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ECONOMIC GROWTH AND HAPPINESS. CULTURAL RELATIVISM

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Abstract

This paper examines the relationship between culture, Gross Domestic Product (GDP), wealth and happiness and how cultural values and beliefs influence the experiences and perceptions of happiness and well-being. The pursuit of happiness is a universal human trait that crosses nations. The main goal of this article is to explore various aspects of happiness using current economic theory, social conditions and historical changes. Happiness is largely studied by economists and psychologists but culture is rarely their main focus. Cultural understanding must be unpacked in order to fully understand the nuances of happiness which shape people and societies. What is brought forth to the mind, when thinking of happiness, varies noticeably across people and between cultures. The analysis of the term happiness is critical to advance economic theory and the scientific understanding of well-being. It is very useful to consider how "happiness" is used differentially across nations, cultures, and world regions.

Keywords: Culture, happiness, economic growth, wealth, per capita GDP.

Introduction

The concept of happiness has been most extensively analyzed by economists and psychologists. Although the scientific study of happiness, culture and wealth has thrived over the last 20 years, the concept of happiness with its various aspects has been elusive. Many scholars' analyses reveal a striking shift in the concepts of happiness from Ancient Greece and China to the contemporary United States and Western Europe, noting that happiness as luck or fortune is fairly wide-spread even nowadays.

Thousands of years ago, the Talmud stated: "Who is wealthy? He who is happy with his lot" (Avos, 4:1). Well ahead of their time, the Talmudic sages recognized that wealth does not bring happiness; psychological factors that include expectations play a far more significant role. One big mistake that people with higher incomes make is to move to wealthier neighborhoods, which can actually reduce happiness because relative wealth also plays a key role in happiness (Thompson, 2012). As we shall see, the same question should be asked of countries: "Which country is wealthy?" The answer may not be the one with the highest per capita GDP.

Economists use the term "utility" to mean happiness. Thus, economic theory states that consumers try to maximize their utility. There is a technical difference between the terms happiness and life satisfaction. Happiness is generally used to indicate a short-term frame of mind and hence it can be influenced by external daily occurrences. Life satisfaction is long-term and connotes contentment (Bernanke, 2010). Sometimes, the terms happiness and life satisfaction are used interchangeably. Highlighting the notion that happiness is a primary human aim is the fact that the right to the "pursuit of happiness" is central to the mission statement of the United States (Bernanke, 2010).

Malloch and Massey (2006) remark that life, liberty, and the pursuit of happiness are affirmed to be basic and equal. The right to live, the right to liberty, and perhaps most remarkably, the right to pursue happiness are presented as coequal, fundamental, and transcendently grounded rights of all human beings. It follows that the central purpose of government, culture, and work is to put power in the service of human flourishing.

Many pathways lead to a better life. The meaning of what is positive or good is shaped by culture. People rely on the information that are emphasized in their culture. Ideals, values and philosophical traditions influence the conceptions of a life well-lived. Lately, cultural influences on positive psychology research and practice attracted more interest as well as in other fields of psychological research. Studies from different cultures aim at broadening our understanding of those aspects of human experience that make life worth living in diverse cultural conditions, as Brdar (2014) argues.

Seligman (2004) contends that the fact that the English language does not distinguish between the two very different kinds of contentment, gratification and pleasure, is unfortunate since people confuse them and feel they can be acquired in similar ways. According to Seligman, one must understand the difference between those concepts in order to comprehend the difference between the "Good Life" and the "Pleasant Life." The "Good Life" is based on gratifications and is similar to Aristotle's concept of eudaimonia. Eudaimonia is usually translated as happiness and flourishing. The way to achieve this, according to Aristotle in his Nicomachean Ethics, was through virtue. Aristotle felt that the person who lives a life that is in accord with both the intellectual and moral virtues will achieve eudaimonia. The intellectual virtues allow the rational part of a person's soul to function and include knowledge, intuitive reason, and wisdom; the moral virtues, which include courage, truthfulness, humility, friendliness, generosity, justice, and moderation, permit the emotional part of a person's soul to function. Similarly, we may also be confusing per capita GDP and wealth with happiness/life satisfaction.

Cultural shaping of happiness

A particularly relevant determinant in shaping happiness is culture: people in different cultures may value particular aspects of life differently and could, therefore, have different perceptions of their own individual well-being under the same objective circumstances.

Because meanings and concepts are molded by culture, as Brdar (2014) observes, it is necessary to explore conceptions of happiness construed by a unique cultural tradition. People from different cultures differ in the way they make judgments about their happiness. In individualist nations the judgments are more strongly based on emotions, while in collectivist nations the judgments are based on both emotions and social cues.

What people see as the meaning of their lives and the kind of living they consider desirable or undesirable are matters of personal choice par excellence. However, personal choices are affected by the cultural environment in which people are brought up. Thus one can expect definitions of the quality of life concept to be culturally dependent as well. For example, in some cultures the quality of life is strongly associated with the degree to which

people succeed in subduing and reducing their material needs. At the level of culture, work and life cannot and should not be separated (Hofstede, 1984).

Hofstede (2011) states that the sixth and new dimension, added in his book of 2010, uses Minkov's label Indulgence versus Restraint. It was also based on recent World Values Survey items and is more or less complementary to Long-versus Short-Term Orientation; in fact it is weakly negatively correlated with it. It focuses on aspects not covered by the other five dimensions, but known from literature on "happiness research". Indulgence stands for a society that allows relatively free gratification of basic and natural human desires related to enjoying life and having fun. Restraint stands for a society that controls gratification of needs and regulates it by means of strict social norms.

Furthermore, three items make up the Indulgence versus Restraint dimension. These items concern the extent to which people feel that leisure time is important in their life, people's level of happiness, and how much freedom of choice and how much control people feel they have over their life. Higher scores on Indulgence versus Restraint are associated with increased importance of leisure time, higher levels of happiness, and higher levels of freedom of choice and control (Beugelsdijk, Maseland & Hoorn, 2013).

The general happiness and welfare of all employees is regarded as the concern of the family-type corporation, which worries about their housing, the size of their families and whether their wages are sufficient for them to live well. The corporation may assist in these areas. (Trompenaars & Hampden-Turner, 1997). Besides, individualistic cultures believe that our outcomes in life are the result of our choices. In these cultures, decision makers make decisions and they don't need to consult to do so. Thus, decision makers can make decisions at speed. It is our responsibility to look after our happiness and fulfillment. Individualistic cultures include Germany, the U.S., Norway, and Sweden.

For instance, to most Americans, happiness is an unalienable human right- according to the Declaration of Independence- and is frequently associated with positive experiences as well as personal achievements. When asked to describe characteristics of happiness, the Japanese, on the other hand, referred to social harmony, the transient nature of happiness, along with its socially disruptive consequences.

Rosinski (2003) concludes that the individual in a control-oriented culture is in charge of his own destiny, a primary American orientation. There are very few givens in life, few things or circumstances that have to be accepted as they are and cannot be changed. There are no limits on what you can do or become, so long as you set your mind to it and make the necessary effort. Someone who does not "take the world by the tail" is not respected like one who "makes it all happen." This orientation applies to controlling nature, one's relationships, one's happiness, and one's business or academic success (or lack of such).

Moreover, assuming that all individual members of a certain culture think, believe and behave alike can result in stereotyping and leading to a careless approach. (Warter & Warter, 2018). In the same vein, Warter and Warter (2016) conclude that the understanding and awareness of cultural differences have to be built and developed in order to avoid cultural conflicts and clashes. Neglecting the cultural factor can be a huge mistake. Those studying this field also would need to understand the anthropological backgrounds of each given society, including beliefs, values and organizational relations, and so on.

For example, Erez and Earley (1993) remark that the codes of behavior operating in Japanese society, whether rural or urban, are guided by the following values of groupism: (1) lifelong membership; (2) selfless devotion to the community to ensure its continuity, prosperity, peace, and happiness; (3) discipline and seniority-based rank to maintain social order in the community; (4) harmony and concerted effort through cooperation; (5) concern for the person's total welfare: peace and happiness in the life of the group cannot be achieved unless its members' needs are satisfied; and (6) authoritarian management and participative

management. The elderly hold the highest status and positions in the community; however, all important decisions are taken in council with all members participating. The elders' duty is to pass final judgment on the results reached by the council. Responsibility for implementation of the decisions is borne not by individual members but by the group as a whole.

Happiness is an integral part of this bipolar dimension of cultural goal orientations. Toward the survival pole, people are unhappier, give higher priority to physical and economic security, tend to be more distrusting of others, endorse self-protective and dictatorial leadership to a greater extent, and the like (Selin, 2012).

Hofstede (1983) found evidence that wealthy countries are more Individualist and poor countries more Collectivist. Very Individualist countries are the U.S., Great Britain, the Netherlands; very Collectivist are Colombia, Pakistan, and Taiwan. In the middle we find Japan, India, Austria, and Spain. In Individualist countries showing happiness is encouraged, and sadness discouraged in contrast to Collectivist countries where showing sadness is encouraged, and happiness discouraged (Hofstede & Hofstede, 2005).

Wealth and happiness

Wallis (2016) makes an interesting observation: Gross Domestic Product (GDP) is like a speedometer. It tells you whether you going faster or slower but not whether you are heading in the right direction. GDP is a measure which looks at the final monetary value of the goods and services produced within a nation's geographic boundaries during a specified period of time, usually a year. In the context of a healthy economy, the environment should be improving, income inequality should be decreasing, and people should be getting happier and healthier. However, while GDP may be growing it is not inconceivable that everything is getting worse: pollution is destroying the environment, income inequality is increasing, the number of avoidable deaths is growing, and life satisfaction is decreasing (Wallis, 2016). It is clear that economic growth can destroy the environment, increase inequality, reduce happiness, and fail to increase the number of jobs.

The Kingdom of Bhutan is using a measure known as Gross National Happiness to measure progress, not GDP. Gross National Happiness is considered a more meaningful measure than GDP (Kubiszewski, 2014). The author concludes that currently, no global consensus exists regarding alternatives to GDP. However, there is growing agreement that the continued use of GDP as a proxy for overall well-being is not appropriate. A range of national indicators exist and are being used around the world.

Layard (2005) states that economists mistakenly believe that the happiness of a country is directly related to its purchasing power (or GDP). This is not the case; thanks to research by behavioral economists, sociologists, psychologists, and neuroscientists, we now know much more about the causes of happiness. Factors that are associated with unhappiness include unemployment, having a long commute to work, and income inequality (Thompson, 2012).

In general, wealthy people are happier than poor people but there are diminishing returns to riches. Once a certain level of income is reached ($75,000 or possibly $120,000), additional money has minimal effects on happiness (Thompson, 2012; Bernanke, 2010). In any case, there is quite a bit of evidence demonstrating that once the basic needs of a country are met, there are more important factors than income and wealth in causing life satisfaction and happiness to increase. Countries such as Costa Rica have 25% the per capita income of the United States and similar levels of life satisfaction (Bernanke, 2010).

Easterlin (2012) provides evidence that strong economic growth does not mean an increase in happiness. The experience of China shows that economic growth is not sufficient

if the goal is to increase life satisfaction. That requires job security as well as a strong social safety net.

Other factors that relate to happiness include spending time with family and friends as well as social and community relationships. Layard (2005) also describes the importance of friendships in happiness. This is why it is important to work in a place where you can have friends. Living in a community where you can trust your neighbors is also a key factor in happiness. Health — both physical and mental — are associated with happiness (Layard, 2005). Needless to say, depression destroys personal happiness. Bernanke (2010) asserts that having a "sense of control" over one's life results in happiness. This may explain why self-employed people are happier than those working for others (Thompson, 2012).

It is clear that true happiness requires more than material goods, wealth, and a hedonistic life style. If all that mattered to human beings was pleasure, then we would all want to be hooked up to Nozick's experience machine. Robert Nozick, a renowned philosopher, asked whether people would choose to live their lives attached to an "experience machine" that stimulated the brain in a way that provided extremely pleasurable experiences (Nozick, 1974). The person who desired to write the greatest novel ever or win the Nobel Prize would now be able to sense the joy of this "experience." Of course, the person would not be aware that she was floating in a tank hooked up to a machine with wires protruding from her brain. The experiences would seem real. The question is whether one would choose this kind of life? The answer for most of us is "no" because we want more than pleasure. Living a meaningful life is just as powerful a motivation as the pursuit of happiness. Kaufman (2016) avers: "The more meaning we find in life, the more happy we typically feel, the more we often feel encouraged to pursue even greater meaning and purpose." This helps explain the "parenthood paradox": parents who are raising children score low on measures of happiness yet are happy they had children. Apparently, raising children increases meaning in life and decreases happiness (Kaufman, 2016). There are differences between meaning and happiness; the ideal life, however, combines both.

The countries in 2016 with the highest per capita GDP are Luxembourg ($104,359), Switzerland ($78,179), Norway ($69,712); the per capita GDP of the United States is $57,220 (Statista, 2016). Helliwell, Layard & Sachs (2017) rank countries on happiness; the United States is in 14th place, behind Costa Rica and Austria. Many countries ahead of the United States do not have a higher per-capita GDP. The number in the parenthesis is the life evaluation (usually about life satisfaction) score on a 0 to 10 scale.

1. Norway (7.537)
2. Denmark (7.522)
3. Iceland (7.504)
4. Switzerland (7.494)
5. Finland (7.469)
6. Netherlands (7.377)
7. Canada (7.316)
8. New Zealand (7.314)
9. Australia (7.284)
10. Sweden (7.284)
11. Israel (7.213)
12. Costa Rica (7.079)
13. Austria (7.006)
14. United States (6.99)
15. Ireland (6.977)
16. Germany (6.951)
17. Belgium (6.891)

18. Luxembourg (6.863)
19. United Kingdom (6.714)
20. Chile (6.652)

Helliwell, Layard & Sachs (2017) conclude the following regarding happiness: Happiness is the product of many facets of society. Income per capita matters, as economists emphasize, but so too do social conditions, work conditions, health, pollution, and values (e.g. generosity). The libertarian argument that economic freedom should be championed above all other values decisively fails the happiness test: there is no evidence that economic freedom per se is a major direct contributor of human well-being above and beyond what it might contribute towards per capita income and employment. Individual freedom matters for happiness, but among many objectives and values, not to the exclusion of those other considerations. Sustainable development and related holistic concepts (such as Pope Francis's integral human development) are a better overarching guide to human wellbeing than the single-minded pursuit of income, or economic freedom, or other one-dimensional objective.

Conclusion

While ancient uses of happiness terms centered around good luck, good life, or life satisfaction in general, this use has fallen into disuse in the usual thinking of Americans and West Europeans. Variations in conceptualizations of happiness across cultures have important implications for research on happiness, wealth and growth. The cultural metamorphosis away from obligation and toward the pursuit of happiness is part of a comprehensive transition away from collectivism and toward individualist cultural values and forms of social organization.

A proper understanding of the terms self-interest, rational man, economic growth, and happiness leads to the conclusion that countries have to shift the focus from GDP to other measures. Perhaps GDP should not be ignored completely, but other metrics that include life satisfaction and the Genuine Progress Indicator as well as the Social Progress Index must be considered. If the United States wants to maintain its position as a world power, it has to be concerned about human dignity, not just growth of GDP. It has to work on increasing the happiness of all members of society, not just those at the top.

Economists, who understand the real meaning of happiness, realize that countries should not be obsessed with economic growth. Rather than focusing on growth, government should work on maintaining a stable job environment and keeping unemployment low. This will increase the happiness and life satisfaction of citizens.

Some studies conclude that for economic factors, while the effect of income on happiness is indecisive, the subjective economic factor, namely the feeling of relative poverty, influences significantly the level of happiness. Happiness can depend on meeting local standards of the good life, it can be high in cultures where these standards can be comfortably met and low where the meeting of these standards is almost impossible for most people.

Most discussed theories in psychology and economics often ignore culture and in consequence lack universality. Because happiness and good life are meaningfully grounded in socio-cultural modes of being a person and interacting with others, in the same culture or not, it is important to expand the research to Non-Western cultures and compare them interdisciplinary with Western cultures.

As happiness becomes a major policy goal in most of the nations, it is critical to document as clearly and precisely as possible what economists and other happiness scholars mean by "happiness" and how different conceptualizations could affect people and societies. In brief, happiness is the outcome of many facets of human society.

As many researchers now point out, government and policy makers have to improve the well-being of the nation not only through economic changes but also by improving health care, supporting family values, promoting trust and fairness in social climate, and expanding opportunities for learning.

We consider that to elevate the day-to-day happiness of each person has to be the central purpose of any government and culture and to work to put power in the service of human flourishing is a revolutionary form of humanism.

It is very clear that happiness research is not the domain of psychologists, or sociologists, or behavioral economists, or neuroscientists alone—it must be the domain of them all, working together. In seeking to understand various aspects of happiness, we have to learn from all the world's societies and many of the world's academic disciplines: only through combining them can happiness be, if not necessarily fully understood, then at least partially explained in its cultural complexity.

Future research should further elucidate the causes– and consequences – of such major changes in conceptualizations of happiness.

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