

WHY ARE THEY SO HAPPY WHEN OTHERS ARE SO UNHAPPY? THE THEOLOGY AND ETHICS OF ECONOMIC DEVELOPMENT

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Abstract.

This paper investigates: (i) whether per capita income is positively correlated with the Happiness Index, (ii) whether per capita income can significantly increase the levels of happiness in a select number of countries, (iii) whether health and productivity positively and significantly correlate with happiness, and (iv) whether per capita income can significantly proxy the feelings of happiness. It finds that per capita income positively correlates with happiness and that per capita income elevates the Happiness Index for a select number of countries. The citizens of countries that have maintained a reasonable balance between the delivery of social services (development) and economic growth have produced impressive results about their state of happiness (welfare). The paper concludes that ethics (religious and/or secular) can no longer be ostracized from public policy decisions if nations want their citizens to be happy.

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JEL Classification: D63, D64, H11, H41, I14, I15

I. Introduction

Once upon a time, religion and economics were strange bedfellows in some societies. The estrangement is rather curious because the theological foundations of benevolence permeate the social construct of secular ethics that has been pursued for widespread acclamation or approbation. This paper investigates: (i) whether per capita income is positively correlated with the Happiness Index, (ii) whether per capita income can significantly increase the levels of happiness in a select number of countries, (iii) whether health and productivity positively and significantly correlate with happiness, and (iv) whether per capita income can significantly proxy the feelings of happiness. It finds that per capita income positively correlates with happiness and that per capita income elevates the Happiness Index for a select number of countries. The citizens of countries that have maintained a reasonable balance between the delivery of social services (development) and economic growth have produced impressive results about their state of happiness (welfare). The paper concludes that ethics (religious and/or secular) can no longer be ostracized from public policy decisions if nations want their citizens to be happy. The theological propositions for improvements on human welfare are ancient and continuously revealing of moral obligations for human progress (development). Unsurprisingly, theological fervor encouraged the development of the Happiness Index to alleviate human suffering; what has now become a commendable appreciation of the intersection of religious ethics and economics (normative economics). Few would doubt that religion has been a source of secular ethics and that religion started to make a prominent and polite intrusion once again into economic discourse by the turn of the twenty-first century.

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Fountain et al. (2015) write:

The past decade has witnessed a remarkable change in the fortunes of academic discussions about the places of religion in relation to both politics and development. No longer considered a rude intrusion into polite conversation, academics across the humanities and social sciences are rethinking the ways in which they talk about, analyse, and assess the impacts of religion across the full spectrum of the most pressing contemporary issues and concerns (Fountain et al., 2015, p.1).

This paper extends the thought, investigates the drivers of the measurement of happiness, and evaluates the role of per capita income and the Human Capital Index in the happiness decisions of humans. The next section provides a brief overview of the literature on the Happiness Index and the theological concepts of social holiness and social justice. Recent scores of the Happiness Index and the foundations for empirical analysis are provided in section III; Section III is followed by a conclusion and discussion at the end of the paper.

2. A conceptual overview of the Happiness Index and its relevant literature

By the 1970s, there was growing discontent with the measurement of human welfare (wellbeing or happiness). It became apparent that gross domestic product or its standardized per capita variant could not account for income distribution and the use of critical environmental resources. Additionally, the prescriptions and effects of public policies (development and sustainable development) could not be discerned expeditiously.

Therefore, the Bhutanese government started to prioritize and measure happiness in terms of the mundane factors of wealth, comfort, and economic growth in the 1970s. Today, the concept has global appeal and happiness indices are constructed for countries all over the world after the Bhutanese experiment—based on some measurable socio-economic factors—of the Gross National Happiness Index (GNHI) in 1972. Implicitly, the index is an indicator of positive externalities; for example, if people are happy, they are most likely to have enough food to eat and enough money to pay their bills and take care of their health.

Bhutan, which is a landlocked country between China and India in the Eastern Himalayas, is a prominent Buddhist theocratic state; but the Buddhist persuasion is more prominent for its functional relationship to socio-economic policies and the welfare of human beings (development). Invariably, principles of religion reveal that there are some universal truths (not necessarily *sui generis*) about religion, just as there are variations, meaning that religious faiths espouse uplifting common denominators and divergences or nuances. Coincidentally, the Happiness Index with theological origins routinely appeals to secular policy makers without deep theological convictions because religious ethics can hardly be separated from the fundamental premises of secular ethics. In effect, it is reasonably expected that the prevention of national misery is a noble public policy that is insensitive to religious persuasion.

What are the fundamental beliefs that generated the Happiness Index in the first place? Some of the fundamental tenets of religion are just as important as the instructive Buddhist impetus that generated the index. Buddhism focuses on the spiritual

development of humans in the context of understanding human suffering in order to expunge suffering. Importantly, religion provides a key for the economic and spiritual wellbeing that economists generally consider to be development.

Unlike other religions that supplicate for mercy and forgiveness from a higher being, Buddhism is a faith-based philosophy that shapes a mode of existence.¹ The faith is predicated on Four Noble Truths, the Eightfold Path, and the Middle Way. The Four Noble Truths define the probative (curious) phase of enlightenment for the emancipation from suffering: (1) Suffering exists. (2) Suffering arises from attachment to desires. (3) Suffering ceases when attachment to desire ceases. (4) Freedom from suffering is possible by practicing the Eightfold Path.

The Eightfold Path—pathways from suffering to enlightenment—towards personal happiness and the happiness of others (communal happiness) is recognized as: (1) Right View/Right Understanding, (2) Right Thought/Right Intention, (3) Right Speech, (4) Right Action, (5) Right Livelihood, (6) Right Effort, (7) Right Mindfulness, and (8) Right Concentration. Buddhist practitioners divide the Eightfold Path into three sections—the wisdom section, consisting of right understanding and right intention; the morality section, consisting of right speech, right action and right livelihood, and the mental development section, consisting of right effort, right mindfulness and right concentration. The Middle Way, which reconciles extreme oppositions, is sometimes used to define Buddhism; it consists of altruistic principles that generate communal happiness in a state in which reason and rationality are balanced against empathy and compassion.²

Christianity and other faiths share a claim to the attributes of temperance, altruism, and justice. A comprehensive discussion of religious faiths can be found in the work of Potter (1954). Christians are also cognizant of the deleterious and redeeming effects of suffering though some would shy away from the practical mandate to vindicate the fundamental teachings of the scriptures by alleviating suffering. Indeed, the dereliction of duty is not a peculiar Christian phenomenon. It is a common human flaw that emanates from unwarranted human (worldly) desires—an acknowledgment of Buddhism, which economists periodically refer to as “insatiable wants”—the ultimate drivers of the economizing problem in a world of scarce economic resources. Accordingly, human inadequacy knows no religious boundary even with elevated notions of religious piety that may be seemingly blasphemous.

Therefore, some nonbelievers or religious skeptics grapple with the insincerity of religious piety when religious citizens depart from the fundamental tenets of their faiths. Should religion be a means to self-centered ends—a mechanism to discriminate, oppress, and enslave others—or should it be an inspirational mechanism to prevent pervasive suffering and make the lives of others better and rewarding (facilitate economic growth and development)?

¹ Buddhism is somewhat unique in that it is not centered on the relationship between humans and a higher being (God); see http://americanhumanist.org/wp-content/uploads/2017/02/BUDDHISM_2017.pdf

² Loc cit.

Christians are routinely reminded of social holiness, and the Bible is replete with passages of goodness, compassion, and the virtuous life. Invariably, there are multiple Christian denominations with nuances about the Christian faith and appropriate Christian moral (social) obligations or moral codes of conduct. Wesleyans acknowledge distinctions of sufferings: natural, moral, and penal. People suffer because of diseases and natural disasters; people suffer because other people harm them; and people suffer because they are punished for wrongdoing.³ Contextually, and as a matter of public policy, it is notable that people could suffer because of the wrongdoing of others—the public policies and administrative injustices that coincide with perilously craven desires that inflict monumental suffering on others. Consequently, the attachment to selfish and worldly desires could inflict injury (suffering) on others.

Penal suffering is a ubiquitous religious and mundane concept (the punishment for wrongdoing); but religion also teaches about forgiveness. When it comes to penal suffering, it is also evident that a just God would mete out punishment for transgression (as an encouragement for humans to do better or make improvement). Invariably, moral suffering or sin (transgression) is not necessarily estranged from self-centered and insensitive human behavior. Forgiveness is a bifurcated concept—religious forgiveness (pardon) and secular pardon—and the concepts are not readily transposable. In Wesleyan theology, justification specifically refers to pardon (the forgiveness of sins), rather than being made just and righteous, which Wesleyans believe is accomplished through sanctification—the process of becoming holy or free from impurity through ethical transformation (Greathouse and Dunning, 1989).

Walton (2019) maps out the relationship between social holiness and social justice. When the expression of ‘social justice’ first appeared in the 1840s, it was perceived as a formal concept rather than a material one. The expression was taken to signify a branch of the ordinary concept of justice, analogous to ‘commutative justice’ or ‘criminal justice,’ and it did not imply any content, philosophy, or view of the world (Behr, 2005). According to Behr, Taparelli gave the concept a distinct secular interpretation to address the social ills and inequities of industrialization after the Industrial Revolution. Wesleyan theology regards social holiness as a unity of inward and outward holiness. Inward holiness is the experience of God’s Spirit that enables faith and rebirth. Outward holiness is an expression of love through a life characterized by “justice, mercy and truth” (Walton, 2015, p.31).

In effect, love of God and humans is what animates the Wesleyan faith (invariably, deistic religious faiths), without which there could be no Wesleyan faith. Pointedly, the concept of love is a transcendental and transformative religious concept with socio-economic effects. Alternatively, without the love of God and humans, religion becomes a secular philosophy that incubates undisclosed private ambitions that could be dangerously nefarious. A religion that uplifts the spirits and welfare of humans is a welfare-enhancing religion; a religion that intemperately degrades the spirit and welfare of humans is a worthless scheme that has no useful social purpose.

³ See <https://www.patheos.com/library/methodist/beliefs/suffering-and-the-problem-of-evil>

The regular interaction of humans is very much unlike the human violation of state (secular) statutes with impunity (without punishment, forgiveness, or “atonement”), or consequent stately violence (retribution). A victim could forgive a murderer during his/her victim’s impact statement in a court of law but that does not bring finality to the intent and spirit of secular law; the victim might barely demonstrate heart-felt compassion and forgiveness to be at spiritual peace with himself/herself and nothing else. Importantly, I know of no religion that encourages the violation of just secular statutes (laws) with impunity (see Reuteler, 2013, and Greathouse and Dunning, 1989, for further discussions about secular law and Christian obligations; see also Romans 3:31 and 7:7 ESV, English Standard Version).

Remarkably, fidelity to religious and secular laws generates explicit and predictable outcomes—the avoidance of injury to others and the concomitant avoidance of penal suffering; hence the manifestation of the coalescence of faith and social holiness (*faith working by love*, Greathouse and Dunning, p.83) that is so desirable for human coexistence. Article X of The Methodist Articles of Religion gives further resonance to the thought:

We believe good works are the necessary fruits of faith and follow regeneration but they do not have the virtue to remove our sins or to avert divine judgment. We believe good works, pleasing and acceptable to God in Christ, spring from a true and living faith, for through and by them faith is made evident (Reuteler, p. 89).

Some western democracies—also considered to be WEIRD (Western, Educated, Industrialized, Rich and Democratic)⁴—have tried to prevent the intrusions of religious faiths (theology) into the principles of government. Theocratic states rely on the concept of religious benevolence without democratic representation. Implicit in the divine right of kings is the inevitable expectation of religious benevolence. There is no perceptible basis on which either of the systems could foreclose the principle of ethical and intelligent governance, which must be responsive or sensitive to the needs (if not wants) of all citizens. The dichotomous systems have merely adopted two different approaches to attain a stately objective that is an indispensable function of legitimate governments—the improvement of the lives of people (development) with utmost sincerity.

In America, as elsewhere, religious voters have political preferences and policy makers devoutly solicit the votes of the religious even though the religious periodically succumb to religious denigration and political embarrassment at the hands of policy makers who casually exploit religious faiths to implement inconvenient public policies that are incompatible with the fundamental tenets of sanctimonious religious doctrines—the doctrines that are worthy of unflinching support and respect; for example, scriptures pointedly inveigh against racism, impoverishment, intolerance, gun violence, xenophobia, and environmental abuses (inequity); all of which can be rationalized under the very simple theological proposition of the golden rule: “So whatever you wish that others would do to you, do also to them, for this is the Law and the Prophets” (Mathew 7:12, ESV); or better still, “You shall love your neighbor as yourself. There is no other commandment greater than these” (Mark 12:31, ESV); recall the fundamental principle of social holiness (*faith working by love*); at least in the Protestant tradition. I have

⁴ See Paolo Mauro’s Adding Ethics to Public Finance, *Finance and Development*, p 46.

alluded to the secular dimension of this anomaly (the religious-secular dichotomy) elsewhere (Warburton, 2019).

Benevolent government emanating from divine right is a tricky proposition that the Europeans could not perfect in the eighteenth century. European philosophers utilized the concept of benevolence to flatter the reforming monarchs of Europe, albeit with the deep and abiding principle that intelligent and ethical leadership could bring about political stability and economic prosperity.

A philosopher-prince, they [the philosophers] insisted, if he were wise and firm, could influence an entire society by his example and his edicts, and infuse all the branches of his government with his own spirit—the spirit of wisdom, power, and benevolence.

Monarchy was thus given the last chance to justify itself as “enlightened despotism.” The European rulers of the later eighteenth century were for the most part earnest and well-meaning princes. In recognition of their high sense of responsibility, and their sincere desire to improve the lot of their subjects, they have been styled the “enlightened despots,” and the middle and later years of the eighteenth century constitute “the monarchic age of repentance.” These princes strove to undo in one century the mistakes their ancestors had committed in five. Had they succeeded, benevolent despotism might still be accepted as the ideal form of government in Europe, but their intelligence was not equal to their intentions, and several of them, in their attempts to improve matters, ended by making them worse⁵ (Ferguson and Bruun, 1958, 593).

Can ethically intelligent social policy—derived from religious and natural principles—deliver opportunities for human happiness (development)? Why are some so happy when others are so unhappy? Can religious prescriptions resuscitate decadent (destructive) secular politics?

A comprehensive overview of the use of the Happiness Index can be found in the work of Musikanski et al. (2017). Ovaska & Takashima (2006) found that governments have traditionally used the index as an indicator of national well-being and economic growth. Since others have questioned the efficacy of per capita income as an indicator of national wellbeing, the Happiness Index has been a welcomed addition to the measurement of national welfare (Diener, Tay, & Oishi, 2013, and Guisan, 2021). Frey & Luechinger (2007) and Diener & Pavot (1993), explore the concept of happiness to include the subjective nature of happiness and the non-monetary measure of satisfaction.

The paper of Guisan (2021) is much more extensive in scope, sample size, and methodology, and the implications of the acquisition of human capital for improvements in the quality of life and happiness are more empirically direct. This finding, which is also corroborated by the significant correlation of the Human Capital Index and the Happiness Index in this paper, is not usually apparent when the Happiness Index is rationalized in isolation. Realistically, the pecuniary nature of the measurement of happiness is merely indirect (since the financial status of respondents cannot be cleanly excluded from the happiness metric). That is, the implications of finance have far-reaching and diverse effects that are not immediately apparent. Importantly, more

⁵ The most brilliant exponent of enlightened despotism was Frederick II of Prussia (1740-86).

education is more likely to increase the disposable income and the consumption possibilities of happy people (improvement on the quality of life).

A significant array of empirical work on happiness since 2008 could also be found in the work of Guisan (2021). The relationship between income, health and wellbeing around the world is included in the analysis (Deaton, 2008). Clifton (2021) finds, with some exceptions, that increases of real income usually plays a very important role in increasing welfare and happiness; a finding that is affirmed by the co-movement of income per capita and the Happiness Index in this paper (see also the work of Helliwell et al. 2019).

3. The Happiness Index

With its origin in Buddhist tenets, the Happiness Index, which has now attained international prominence, is an indicator of the effect of public policies on the welfare of humans. Bhutan's welfare model (GNHI) provides a valuable insight into the great possibilities of attaining economic and spiritual prosperity. Not all nations are attuned to the underlying spiritual foundations that necessitated the evolution of the index though they pay secular homage to the concepts of wellbeing and human development that are implicit in the index. Composite results of the global levels of happiness can be found in various editions of the *World Happiness Report*, under the auspices of the Global Happiness Council, a group of independent academic happiness specialists. The report has been released on an annual basis since 2012.

To determine the world's happiest country, researchers analyze comprehensive Gallup polling data from over 140 countries, specifically monitoring performance in six categories: gross domestic product per capita, social support, healthy life expectancy, freedom to make individual life choices, generosity of the general population, and perceptions of internal and external corruption levels.⁶ The Report sources its data from the Gallup World Poll. Random registered and non-institutionalized interviewers—with an age of 15 years or more—are randomly selected to conduct surveys. Each respondent in the happiness survey is asked the same questions in his or her own language to produce statistically comparable results.

In 2018, an ordered rung of a ladder, the Cantril ladder, was used to define levels of happiness ranging from the worst quality of life (the bottom rung of the ladder or 0) to the best quality of life the uppermost rung of the ladder, or 10). While some countries show abysmal levels of unhappiness, the Northern European countries have consistently outperformed others, partly because of their deep commitment to social justice, which has not impaired their ability to grow either. That is, the tradeoff between economic growth and development is rather moot (a false choice)—an antithesis to developmental strategies (if at all) of countries with a disingenuous predilection to confuse social justice (the guarantee of fundamental rights) with socialism. Unstable countries, pseudo-democratic countries, countries with impoverished citizenry, and war-torn countries have naturally performed poorly. These countries generally devalue human lives or register very low life expectancies to create a preponderance of unhappy citizens. That

⁶ In order to compare each country's data, the researchers create a fictional country Dystopia, to generate a minimum or benchmark score. All six variables were then aggregated to create a single combined score for each country; see <https://worldpopulationreview.com/country-rankings/happiest-countries-in-the-world>

is, they espouse perverse ethical values that are unmoored from declared religious and secular obligations.

The subcomponents of the Happiness Index provide robust opportunities for country-specific analysis and the evaluation of some general theoretic arguments for the construction of the index. This paper examines the covariances and correlations of GDP per capita and the Human Capital Index to the Happiness Index for a select number of countries; some of which are relatively stable (without political and economic distress). The countries do not have identical exposures to economic and political stability, and variations in their preferences for systems of government (theocratic or secular undemocratic regimes) set them apart from each other. The geographic scope of the inquiry is equally diverse—Africa, Latin America, the Middle East and Northern Africa (MENA), Europe, Asia, and North America. The list of sampled countries can be found in Table 1.1. The reasons for the selection are also intricately related to discussions in my forthcoming monograph, delineating specific developmental challenges since the 1960s.

Table 1.1: Changes in Happiness from 2008/12 to 2017/19 and happiness score for 2022 in parenthesis.

Country Africa	Change (score)	Country Latin America	Change (score)	Country MENA	Change (Score)	Country Other	Change (score)
CDR	-0.061 (4.418)	Argentina	-0.44 (6.086)	Afghanistan	-1.53 (3.203)	Australia	-0.103 (7.228)
Ghana	0.259 (4.996)	Bolivia	-0.043 (5.716) *	Egypt	-0.262 (4.166)	Bhutan	(5.082)
Liberia	0.349 (3.975)	Brazil	-0.472 (6.3)	Israel	-0.175 (7.139)	Canada	-0.248 (7.28)
Nigeria	-0.409 (5.265)	Chile	-0.168 (6.444)	Iran	-0.063 (4.548)	China	0.251 (5.191)
Rwanda	-0.643 (3.334)	Colombia	-0.174 (6.125)	Iraq	0.002 (4.437)	France	-0.061 (6.592)
Sierra Leone	0.049 (3.374)	El Salvador	0.455 (6.253)	Kuwait	-0.433 (6.021)	Germany	0.422 (6.985)
South Africa	-0.255 (4.722)	Mexico	-0.558 (6.595)	Libya	-0.266 (5.525)	Singapore	-0.14 (6.262)
Tanzania	-0.342 (3.231)	Peru	0.201 (5.697)	Palestine	-0.061 (4.696)	Taiwan	0.402 (6.446)
		Uruguay	0.237 (6.293)	Saudi Arabia	-0.03 (6.375)	UK	0.277 (7.054)
				Tunisia	-0.462 (4.461)	USA	-0.187 (6.892)
				Yemen	-0.715 (3.38)		

* Score for 2021

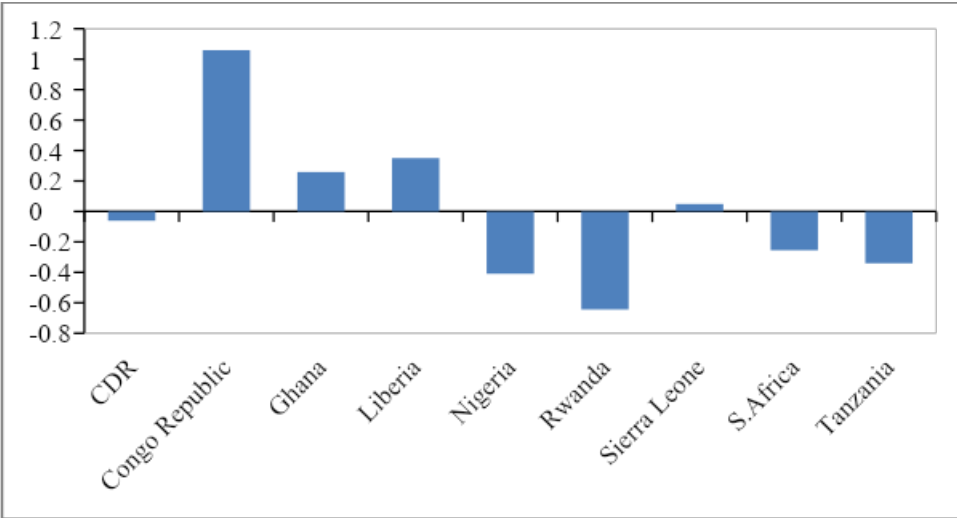
Data source: *World Happiness Report 2020* (pp. 28-31), *2021* (pp.20-22), and world population review, <https://worldpopulationreview.com/country-rankings/happiness-by-country>
 Top 7 countries in 2022: Finland (7.76); Denmark (7.6); Norway (7.55); Iceland (7.49), Netherlands (7.488); Switzerland (7.48); and Sweden (7.343).

Four of the African countries in the sample did not make improvements in the delivery of services from 2008/12 to 2017/19 and the respondents in those countries were very unhappy. Implicitly, the countries did not make significant progress in the areas of gross domestic product per capita, social support, healthy life expectancy, the freedom to make individual life choices, the generosity of the general population, and perceptions of internal and external corruption levels (see Table 1.3(a)).

But for five of the Latin American countries in the sample, the situation is equally doleful for some of the Latin American economies. It is worth noting that some of these countries have confronted lingering historical challenges (see Figure 1.3(b)). The MENA countries, including the theocratic states, registered no noticeable improvement on the social indicators. The very volatile region showed deterioration in the levels of unhappiness (Figure 1.3(c)). The negativity of volatility and belligerence is clearly depicted in the paper of Guisan (2021, p.96).

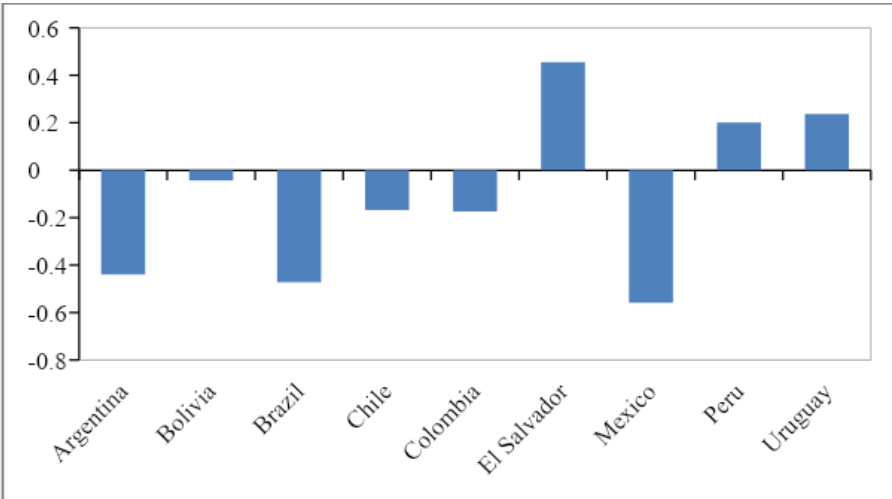
Ironically, the much more stable countries are not immune from the feelings of dissatisfaction (inadequacies); possibly because marginal improvements cannot be easily realized on the relatively superior social indicators. For example, Australia has a rank of 7.22 (out of 10) in 2022; Canada has a rank of 7.28 in 2022 (which approximates that of Israel); and France has a rank of 6.592 (see Table 1.1). Ideally, the scores below 7 are not as impressive as those of the Northern European countries, intimating that there must be more to the stories of dissatisfaction.

Figure 1.3(a): Africa (Changes in Happiness from 2008/12 to 2017/19)



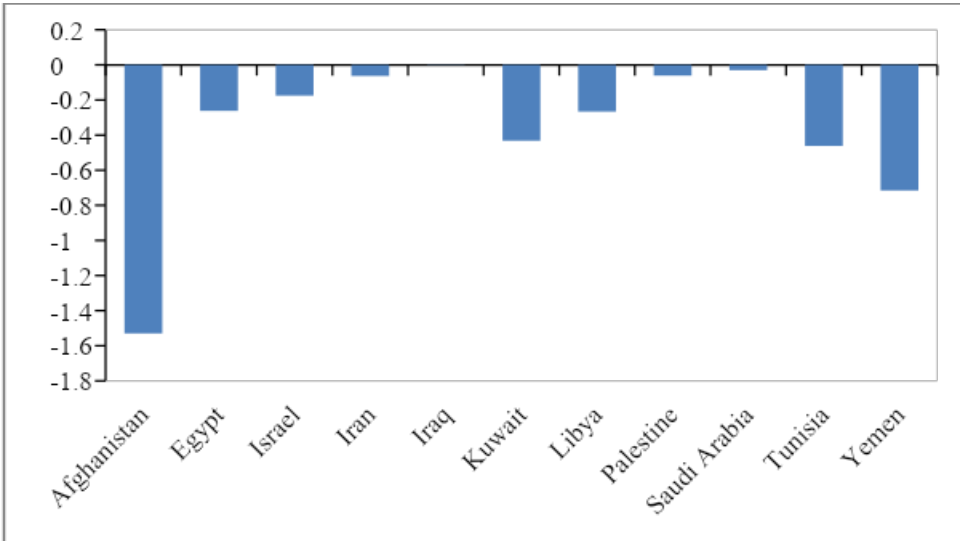
Data source: *World Happiness Report 2020*, pp.28-31.

Figure 1.3 (b): Latin America (Changes in Happiness from 2008/12 to 2017/19)

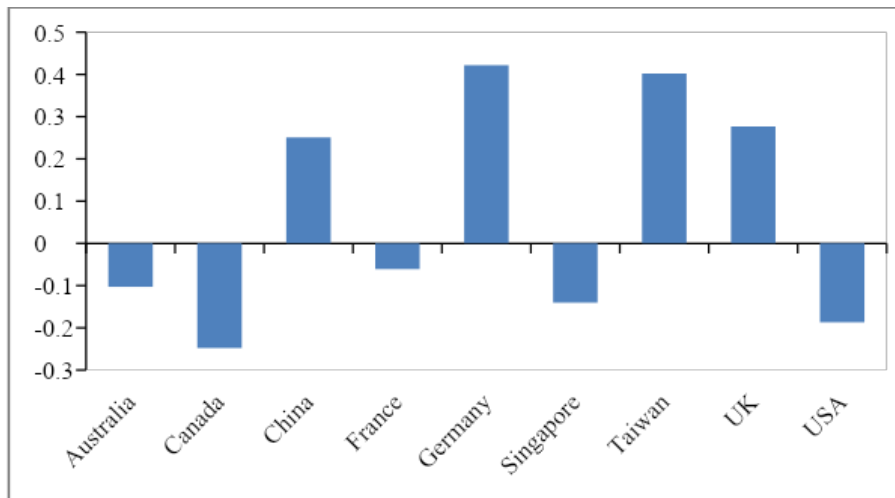


Data source: *World Happiness Report 2020*, pp.28-31.

Figure 1.3 (c): MENA (Changes in Happiness from 2008/12 to 2017/19)



Data source: *World Happiness Report 2020*, pp.28-31.

Figure 1.3 (d): Others (Changes in Happiness from 2008/12 to 2017/19)

Data source: *World Happiness Report 2020*, pp.28-31.

5. Empirical (statistical) findings and conclusions

Recall that the essence of this paper is to investigate: (i) whether per capita income positively correlates with the Happiness Index, (ii) whether per capita income can significantly increase the levels of happiness in a select number of countries, (iii) whether health and productivity positively and significantly correlates with happiness, and (iv) whether per capita income is incapable of acting as a significant proxy for happiness—one of the deficient criteria that necessitated the Happiness Index in the first place.

The HCI calculates the contributions of health and education to worker productivity. The final score of the index ranges from 0 to 1, and measures productivity as a future worker of a child born today relative to the benchmark of full health and complete education. The values for the Human Capital Index are averaged from 2016 to 2020. However, there are missing values for 2016 and 2019, except for the US and UK, which are nevertheless missing values for 2018 and 2020.

GDP per capita is gross domestic product divided by midyear population. GDP is the sum of gross value added by all resident producers in the economy plus any product taxes minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources. Data are in constant 2015 U.S. dollars (World Bank). The correlation which is a measure of strength and association (rather than causation) is evaluated by the t-test to determine the significance of the correlative relationship

between happiness and GDP per capita, and happiness and the Human Capital Index.⁷ Data for GDP per capita and Human Capital Index have been obtained from the World Bank's *World Development Indicators* (2022).

The covariance of two variables is an absolute statistical measure that indicates how closely two variables move together (co-movement). As a result, it measures the degree to which increases (or decreases) in the level of one variable tend to be associated with increases (or decreases) in the level of another variable over time:

$$\text{Covariance, } cv = \frac{\sum (x - \bar{x}_A)(x - \bar{x}_B)}{n-1}. \quad (1.1)$$

Unlike the covariance, the correlation coefficient is an indicator of the strength of association:

$$\text{Correlation coefficient: } r = \frac{cv}{\sigma_A \sigma_B}. \quad (1.2)$$

The empirical results are pointedly revealing. The inadequacy of per capita income as a measure of welfare is contingent on the structure of economies, the levels of development, and sample sizes. Per capita income positively and significantly correlates with happiness for the sampled countries, except for the African countries. A marginal increase in per capita income increases the Happiness Index by 0.66 points (in the case of the African countries), which is about the same for the Latin American countries in the small sample (see Table 1.2).

Table 1.2: Covariance and correlation among the Happiness Index, GDP per capita, and Human Capital Index

	Covariance (GDP per capita and Happiness)	Covariance (Human Capital Index and Happiness)	Correlation (Happiness- GDP/ HCI)	Happiness- GDP pc/HCI (t-test)*
Africa	0.666612	0.007893	0.557/0.284	1.643
Latin America	0.616516	0.001657	0.341/0.177	7.769/14.95**
MENA	12.20349	0.115091	0.9315/0.864	3.04/3.27**
Others	12.79204	-0.02035	0.832/-0.238	3.18/-11.13**
Aggregate	16.8112	0.143643	0.7456/0.7376	7.704/7.79**

** Tolerance of less than 5% error. "Others" refer to Australia, Canada, France, Germany, Bhutan, United States, United Kingdom, Singapore, and China. The Human Capital Index excludes Bolivia and Libya.

⁷ $t = \frac{r}{\sigma_r} = \frac{r}{\sqrt{\frac{1-r^2}{n-2}}} \geq 2$; where r is for the correlation coefficient, and n is for the sample size.

Per capita income and happiness have a much stronger co-movement for MENA and other countries. The transmission mechanism for the co-movement is less apparent but it can be ascribed to some positive external effects that may well be distributive. The positive co-movement also holds for the sample of 35 countries. This finding is consistent with that of Clifton (2021) and Helliwell et al. (2019).

The co-movement of the Human Capital and the Happiness Indices (with a small sample size) is generally weak and could not offer much insight into how productivity emanating from health and human capital could make people happy. Social support, healthy life expectancy, and the freedom to make individual life choices seem to provide a better indicator (proxy) of productivity that results from healthy life expectancy. Nevertheless, the HCI shows a strong and significant correlation to happiness in the MENA countries and all countries that have been sampled. The extensive sample size and social indicators of Guisan (2021) are instructive and supportive of the human capital result of this parsimonious work with an alternative methodology. Prominently, per capita income significantly elevates the Happiness Index, except for respondents in poorer and troubled countries with challenges of inadequate public services and instability.

This paper affirms the view that principles of ethics are indispensable to the improvement of human welfare (development or the alleviation of suffering). The positive correlation between per capita income and happiness is affirmed, and the inclusion of per capita income in the Happiness Index significantly elevates the values of the Happiness Index. Countries that have maintained optimal delivery of social services without negating economic growth have provided superior levels of satisfaction and happiness for their citizens (while avoiding the false tradeoff between economic growth and development). Accordingly, the unchanging policy issue remains the adoption of policies—informed by precepts of ethics—that could attain economic growth and development for the prosperity of the citizens of a nation.

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