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The Marginal Diminishing Returns/Marginal Increasing Returns in the Pursuit of Happiness

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Abstract- We are dealing with a psychological aspect of our actions and behavior and, consequently, we are focused on the Psychological approach of Marginalism.

Starting with the German economist of the 19th century, Hermann Heinrich Gossen, with his Law of the Marginal Diminishing Returns, in fact his first law, passing through the analyses and approaches of this theoretical products, along with practical examples from around us, from media information, to reach the point in which to affirm that either in the diminishing returns, or increasing returns, it is a threshold above or beyond which the feeling of pleasure/fullness, even a state of happiness, tends to disappear.

This survey regards only the consuming/purchasing of goods in the pursuit of happiness, because this issue is largely and more complex as far as we can see at first sight. Therefore, no abnormal actions to have more and more units of the same kind lead to get pleasure and happiness.We deal with the stock of a thing/commodity, in terms of increasing or diminishing, affecting the income, the wealth of a person and, by consequence, the good mood or even happiness.

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In this psychological enterprise, people must take into account the marginal utility of a commodity, thing, not to be pushed forward by snobbish desires to have more and more.

In our opinion, we consider that *the Happiness* is organic linked with each people's personality and human specificity (body and soul), or evolution in life and activity.

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I. The theoretical Background

The German economist Hermann Heinrich Gossen (1810-1858) is considered *a proto-marginalist* and part of the third emerging direction of the Marginalist School, that is *the Austrian School of Economic Thinking*. Based on general observations on human behavior, the theory of Gossen includes, in fact, 3 (three) laws, of which *the first one* is that interesting us in the present analysis.

The Austrian clasic approach of economy, *from the psychological point of view*, is based on a *causal vision*, on *the subjects' perceptions*, which represent the prime reality and on the basis of which the economic theory is built. Even *this insight* into the depth of the analysis of the phenomena and economic categories and institutions gives the specificity of *the Austrian School of Economic Thought*.

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The important representatives of this school (Carl Menger, Friedrich von Wieser, Eugen von Böhm-Bawerk) laid the foundations of a coherent methodology for economic analyses, targeting problems related to the human being in its complexity and progress (Trifu, 2005). But, roots of this economic theoretical element are found in the works of Mercantilist and representatives of Classic Economics, such as James Steuart, Jacques Turgot, Ricardo and others.

And an important aspect which should be taken into account in our exposure is that one of the application of *the Law of Diminishing Marginal Returns* on *short term*, because otherwise, the conditions of the business and natural environments, i.e. the rest of the factors will change on medium and long term.

The law of diminishing marginal utility, the vector of the present analysis, is telling us that the utility/pleasure/satiety from each added/successive unit of a commodity diminishes. Known also as the *Law of Satiable Wants*, this one highlights that we are in the presence of decreasing rate of utility, even the more consume of a commodity leads to an increase in the total utility.

This is an economic law, whose action is not known by too many people, *that means the manifestation of links of resistance, essential and with permanent character in the economic/business environment*.

The keyword of this analysis regards *a break point/maximum point* in adding marginal units from a specific commodity, *point after which the benefits gained, the pleasure, satiety, happiness will start decreasing.*

Here there are *Gossen's laws of marginal utility*, emphasized in his main work published in 1854 (Gossen, eng. ed. , 1983):

1. The first one, meaningful called "The law of diminishing marginal", states that *the magnitude of a given pleasure* (desire, we may add) *decreases continuously if the person (persons) continues (continue) to consume additional units in order to satisfy this pleasure until satiety is reached*.
2. The second one, presumes that "for a person who is free to choose between several desires/pleasures, but whose time is insufficient to satisfy them all".
3. The third law, in the terms of scarcity, as a pre-condition for economic value, affirms that "a good

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has value only when the demand for it exceeds the supply. Based on Gossen own logic, since the marginal utility declines as consumption, a good can have only a positive marginal utility.

Thus, by its content, *the first law is essential in the present analysis,* because it takes into account the human behavior, pleasure, wants, even of a status of happiness. An aspect presented detailed in the 3rd part is that one regarding the natural and human necessity for income and wealth. Now, only a single remark suggesting that the desire to increase income and wealth becomes a negative force in the pursuit of happiness, in the sense that *more money/more jobs do not make you a happy person*.

To a careful radiography of all Gossen's laws, it can be seen that the core of the theory of the German author is based on the terminological equality *satisfaction=utility*. Especially, it is highlighted the term of *marginal utility* (that is, exactly the last unit added from an economic good, which ensures the desired satisfaction).

Also, the day-by-day realities around us show that, in a quasi-majority of cases, psychologically speaking, people with a high material standard, with substantial gains, plan to add marginal units to their assets.

Before analyzing the opposite process of the diminishing marginal returns, we want to focus on the most important aspect of the daily life and an outstanding source of happiness: money and marginal utility of wealth (see Pettinger, 2018). More precisely, it's about of the income earned by people. Gaining an increased amount of money, as salary or bonus, in the first stage, it involves the improving the standard of living. BUT, as the income/wealth grows, the more units of money added, the more desire to possess becomes stronger and the pleasure/benefit or even, the happiness, is much diminished. Indeed, the more you have, the greater desire to accumulate is greater, but the final human goal of unit body & soul is not reached.

The money brings happiness as long as the individual comes out from poverty, famine and can afford a decent living, ensuring priority to general physiological needs, as stipulated on the first level (the basic one) of the Maslow *Pyramid of Needs* (Maslow, 1987).

II. Methodology

The method used is that of a survey of theoretical works in this respect and, also, of the opinions of different categories of people, both from my own experience and specific activity and from magazines, news, even social media, concerning opinions of people and celebrities in different domains. Consequently, the synthesis is the next method used, in order to capture what it is defining in the human activity towards a status of satiety, happiness, either considering the marginal utility in diminishing, or increasing it in other cases, pursuing the same result.

III. Reaching the Happiness also by Increasing the Marginal Returns

Continuing the idea from the final of the first part and strictly linked to the issue, the main questions that can be asked: are the people with a higher level of wealth happier than the others with low incomes? *Is it real, or a fact, that an increase in incomes or wealth actually leads to increase happiness*? The second one, is the most important for the present analysis.

People can get pleasure, satiety, money, positional goods, but all these don't mean they are in a status of happiness. There are, exactly as in Maslow's *Hierarchy Pyramid of Needs*, each person with its personality, degree of preparation

A person could be poor, uneducated, living alone, and not be very attractive, but, psychologically speaking, still be happy, due to the consuming of added units in the desired proportion, or getting spiritual achievements (recognition/appreciation, a new status in the company or society and so on).

Pursuing *Happiness* is, for the quasi-majority of the people, to reach and fulfill the desired (dreamed) goals (no matter the nature of this goal). Few are affirming that in first place they are looking for spiritual wealth or achievements (something apart from the cruel real world).

The reverse action, that one of *increasing marginal utility returns*, for individuals, is illustrated by purchasing new units of positional/luxury commodities (only in strict limits of utility, not by a snobbish action), new qualitative scientific papers (for academicians and researchers), more medals and records for athletes and so on.

What is the finalization of this scientific endeavor? It is to link *the diminishing* and *increasing marginal utilty* in the pursuit of happiness, maybe starting from the thought that reaching the goal or obtaining the desired goods the person will be happy. Often, this goal is, in the pursuit of a relationship, a new job, a certain amount of money, or great notoriety that we want; then we'll be happy. Yet, the lesson of the tabloids is that the famous people who have many of the things we say we want aren't happy themselves. But why? What's going on here? Precisely because they reach the 5th level of the Maslow Hierarchy of Needs and they feel suffocated and bored by things, events, which they own, or which surround them.

Among the methods leading to the status of happiness, or satiety, we consider that is that of knowing the general principles of *kabbalah*. And, starting from this point and along with *Catch 22* meaning (www.businessdictionary.com), we can highlight the importance of *diminishing marginal returns* and, continuing, to reach the happiness in the other sense,

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that one of *increasing marginal returns*. The literature and practices in the field reveal, in the vast majority, the situations *within an entity, using mostly more units of labor as factor of production.*

Again, we call on the example of a favorite food. Continuing to eat, i.e. to add new units from this food, we reach a point of satiety. Beyond this point, we no longer enjoy that food and the pleasure diminishes. Based on the opinions in the field (see Laitman, 2006), we are in the presence of the called *Catch-22 selfishness*, that is the situation in which you get the desired product/the good what you want, *but for a time, or permanently, you don't want any longer that good/food.* When you considered that the satiety/pleasure threshold is reached, you stop eating. And this fact, because you are no longer interested in obtaining pleasure. Seeking new and diverse pleasures all the time, it is impossible to be satisfied by them and, therefore, we feel emptier and, finally, the more frustrated we become.

If we speak in the terms of kabbalah revealed by Michael Laitman (2006), *the more selfish we become, the more intense the in-crisis is*.

Moreover, the common term *catch 22* describes a paradoxical situation from which a person cannot escape, due to contradictory rules or limitations (www.en.wikipedia.org). In fact, it is a common term synonym for an absurd or contradictory choice. The term was coined, or introduced in circulation by the American writer Joseph Heller (1923-1999) in his known novel *Catch-22*, published in 1961. The understanding-key example is that one of applying to a job, when a restriction clause is included: experience is needed to get that job. And, here intervenes *the Catch 22*, under the explanation given by Brantley Foster character in *The Secret of My Success* (1987): how to get any experience until the job that gives me the needed experience? And examples can continue.

IV. Conclusions

Our intention is to highlight that the *utility* (*the satisfaction*) was a credo for H. H. Gossen, he arguing that each and every person must fulfill his life with as much pleasure as possible.

The analysis shows us that *the Law of Diminishing Marginal Returns*, synthesizing, expresses that a larger quantity of added units of a thing/commodity can be harmful for the consumers, not leading to get pleasure, even happiness.

Each commodity, better said, each kind/type of a commodity is considered unique in its usage. Because we are in psychological domain, people intend to be satisfied when tries out something new or something much wanted. Consuming/adding the first two units, the utility is high, but the following ones will operate with diminishing marginal utility. The decision is either to switch over to another commodity or type, or waiting for a while to consume again the desired good.

In our days, it is not possible to avoid the action of the *Law of Diminishing Returns*, which is an economic law, and due to the advances in science and technology and, at the same time, in the standards of living, people and entities/businesses must be aware of the importance and impact of the last added units from different economic goods consumed, or introduced in economic processes, in order to gain pleasure/happiness and profit/sustainability for entities.

Therefore, we don't agree with the opinion that Happiness is something which any of us *can have, right here and right now.* With obstinacy, alternative thinking of the ways to action, with clear stage goals and final one, managing the challenges of the environment, with these ingredients, we can successfully pursuing the Happiness, that is the attempt of some important goals, using positive thinking and developing, through knowledge and culture, endogenous capacities and motivation.

This simplicity of understanding the essence of life and human becoming is spectacular described both in philosophy and lyrics of a manifest-song: "don't worry (equivalent in Chinese traditional philosophy with mei guanxi-it doesn't matter), *be happy!*

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