

[http://www.economist.com/blogs/theworldin2011/2010/11/happiness\\_and\\_gdp](http://www.economist.com/blogs/theworldin2011/2010/11/happiness_and_gdp)

## Happiness and GDP

### Money can't buy happiness - or can it?

by J.A.



THE British prime minister, David Cameron, wants to measure his nation's happiness.

*It's time we admitted that there's more to life than money, and it's time we focused not just on GDP, but on GWB - general well-being. Well-being can't be measured by money or traded in markets. It's about the beauty of our surroundings, the quality of our culture and, above all, the strength of our relationships. Improving our society's sense of well-being is, I believe, the central political challenge of our times.*

The British being what they are, Mr Cameron's notion has been greeted with a certain degree of derisive cynicism. Some learned critics have referred to Bhutan, whose King Jigme Singye Wangchuck coined the measure "Gross National Happiness" back in 1972. Cassandra has no idea whether the Bhutanese are happier than the Brits but thinks the idea of pursuing happiness is a rather good one.

One underlying question is whether money brings happiness. If it does, then the happiest countries in 2011 are likely to be rich countries like Denmark and Switzerland. If economic growth is the determining factor, then the Qataris will be the happiest people in the world, with the economy of their gas-exporting nation set to grow by 15.9% next year.

But commonsense says that money can only be one factor. Family ties, good health, a pleasant natural environment, freedom from conflict: all these count in the equation. Certainly, poor Filipinos seem to smile a great deal more readily than morose Finns.

On the other hand, perhaps commonsense is a tad misleading. The Economist recently devised a fascinating chart that seems to suggest that the link between per capita GDP and happiness is actually quite robust. Many surveys that attempt to rank nations by happiness put Denmark at the top (though The World In 2011 reckons the Danish economy will grow only by an unimpressive 1.6% next year, GDP per head will still be over \$52,000).

But, you may say, Denmark is a country with high taxes—so are people happy to be taxed? Cassandra will

not dare to answer, but will merely wish readers greater happiness in 2011—and invite alternative choices for the world's happiest nations.

Daily chart

## Money and happiness

Measured a different way, the correlation between money and happiness is surprisingly strong. Dismal scientists who look at happiness often contend that, beyond a GDP per capita of just \$15,000 (measured at purchasing-power parity), money does not buy happiness. Up to that point the correlation between the two is strong, but thereafter it falls away. If this is true then some heretical conclusions follow: rich America is no happier than poorer Brazil, so what is the point in people who live in rich countries working harder to get ever richer? Politicians should concentrate on maximising the mental health of their voters, rather than the size of their pay cheques. But plot the data another way, on a logarithmic scale where each increment represents a 100% increase in income per head, and the relationship between wealth and happiness looks more robust.

