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

1. Education – Measured by two other indicators since 2010
   1. Mean years of schooling
   2. 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