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Eco-Fun-Omics: Does being happy actually contribute to GDP?!

Hello!!! It's been a while since I last posted. I was going through some recent articles on GDP when an interesting monograph caught my attention. According to the Nobel laureate Amartya Sen, 'levels of happiness could help to shape economic policies in the industrialized world'. According to the United Nation's report, Scandinavians, French and the Bhutanese are consistently the happiest people on this planet earth.

Gross domestic product is a monetary measure of the market value of all final goods and services produced in a period of time. Basically, it assigns no value to a work that is done for a honorable purpose.

Going through the articles I came across a new term GNH (Gross National Happiness) which is actually not so new. Bhutan and France not only defined it in practical sense but also seemed to have implemented it. As per Bhutan's GDP report, GNH depends on factors such as:

- **Education:** which is measured via literacy, schooling years, knowledge about certain areas and values.
- **Living standard:** which is measured through the indicators household income, assets and properties.
- **Psychological well-being:** This cannot be measured cardinally. It is never consistent on how satisfied a person is with his life. An individual can have mood swings, ambiguous emotions, spiritual happiness so on and so forth. So, a person is said to be psychologically happy if he is satisfied with his life and has frequent positive emotions.

Basically, if a person earns at least six years of education, average monthly income and satisfaction with health, occupation, standard of living, family and work-life balance; he is deemed to be happy.

Now comes the question, '**How being happy would contribute to the national GDP?**'

A happy person is very productive. He can contribute more than a person who is not happy. Let me explain: Suppose you are not happy with your job or the pay scale, you would work reluctantly or without any enthusiasm. On the other hand if you are happy, satisfied with your job and life, you will enjoy what you are doing and hence give your best effort every time. It is like a benevolent circle. If the individuals are happy, they spend or invest more on their happiness i.e. higher education, restaurants, entertainment, better or higher consumer goods, literature, culture, traveling so on. If the demand rises, the companies and firms benefit. In the long run production increases. Increased production creates more employment and higher wage or salary. As I mentioned earlier it is a benevolent circle. So salary hike, increased demand, increased production and happiness helps in flourishing the economy. I should also include that 'health of the citizens is the wealth of the nation. Science has experimented and inferred that a happy person is definitely a healthier person. If the citizens are sound and healthy, the state would need to spend less on public healthcare. Rather the state can use the fund to promote education or invest in the manufacturing sector. My explanation is very much constraint to a closed economy but this would also work in an open economy.

Bhutan is an explicit example where happiness has contributed to GDP growth. In 2015 the Bhutan's world happiness rank or degree was 79° which rose to 84° in 2016. In 2017 Bhutan experienced world happiness ranking of 97°. Over the years the country managed to get happier and happier. Now if this is so, then as per our theory there should be a GDP growth too! In 2015 the GDP growth rate of Bhutan was 5.4%, in 2016 the growth rate was 6.6%. While in 2017 the rate rose to 8%. Hence we can see that as the country moved towards happiness the economy also walked towards prosperity.

Now let me share some interesting facts as per First World Happiness Report,

- Happier countries tend to be richer countries. Happiness depends on social factors also e.g. the absence of corruption and the degree of personal freedom.
- Over time as living standards have risen, happiness has increased in some countries. United States of America is an exception to this fact.
- Unemployment causes as much unhappiness as bereavement or separation. In a work place job security and good relationships do more for job satisfaction than high pay and convenient hours.
- Behaving well makes people happier.
- Mental health is the biggest factor affecting happiness in any country.

- In advanced countries, women are happier than men, while the position in poorer countries is mixed.
- Happiness is lowest in middle age.

Source: World happiness report

– <http://www.earth.columbia.edu/articles/view/2960>

Hence it can be concluded that happiness and GDP growth are positively related. Sooner or later happiness as a factor will be included in the GDP calculation. Many countries and government authorities have undertaken efforts to measure happiness and well-being, now also termed as “Beyond GDP”. The moral of the story is ‘chase happiness and prosperity will follow you!’.