1972; and Scitovsky 1983) Scitovsky specifically focused on the 'arts' and cultural policy.

Anne Scitovsky was at the time already establishing a reputation as health economist, dealing specifically with disease costing.[24] And it appears even odder in view of the fact that the health sector has since come to be recognised as a sector typically afflicted by the Baumol effect (Baumol 1993). It may, however, be accounted for with the fact that public intervention in health was relatively limited in the United States in those years[25] and might still not have been perceived as a "serious" case of cost disease. It is, moreover, all the more understandable when we consider that the topic had little specific relevance to the issue that appears to lie at the very heart of the Scitovskys' consideration, namely the diminishing potential in cultural creativity (political and technological) of the intellectuals as a class, and the decline in the quality of cultural production (again, political and technological), which may be associated with the initially impetuous (1960) impact of mass production. This might account for the apparent paradox, lying in the failure to diagnose the "effect" in what was to become a textbook case on the part of researchers who were not only particularly well qualified to arrive at the diagnosis, but had in fact been the first to detect its possible existence.

This crucial point, namely the effects generated by economic progress in terms of decline of the intellectual creative and cultural potential of the "learned professions" associated with "leisure time", is further argued out by the Scitovskys (1959, pp.102-106) on the basis of three other relevant considerations. The first concerns the reduction in working hours brought about in the "progressive" sector (with consequent increase in leisure time), but with scant or nil benefit in the case of the "learned" professions. A further significant point lies in the conviction that the "learned profession" sector has seen a sharp fall in earnings as compared with the other sectors due, on the one hand, to the productivity differential and, on the other hand, to labour market conditions for the "learned" professions with, among other things, an apparent increase in the volume of supply.[26] According to the Scitovskys, the consequent reduction in the relative share of national income is reflected in a reduction of the relevant demand, and thus in the weight attributed to the tastes and preferences of this class: "If we regard professional people as cultural leaders of our society, then their loss of influence over the decisions that affect production must be considered a *loss to society*" (Scitovsky and Scitovsky 1959, p.103, emphasis added). This contrast between the cultural

[24] Her association with the Palo Alto Medical Research Foundation as researcher dates to 1963; exemplary of her work in those years is the now classic Scitovsky A. (1967).

[25] The OECD Health Data 2010 put at 23% the share of public spending in the total health expenditure of the USA in 1960, as compared, for example, with the 85% of the UK, where the NHS had been in place for some time while Medicare and Medicaid were only to make their appearance in the USA in 1965.

[26] Here, obviously, we come to a fundamental difference between the version by Scitovsky and Scitovksy (1959) and the version by Baumol and Bowen (1966) of the effects of the gap between sectors since, according to the latter, the salaries for the sectors where productivity does not grow nevertheless increase following the trend of the "progressive" sectors.

effects of the influence of the types of preferences of the two consumer groups for society as a whole appears all the sharper with reference to the qualitative decline of certain products for which, competitive pressure no longer prompting "technical advance", the profit incentive is pursued solely in the direction of mass production, with lower costs, inferior quality, poorer standards and limited variety. For example, looking to the film industry the authors observe: "The economics of the mass market are such that it is almost always more profitable to cater to the tastes of the unsophisticated majority than to those of the sophisticated minority…Thus, the cinema catering to a mass audience, provides entertainment designed to appeal to a large, unsophisticated public" (Scitosky and Scitovsky 1959, pp. 104-106). Much the same applies to newspapers: " …to appeal to a wider public means lowering intellectual standards, which in this case implies promoting to the front page crime, divorce cases, and gossip, and leaving out an increasing proportion of serious political and foreign news" (op.cit., loc.cit.). Finally, the authors turn to the political and psychological effects which they see as deriving from the increased specialisation and technological complexity of the advanced economies. At the political level, the role and weight of democracy understood "as a rule of dilettantes" (not in the derogatory sense, but taken positively in the sense of individually committed and enthusiastic practice)[27]; and this transformation of intellectuals into technicians "makes the professional classes abdicate to an increasing extent their traditional role of upholders of political liberties" (Scitovsky and Scitovsky, p.107). In psychological terms, the authors point out the effect of increasing isolation of individuals from their environment and their "fellow human beings" (op. cit. loc. cit). Coming to their conclusions, the authors summarise their aim as an endeavour to expose some of the consequences of economic progress which, they hold, have contributed to diverting it from the path "envisaged by the eighteenth-century believers in progress" (Scitovsky and Scitovsky 1959, pp.110). They do not deny the "real benefits" of improved standards of life and distribution that come with economic progress, but they recognise the need to pay a price for this, stating their intention to identify and define the nature of this price. "The question we wish to raise in closing is not whether the price is too high but whether it has to be paid, and be paid in full." Seeking to answer this question and supply some policy prescriptions, the authors distinguish between the problems associated with the "technical complexity of our civilization and the organization of society and economy in large economic units", each having, as we have seen, psychological and political effects. These effects are deemed "unavoidable", and thus, for this

[27] Incidentally, let us remember that in the Anglo-Saxon cultural tradition dating back more or less to the 18th century, the "dilettante" was generally a member of the leisured classes who dedicated himself/herself to study of the arts or sciences with notable seriousness and disinterestedness. The qualitative element lay solely in the scholastic interest in art or science (the term arrives from the 17th-century Italian "dilettante": "Altro diletto ch' imparar no' trovo…" [Learning is my sole delight]. A typical example of a "dilettante" can be seen in the British ambassador to Naples (1790) William Hamilton, recognised for his studies on volcanology and "antiquities" (S. Sontag, The Volcano Lover,1992).

part of the question, the answer would seem to be: yes, the price must be paid in full. But for the (cultural?) effects on the relative prices, earnings and profits which, according to the authors, are characteristic of the economic systems where market forces have had "free rein", the answer seems to be different: "those consequences…can be mitigated or avoided by subsidizing certain activities or services or by taking them out of the realm of the market altogether".

Here the authors take the case of the University Presses, which, subsidised by various sources, publish works of cultural and scientific importance that are not, however, profitable from the commercial point of view. They go on to consider how comparable objectives are still pursued in the United States by non-profit organisations and foundations funding essential research, hospitals, and educational or cultural radio and television, while in Europe these services are often provided by public bodies. They conclude by acknowledging that the need for public intervention in order to modify, supplement or supplant the market in certain areas has always been recognised: in this respect they aimed in this work to demonstrate that "economic progress renders this need even greater and widens the areas where it arises."

Considered in the light of the final part of the authors' analysis, this conclusion is of course perfectly acceptable and appropriate. However, the impression remains that the conclusions fail to come up with an answer in adequate analytic terms for the first part of the analysis – the most interesting, being the most original (considering also the historical background and the attitudes then prevalent) – regarding the effects of economic progress on the creativity potential of the learned classes associated with leisure time. Here the problem of if and how to intervene, focusing on creativity as an original line of policy, seems to have been brushed aside. The conclusions on public subsidy to culture highlight the issue of resisting and tackling the massification of consumers' tastes and preferences, the effects of poorer quality standards, and the vulgarisation of consumption behaviour: it is as if "reserves" were being created to save areas of "cultural grazing" facing annihilation. Nothing, however, is said of the "draining", the "drought" that would otherwise be the fate of what had previously been identified as the principal individual "fountainheads" of cultural, political and social creativity. Perhaps it was too soon for proactive contributions on such a complex issue;[28] now, of course, we know that it was a matter of waiting for *The Joyless Economy* to come out. As a preliminary conclusion, however, it is, at this point worth noting the marked similarity in analytic angle between Scitovsky's approach, as early as 1959, to the central role of humanistic culture in "What price economic progress?" and the particular weight that would be attributed to it in the

[28] It seems fairly clear that only the conclusions on public intervention with subsidies to NPOs in Scitovsky and Scitovsky (1959, p. 110) come fairly close, given their generic nature, to the conclusions of Baumol and Bowen (1966) on public subsidy for the arts.

architecture of *The Joyless Economy* (Pugno 2013, 2014) with formulation of the concepts of novelty and boredom (owing much to the original approach of Hawtrey, as we have seen above).

3.2. The Joyless Economy: a comparison between the three editions, 1976, 1977 paperback and 1992.

We start our analysis of Scitovsky's distinction between creative goods and activities as opposed to the defensive ones by comparing the main changes Scitovsky made to the *Joyless Economy* in its different editions: the original hardback 1976, the first paperback edition 1977 and the revised edition 1992. We consider this exercise useful to understand the evolution of Scitovsky's thought and attitude on this issue over time. In particular, we consider these changes in relation to the reactions generated by the publication of the first edition of his book. The main differences between the different editions are to be seen in the Prefaces, which were changed throughout, and the addition to the 1992 edition of a final chapter 'The end of sexism' (ch. 14) and of an Appendix entitled 'Culture is a good thing'.

3.2.1 A comparison between the Prefaces of the three editions

For the first paperback edition, published by Oxford University Press in 1977, Scitovsky wrote a new preface that preceded the preface to the 1976 first edition (hardback edition).[29]

In this new preface, Scitovsky seems anxious to give the readers some guidance in approaching the book, once it had became accessible to a larger audience, worried as he was that readers who had not had the patience to read the first part of the book (i.e. pp. 1-147) could misunderstand the second part and see it as "an ex-European's elitist, snooty critique of America Ways. Nothing could be farther from the truth" (Scitovsky 1977, p. vii). To avoid this risk, Scitovsky makes explicit what was the true interest and final intent of his work, which was to be understood as very far indeed from any kind of 'snooty critique'. He clarifies that in writing his book he was moved by the need to understand what might account for his growing perception/conviction that "a whole generation of young Americans become disaffected and disappointed with the way of life and high standard of living of their parents' generation". The thesis that Scitovsky would develop in his work is that the pursuit of a "good life, however freely and rationally chosen, may yet lead to frustration and a feeling of emptiness". The main motive of this paradox – i.e. affluence, well-being, increased leisure time (thanks to technological progress), that do not lead to any increase in life-satisfaction – lies, he would argue in the book, in the limits of the human capacity for satisfaction and in the inadequate solutions offered for the conflict between comfort and stimulation, which can represent alternative forms of satisfaction. In particular, activating stimulation through

[29] The 1977 paperback edition contains a 'Preface to the paperback edition' (pp. vi-ix), which is followed by the Preface (dated 1975) to the first edition 1976 (pp. xi-xvi).

discerning consumption, making good use of leisure time without lapsing into boredom, was, in the United States, at the time Scitovsky was writing, very costly in terms of time and active effort, and still hamstrung by 'ethical values' rooted in the Calvinistic approach to work. On the other hand, for historical and traditional reasons Europe had accumulated a culture and heritage in this active effort by virtue of which it could be exercised at less cost and on a relatively wide scale. Conversely, the same reasons, history and tradition - according to Scitovsky - were responsible for the lack of interest in such activities in the United States. Scitovksy points out that the book deals mainly with these causes, and analyses their origins in both the historical and the moral sense, with the aim of suggesting active behaviours which can make for a good life less empty and richer in satisfaction.

For what particular reasons did Scitovsky feel the need to justify himself against the accusation of fabricating an 'elitist critique' of the American style of living? The answer is to be found in the reactions the book received from both critics and public after its appearance (see section 3.2.5 below). Furthermore, in the Preface to the first edition (which also appeared in the paperback edition), Scitovsky had explained at length the difficulties he had come up against when he started his research on these themes. He came up with a touching defence of his effort, which helps to understand the hostilities and misunderstandings his work met with at the outset. Among other things, he makes explicit reference to the lack of interest and the absolute indifference shown by the potential funders. Interestingly enough, this part disappeared in the 1992 revised edition, which also bears a different subheading: 'An Inquiry into Human Satisfaction and Consumer Dissatisfaction' of the first edition becomes 'The Psychology of Human Satisfaction' in the 1992 edition. The tone becomes correspondingly lighter and – a particularly significant point – the focus on consumer 'dissatisfaction' disappears, despite its central place in the original structure of the work. The change in the subheadings in transition from the 1976 to the 1992 edition testifies to Scitovsky's intention to eliminate any reference to or echo of a prevalence in consumption choices in individual behaviour deemed reprehensible by the author or open to censure from a functional or value viewpoint. Thus it should be interpreted not in merely stylistic terms but as a change in the way Scitovsky meant to present his work to the public, devoid of any moralistic undertones.

3.2.2 Preface to the revised edition 1992

The Preface to the first edition 1976, as it appears in the revised edition of 1992, is only part of the original Preface of the 1976 book.[30] Close perusal reveals, for example, that the description of the content of the book stops at chapter 6 of the 14 chapters (13 of the 1976 version, plus chapter 14 and the Appendix on culture), even though scattered references to the content of the remaining chapters are

[30] It contains only two of the five pages that appeared in the original 1976 edition.

contained in the second part of the preface. The pages that were completely eliminated by Scitovsky in the Preface to the 1992 edition – probably with the aim of reducing its polemical tone - are those referring to the enormous difficulties he encountered in carrying out his work and making it acceptable, if not commendable, on the various occasions he had to submit some excerpts from it to his academic colleagues. Worth noting in particular is the elimination of the references - present in the Preface to the 1976 edition and retained intact in the 1977 paperback edition - to the refusal to fund his project or give it even so much as formal support by "just about everybody, from the National Science Foundation on down" (Scitovsky 1977, p. XV).[31]

What were the reasons for these difficulties recorded by Scitovsky?

One obvious explanation could be based on his critical approach to mainstream consumer theory and the standard theory of choice in general. But in the mid-1970s he was certainly not the first to have raised some criticism against the standard approach to decision-making (e.g. Leibenstein 1976, Loasby 1976). Although very innovative and interesting for its historical and sociological perspective, his position should after all have been seen as a well-argued critique of the theory of revealed preferences, and surely could not have represented an isolated critical voice in the discipline at that time. Therefore the reasons for the negative reception of his work are to be sought in other, different factors. We can suggest at least two. One specific motive of suspicion toward Scitovsky's analysis is that his criticism of the standard approach was conducted on a ground, psychological and sociological, which was not acceptable as serious according to the criteria of the economic theory of the time (1970s).

A very different situation characterized the discipline at the beginning of the 1990s, when the revised edition of *The Joyless Economy* appeared. With the development of experimental economics and application of the techniques and tools of the psychology in the field of economics a research project like the one suggested by Scitovsky (to investigate the psychology of consumer satisfaction) should have appeared feasible and even worth doing.

The second explanation has to do with the oscillation of Scitovsky's analysis between an explicit and implicit normative character. Scitovsky's position - when his book was first published - should have appeared as a strong critique on a moral plane of the outcomes of the 'Affluent Society' and its historical and cultural foundations (the Protestant ethic and so on), but without moralistic censure being openly

[31] Although there are also some acknowledgments addressed to friends and colleagues who showed some appreciation of the first versions of his book, what remains evident is his feeling of a general hostility toward a work which, in his opinion, showed so many elements of novelty as to appear to most of his colleagues hard to accept: "After all, some great achievements of human spirit were also too new for their day and encountered violent hostility at first" (Scitovsky 1977, p. XV).

expressed. Unlike Hawtrey, who in his opposition to Pigou attempted to bring out (albeit failing to prove fully convincing) the fundamental connection between ethics and economics, establishing that some things (such as, creative goods) should be pursued since they were to be considered as 'good' from the very outset, Scitovsky, on the other hand, seemed to want to convince his readers that what they might see as good from the outset ('defensive goods') were in fact not so, once the issue was analyzed more carefully and with less cultural myopia. The normative message – in Scitovsky's perspective - was that eventually the activities related to creative goods should be pursued increasingly and those related to defensive goods reduced since it is the former – and not the latter – that can offer the greater chance of novelty and, therefore, satisfaction. In other words, the impression is that Scitovsky tried to derive from a positive new theory of consumption grounded on the innovative concept of novelty and its role in the production of individual satisfaction some indications, if not policy prescriptions, on consumption behaviour of a fundamentally normative nature. This position, which we might define 'crypto-normative', could explain why Scitovsky's approach irritated the public and the contemporary economists, because of the *implicit* paternalistic criticism of ways of living and consuming which were typical of American society. The presence of this paternalism,[32] while not always clearly manifested, appears more explicitly in Ch.14 and the relative Appendix on culture added to the 1992 revised edition, as we shall see.

3.2.3 Chapter 14 of the 1992 edition

Apart from the changes to the Prefaces (which we have already analyzed), the 1992 edition of the book contains some additions, namely a brief Ch. 14, which basically introduces a new part, the Appendix "Culture is a good thing". The chapter also contains two points which are relevant to our analysis and were not touched on in the previous chapters. First, Scitovsky turns the focus on and discusses the substantial increase in do-it-yourself activities as an example of work undertaken for its own sake. Secondly, he analyzes the increasing affirmation of Women's Lib (basically the increase in the female participation rate), and its revolutionary effect on the traditional division of labour within the couple between the specialized activities undertaken by men and women's generalist activities, together with the possible impact on rethinking and restructuring the values men and women associate with these activities. These changes are taken as examples of the transitional nature of society – in relation to the problem of pursuing and developing the good life – at the time the revised edition was published.

[32] The question of paternalism in Scitovsky's analysis is still open to discussion: see, e.g., Sugden 2013, Collewet 2014, Bianchi 2003, 2015. We note here that notions of paternalism may differ according to alternative analytical approaches (i.e. either consequentialist, or liberal or anarchic à la Nozick) in which each notion can properly be placed. Although generally surrounded by a sort of stigma and often loaded with an implicit negative connotation in public discussion, paternalistic actions are not necessarily 'bad things', when examined within their proper analytical frameworks and weighted for their peculiar merits or demerits in each specific case (Bariletti, 1993).

In the final part of the chapter Scitovsky is particularly critical in detecting the factors which, in his view, prevent achievement of a better equilibrium between defensive and creative consumption. He returns to the negative role of the Protestant ethic (with its economicistic ideology) and its effects on this equilibrium, which made it impossible for the majority of people to see the advantages to the individual and society as a whole of a life style "less austere and more frivolous". In other words, Scitovsky seems to develop his arguments in two logical steps. First of all, he argues against the Calvinist ethics of work and accumulation of money, in favour of delimitation (reduction) of working time to the advantage of leisure time, which is a *pre-condition* for developing activities that can be beneficial to well-being; secondly he reflects on the question of how this leisure time should be used, and this is the theme that, starting from Mill's reflections on the 'Art of Living' and passing through Keynes, becomes a major issue. The big question is: is the ordinary man able to occupy his spare time in such a way as to obtain more satisfaction and happiness? And it is precisely at this point in Scitovsky's analysis that the distinction between creative and defensive goods/activities comes into play and takes on a key role. In fact, the Appendix 'Culture is a good thing' is dedicated to precise exposition of this distinction and the ways in which people can increase their satisfaction.

3.2.4 The Appendix 'Culture is a good thing', 1992 edition

This Appendix where Scitovsky discusses culture in an economic perspective (cultural consumption) is important in at least three respects. First, it contains some elements that are useful to clarify the nature of the distinction between creative and defensive goods in Scitovsky's analysis. Secondly, it contains some qualifications regarding Marshall's contribution to the issue, which can bring further light to bear on the difference between Scitovsky's approach and that of his precursor. Thirdly, it contains a presentation of Scitovsky's views on culture, within a normative framework (explicit, one could argue, from the title). In this context cultural (as a *typos* of creative) activities are to be preferred because they possess the particular quality of producing positive external effects (and not simply because they do not produce negative external effects).

In 1988 Scitovsky presented to the Fifth Annual Conference of the Association for Cultural Economics an Address in which he underlined the economic advantages of culture at both the individual and collective levels. The paper then became the Appendix on culture which he decided to add to the revised edition of his main work. Here Scitovsky, quoting Marshall, considers the 'activities pursued for their own sake' (*apftos*) as a crucial component of 'culture'; he then goes on to attempt to explain why Marshall was unable to include this notion functionally in his theoretical system. According to Scitovsky, Marshall failed to see the productive potentiality embodied in them because he was too focused on the

concept of productive work (in the sense of work rewarded with money), from which cultural activities – being activities undertaken disinterestedly - should be excluded by definition. In Scitovsky's view *apftos*, on the other hand, are equally productive since they provide satisfaction to the 'passive consumers' of their outcomes, such as people who go to concerts, museums, or owners of paintings, and so on. This remark by Scitovsky, in fact, does not seem to get to the heart of the analytical distinction between creative and defensive goods. The relevant aspect, on the other hand, seems to be that there are productive activities that are rewarding for those who undertake them but also for those who, in various ways, consume their outcomes, with degrees of satisfaction much higher than other productive activities (rewarding only in monetary terms). Examples of the former are: architecture, design, university lectures, cooking, gardening, literary creation, films, concerts, products of the figurative or performing arts, embroidery, fashion creations, athletics, swimming and other sports (they are in fact activities of production and consumption that deal with goods of a mixed character, defensive-creative, as in the original terminology and in the examples suggested by Hawtrey).

Much more interesting and helpful, in relation to his analytical aims, is the distinction that Scitovsky suggests later on between three different types of productive activities.

The first type is the work essentially provided in exchange for monetary remuneration. The benefits of this activity are enjoyed mainly by those who pay the worker to compensate him for the disutility entailed for him by the work effort, even though in some cases the nature and organization of work are such as to produce some satisfaction for the worker, too.

The second type of activity is diametrically opposite to the former. It consists in antisocial behaviours (war, crime, any kind of violence). Those who undertake these activities derive some benefits from them, while the costs are borne by others. According to Scitovsky, in the case of paid work the benefits are greater than the costs, while the opposite holds for the second type of activities. For the latter, a fundamental element is the time-horizon: the benefits to the performers are of a short-term nature while the costs inflicted on the victims are long-term.

Finally, the third type comprises all the activities "that give satisfaction and pleasure all around" (loc. cit. p. 294), without causing any damage or burden to anyone. These are activities which appear to be - in this original formulation by Scitovsky – at no cost, either internal or external. Culture, for Scitovsky, is an integral part of these activities motivated essentially by "love, which our civilization regards as the greatest good and learning for its own sake, for the wisdom and insight it leads to". According to him "culture is a labor of love, performed not for love of the person who benefits, but for love of the activity itself". Beside this distinctive element of culture (to produce benefits "all around"), the other very positive effect lies in its

capacity to crowd out previous or potential anti-social activities, thanks to its ability to satiate individual's needs for arousal and emotions. As a further step, Scitovsky raises the question of how to motivate people to choose beneficial, cultural activities instead of anti-social ones, of "how to induce that ever larger segment of the population that has more time and energy on its hands than it knows how to use, to devote its excess time and energy to music, acting, painting, sports or some other benign occupation rather than to drugs, rowdyism, cruelty and violence" (Scitovsky 1992: pp. 295-296).

To be noted here is a sort of ambiguity on the part of Scitovsky, who does not sufficiently distinguish between two different notions of culture, which we can define respectively as 'active culture' and 'passive culture'. He seems to pass from one to the other according to the drift of his argument, but in fact they represent two different types of activities, in relation not only to the ways in which they are exercised, but also to the motivations that may lie behind them; thus they should be treated and analyzed separately.

For example, Scitovsky refers to active culture in the passage quoted above. Then, when he discusses the obstacles that prevent attainment of this goal, he refers instead to passive culture. One of the major obstacles is the common idea that a high intellectual quality and adequate educational background are needed to enjoy cultural activities. Actually, however, this obstacle applies to the passive cultural activities (such as going to museums, concerts, opera), while the active cultural activities (like artistic activities) - which do not require any specific or sophisticated intellectual preparation but instead skills like those of a manual worker - are perfectly available to people willing to undertake them (ibid., p. 297). Strangely enough, Scitovsky does not mention the need to possess any talent to undertake active cultural activities, but this position becomes more understandable if we consider that what Scitovsky had in mind was 'Folk Art'. On the other hand, with this formulation he is able to provide an interesting explanation of the reason why culture should be considered, in our modern society, in terms of the privileged consumption of the wealthy classes.

According to Scitovsky's historical and sociological analysis the industrial revolution on the one hand destroyed active culture in the sense of material culture and on the other hand transformed passive culture into a privilege for the leisured classes. But – Scitovsky wonders - why had the new technological revolution, which started at the beginning of the 20th century, not produced any development of cultural activities like Folk Art for the pre-industrial era, in particular among the working classes, which should have benefited most from additional leisure time? Scitovksy provides two explanations: one of an institutional nature and relevant from the political and economic point of view, the other of an ideological-cognitive nature.

The institutional obstacle lies in the recognition that the main effect of technological progress was to create unemployment, and not to bring the workers more leisure time. Furthermore, the workers "do not want more leisure, because they would not know what to do with it" (ibid. p. 299). On this Scitovsky point concludes: "In other words, the problem of what to do with one's leisure and surplus energy stems from a lopsided education, because informed choice among rewarding activities requires not only knowledge of their existence but a rudimentary skill in performing them as well. Without such skills one cannot even imagine that those activities could be rewarding to anyone, let alone oneself" (ibid. p. 300). Scitovsky's analysis of this aspect – which gets very much close to Keynes (1930) - deserves special attention since we see emerging here – more clearly than in other chapters of his book – the position that we have defined as 'crypto-normative' on what the good life is, on the role of creative goods in configuring it, on how it would or should be possible to pursue it and, ultimately the paternalistic character of his prescriptions.

To sum up Scitovsky's approach to the question of creative/defensive goods as examined so far, we can conclude that he observes that given the satiability of individual needs for novelty and given that the creative activities of leisure time are those that provide the greater quota of individual satisfaction per time unit, the 'best' among them should prove the cultural ones (in the two forms of 'passive culture' and, especially, 'active culture'). They have in fact the twofold advantage of producing benefits all round while crowding out malignant activities that will produce external damage. Unfortunately, the chances of easy access to cultural consumption of passive and active kinds, and therefore of maintaining the 'right' and 'good' choices, are compromised by a problem of information (ibid. p.300). The potential benefiters do not even know of the existence because of their poor cultural background. Furthermore, given the lack of adequate skills for the activation and enjoyment of creative activities and given the predominance of material values, they would not be capable of pursuing them. In order to intervene and change this situation we should address the difficulties typical of a paternalistic approach: how to induce someone to do something that we consider in his or her (but also in everybody's) deep interest when this person is totally indifferent to it, because he or she is unaware of it, does not possess the cognitive instruments to identify it and pursue it, and for which he/she should, once informed, bear costs which are by no means negligible in terms of time and money. The major obstacles would remain the puritan ethic and that money-mindedness (p. 300-301) that, according to Scitovsky, still characterizes American society - that ethic which, putting work skills before life skills (p.301) in society at large, had prevented the cultivation of a humanistic culture in addition to the material arts. The liberal arts – Scitvosky goes on - "impart the skills that render socially desirable leisure activities enjoyable, make life and people more interesting, and are

necessary to make informed choice essential for securing that balance between comfort and stimulation that best suits our temperament in different phases of our life and career" (p. 300).

3.2.5 The reviews of 'The Joyless Economy' (1976): does the distinction between creative and defensive goods and activities in Scitovsky have a normative character?

The missing part in this investigation into the evolution of Scitovsky's ideas and approach to the question of creative goods and activities lies in analysis of the reactions that the publication of his major work in 1976 aroused within the discipline. We will focus in particular on four reviews that appeared after the first edition was published: one in the *Journal of Economic Literature* (Peacock 1976), one in the *Economic Journal* (Aufhauser 1976), one a year later in the *Journal of Marketing* (Zikmund 1977), and one two years later in the *Southern Economic Journal* (Ballard 1978). Interestingly enough, all the reviews by pure economists, albeit to different degrees and with various arguments, were very critical, while the only fully positive review was the one published in the *Journal of Marketing.*[33] The complaints and criticisms raised against Scitovsky's book and analysis basically were: that the questions raised by Scitovsky either have already been considered in economic analysis (and are therefore not new), or, if really innovative, they can easily be embodied in the mainstream paradigm by extending the arguments of the individual utility function (Peacock 1976). It was also argued that they were not worthy of the consideration of economists but, on the other hand, should hold much more interest for psychologists and sociologists (Ballard 1978), or even that Scitovsky's critique of the American style of consumption was not accompanied by deep historical and institutional analysis (Aufhauser 1976, p. 913).

These negative reactions within the discipline could help us understand all the changes that Scitovsky made to his book between the first edition and the 1992 revised edition. And they could also explain why in the revised edition he tried to present his views with a positive or, at least, less explicit normative and judgemental approach. Nevertheless, when in the revised edition Scitovsky deals with the distinction between creative and defensive goods, with the problem of the loss of the creativity potential due to mass production, with cultural consumption and cultural policy, his original normative approach re-emerges.

4. Conclusions

In this paper we have endeavoured to investigate the origins of the notion of creative goods and activities in economics as opposed to defensive ones. We began by reconstructing the aspects of the

[33] The only entirely positive review came, not by chance, from a discipline (marketing) where the research project of Scitovsky (to investigate the psychology of consumer satisfaction) was considered not only an interesting and useful approach to the economic analysis of consumption and demand, but also fully acceptable, and not unusual.

systems of thought in Marshall and Keynes relating respectively to the 'activities undertaken for their own sake' and the question of the use of leisure time, and which are relevant to understanding the following developments by Scitovsky. We have also sought to reconstruct the intellectual environment of the Cambridge of the 1920 as favourable to the development of these reflections. There are in particular two elements that we have taken as relevant: a) the humanistic education of economists living and working there; b) the normative approach to economics deriving from Marshall.

We then focused in particular on the contribution by Hawtrey (1925), who was the first to define and introduce the distinction between creative and defensive goods in economics. In Hawtrey the nature of the distinction has an objective basis, which has not so much to do with the physical qualities or characteristics possessed by the product as with the fact that some goods (the creative ones) are able to produce beneficial effects in society and for that reason are considered and recognized as "good by mankind". In Hawtrey's analysis, in other words, the distinction cannot be disjointed from ethics.

Finally, we analyzed the distinction as it is used by Scitovsky, concluding that in his analysis he oscillates between a normative and a positive approach to the question of creativity and the nature of the distinction. This ambiguity generated some difficulties and contradictions when he treated the issue of cultural consumption and policy.

The notion of creative goods and activities was originally introduced within a normative approach to economics based on ethics and can be fully understood, and more coherently adopted for policy prescriptions, only insofar as this dimension is not completely forgotten. This statement should be intended in two senses. One is judgemental, and relates to our personal opinion about the content that this distinction should have, when adopted in economic analysis; the other is positive, and relates to the fact that this normative origin of the distinction, if disjointed from the ethical dimension, seems to us not sufficient to provide an exhaustive understanding of the true nature of the opposition between 'creative' and 'defensive' consumption and thus to provide a solid ground to an active cultural policy.

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