

Growth Development and Happiness

1. Progress

- Both quantitative and qualitative aspects
- General term with no specific meaning in economics
- It denotes 'growth' and 'development'
- The term 'growth' and 'development' have clear cut meanings in economics

2. Economic Growth

- 'Quantifiability' is the most important aspect of growth
- Growth rate is an annual concept
- It can be measured in absolute terms (in terms of money)
- Growth can be 'positive' as well as 'negative'
- A growing economy mostly refers to 'positive' growth

3. Economic Development

- Economic growth is a precursor to economic development
- 'positive' growth leads to development

4. Human Development Index

- Measures developmental level of a country's economy
- United Nations Development Programme (UNDP) first published HDR report in 1990, this report had an HDI
- The team who developed the HDI was led by Mahbub ul Haq and Inge Kaul
- Three indicators of HDI
 - i. Education – Measured by two other indicators since 2010
 - a. Mean years of schooling
 - b. Expected years of schooling
 - ii. Health – Measured by life expectancy at birth
 - iii. Standard of Living – Measured by GNI per capita at 'Purchasing Power Parity' in US Dollars (instead of GDP per capita used in the past)

- HDI sets a Minimum (0) and Maximum (1) for each of the above-mentioned dimensions called ‘goalposts’
- HDI is the mean of these 3 values
 - High HDI → 0.8 – 1
 - Medium HDI → 0.5 – 0.799
 - Low HDI → 0 – 0.499

4.1 Introspecting Development

- Economic Development does not always lead to ‘happiness’
- Economic Development leads only to material happiness
- It does not cater to its non-material or spiritual side

5. Gross National Happiness

- Bhutan developed a new concept of assessing development in the 1970s
- Bhutan has been following the targets set by the GNH since 1972 without discarding the idea of Human development put forward by UNDP
- Following parameters are used to attain happiness/development
 - Higher real per capita income
 - Good Governance
 - Environmental Protection
 - Cultural Promotion