

An Essay on Economic Inequality: Genesis of Envy and Happiness

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With the recent advancement in Economics, the idea of rationality has been redesigned to analyse the human behaviour when it comes to decision making. At present, it is also trying to understand various aspects such as envy and happiness. Although both of them are subjective, the economists have mostly focused on the latter. The latter is considered as a measure of welfare by the utilitarianists, while the former had been responsible for the emergence of social and political revolutions. The present essay, after providing a brief account on the theory of tunnel effect given by Hirschman and Rothschild, emphasizes the relevance of studying 'envy' in the context of economic inequality. Secondly, it tries to bring up a discussion on the literature of happiness, life satisfaction and its implications, and tries to analyse the intersections between envy and happiness. Lastly, it has concluding remarks and scope for further studies in this area.

I Introduction

With a shift in paradigm from homo-economicus to homosocius, the idea of "inequality" in economics has broadened from "economic" to other dimensions such as health and education. Besides, it is proposed that inequalities persisting among social categories such as among the genders and communal groups may be considered. With the recent advancement in behavioural economics, the idea of rationality has been redesigned to analyse the human behaviour when it comes to decision making. At present, attempts are made to understand aspects such as happiness and envy. Although both of them are subjective, economists have mostly focused on the latter.

Economics has celebrated inequality by stressing more on happiness and maintained that having envy for a richer person is irrational. While happiness is considered as a measure of welfare by the utilitarianists, envy had been responsible for the emergence of various social and political revolutions. The present paper is an attempt to trace the literature on envy and happiness, and how they are related to inequality. Firstly, it tries to discuss the theory of tunnel effect and its implications, thereby citing a few theoretical and empirical studies that have taken

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