

# LOOKING BEYOND GDP

*The World Happiness Report leads the quest for more holistic measures of well-being*

**MORE THAN 50 YEARS AGO** US senator Robert F. Kennedy famously critiqued GDP, saying that it “measures everything...except that which makes life worthwhile.” Since then, there have been significant efforts to look beyond GDP in search of more comprehensive ways of measuring well-being to help improve people’s lives.

The *World Happiness Report* is a key resource in this search, offering a comprehensive look at self-reported life satisfaction scores across countries (see chart for ranking criteria). In the decade since its inception, it has evolved from a novel concept to an influential factor in advancing the inclusion of well-being metrics in policymaking.

When we juxtapose GDP per capita with happiness scores from the report, it becomes clear that while GDP per capita is a significant predictor of happiness, it’s not the only factor. As the report outlines, other variables, such as social support, life expectancy, freedom, generosity, and the absence of corruption, also help explain varying levels of happiness between countries.

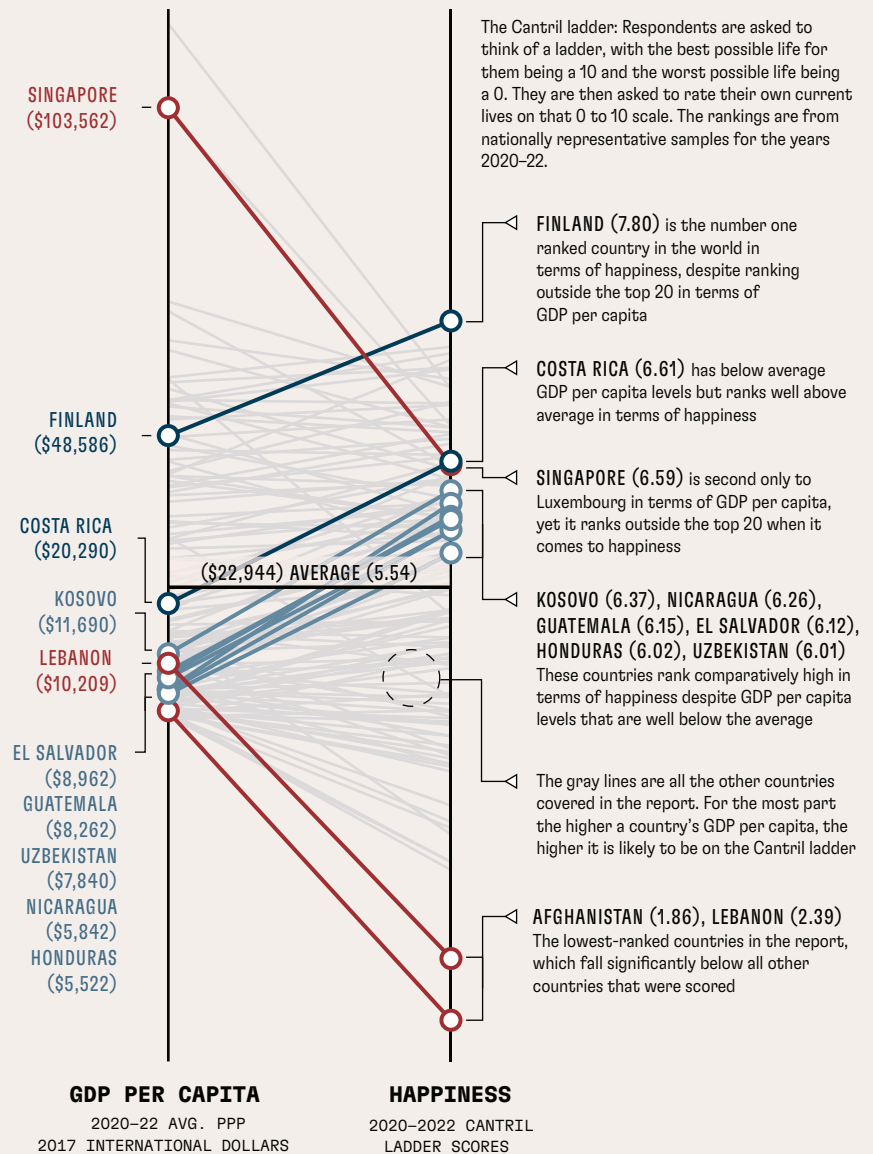
The report urges a reevaluation of success, advocating policies that not only foster economic growth but enhance the quality of life. The authors contend that by integrating happiness as a key objective, governments can adopt a more holistic approach to policymaking, ensuring that progress is measured not solely by material wealth but by the well-being of their citizens.

Some countries are already moving in this direction. For example, in 2019 New Zealand introduced the Wellbeing Budget, targeting critical societal areas such as mental health and child welfare. **F&D**

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## Does money buy happiness?

While higher GDP per capita goes together with higher life satisfaction, there are other factors that help explain the striking differences between some examples highlighted below.

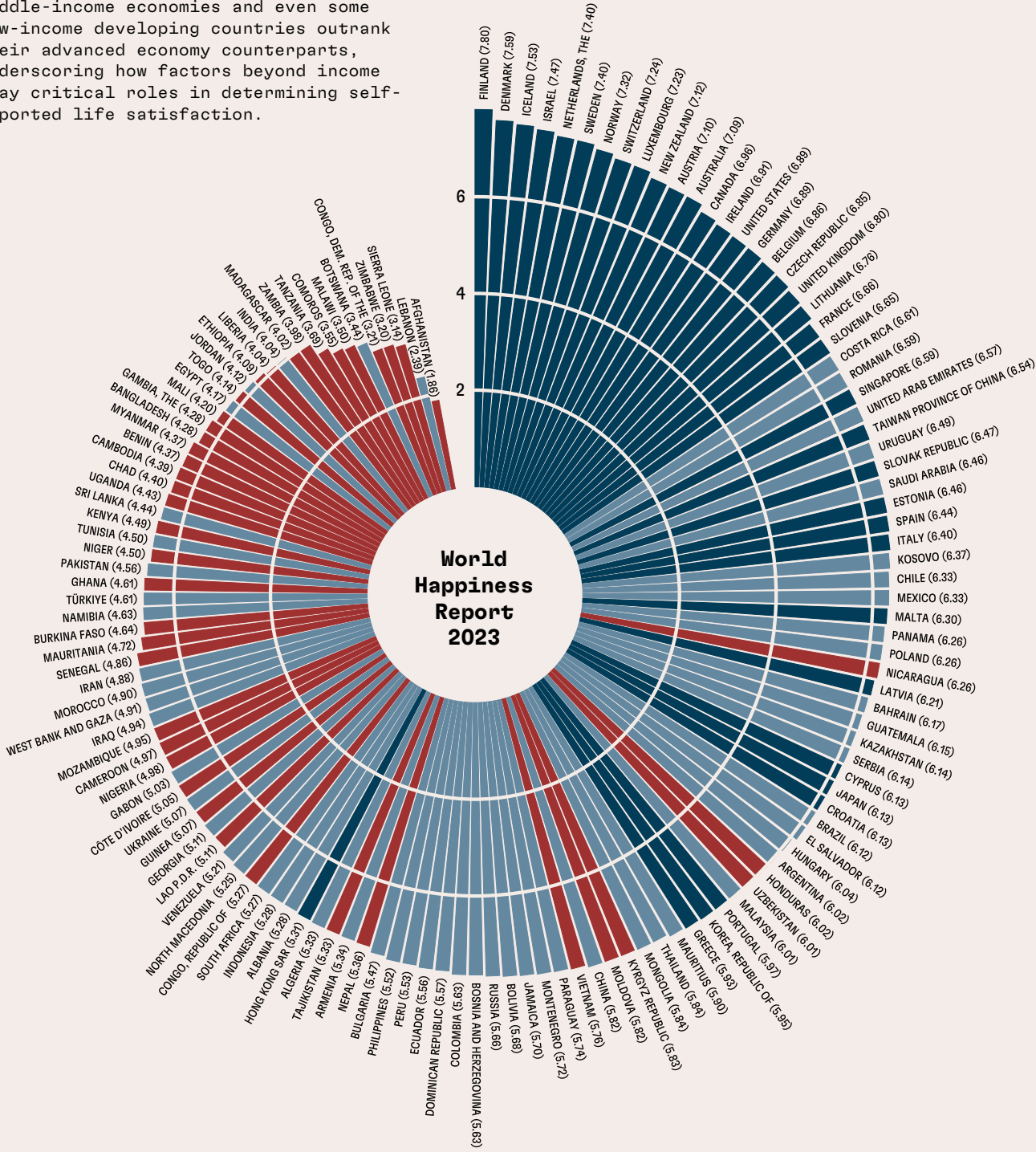


SOURCES: IMF, World Economic Outlook database, October 2023; and 2023 *World Happiness Report*.  
NOTE: PPP = purchasing power parity.

# Happiness spectrum

Rankings are based on individuals' ratings of their own lives using the Cantril ladder life-evaluation question. While advanced economies generally score higher, the data also highlight exceptions. Several emerging market and middle-income economies and even some low-income developing countries outrank their advanced economy counterparts, underscoring how factors beyond income play critical roles in determining self-reported life satisfaction.

- ADVANCED ECONOMIES
- EMERGING MARKET AND MIDDLE-INCOME ECONOMIES
- LOW-INCOME DEVELOPING COUNTRIES



SOURCES: Helliwell, J. F., R. Layard, J. D. Sachs, L. B. Aknin, J.-E. De Neve, and S. Wang (eds.). 2023. *World Happiness Report 2023*, 11th ed. New York: Sustainable Development Solutions Network; and Leo, O., Towards Data Science. NOTE: Countries are classified according to the IMF October 2023 Fiscal Monitor.