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**THE ECONOMICS OF HAPPINESS:
FACTORS BEYOND THE TRADITIONAL ECONOMY***

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The aim of the economics of happiness is to unveil the findings triggering the understanding of happiness by integrating the methodologies proposed by economists and psychologists.

The main problems that the economics of happiness deal with are concerning the issues of well-being and its relation to the concept of «happiness». It should be noted that the theories concerning this only partially bridge the bounds of traditional economics, because, in addition to highlighting financial issues, the economics of happiness examines a range of elements that impact people's well-being that might not have a physical manifestation.

The methodologies of the research are mainly analytical and use the theory of comparativeness in other countries and that of RA. We may conclude that in all countries where there is inflation and unemployment, economic inequality, and other negative effects of the globalization process, the population suffers the burden of all of this and has a darkened approach about happiness.

The article addresses the sum of those characteristics that, while only in a limited way influenced by the economic environment, have an impact on the construction of quality of life.

Keywords: *the economics of happiness, traditional economics, welfare effects, income circle, Easterlin paradox, public responsiveness, budget restriction.*

Introduction

The following article touches upon the issues of the economics of happiness, quantifies happiness that incorporates techniques from both economists and psychologists. Bringing psychology, sociology, and economics on one line is a hard ordeal, yet we need to admit that under the light of the changes dictated by the time and surrounding factors we are prone to think there are close interrelations between the mentioned spheres. The novelty of the article lies deeper in the fact that the concept of the economics of happiness is not thoroughly studied in RA. The economics of happiness

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is an inseparable part of mainstream economics and the emphasis of other social factors in line with economic factor will improve life quality in the country. What is the economics of happiness mainly based on? It is based on the responses of hundreds of thousands of people from different countries and continents who participated in the Happiness Survey. The latter has the analytic character that unveils that aspect not related to monetary relations. It also uses a broader definition of utility than traditional economics, emphasizing the importance of non-monetary factors in determining well-being. Currently, the tendency to adjust economic well-being with financial factors is beginning to be replaced by factors unrelated to economic indicators.

The problems that are being discussed in the article include those factors that tie sociological, economical, psychological fields that interact as a whole, serve to the overall purpose of making a better life, and show the features beyond traditional economics that reveal the necessity of conditioning life expectancy in a more precise manner. Since the topic has very many angles to consider, it was of essential importance to implement matrix methodology (Groenland 249-263).

It is ideal for dealing with objects such as inequality in welfare effects. On the other hand; macroeconomic policies such as inflation and unemployment provide little data about other problems that are of no lesser importance. One such issue is the difference between economists' assessment of the overall benefits of globalization and the more pessimistic view of the public. Public requirements differ from country to country; hence, the concept of «happiness» differs in accordance with it, and there are in-born «happy» nations whereas some factors are significant when trying to put it on a scale and quantify and qualify happiness (Rodrik 45-53).

To analyze the impact of globalization on poverty and inequality, a typical income-based examination is required. This research looks at how new happiness economics methodologies can give «alternatives» to happiness by focusing on the features of processes that are also connected to happiness. Short-term moves into and out of poverty, the welfare impacts of changes in distribution during the life cycle or income cycle, and/or changes in distribution at the sector, cohort, and neighborhood levels, as well as a general rise in global knowledge, are all contributing factors. Because impoverished people can be happy and affluent people can be miserable, certain poverty reduction techniques, whether short-term or long-term, do not fix the problem. This may appear contradictory, yet it is a universal fact.

The Quantitative Concept of «Happiness»

Happiness has long been researched by psychologists through the study on reported happiness, but economists have just lately entered the topic. Early economists and philosophers, from Aristotle to Smith, included the pursuit of happiness in their work. They all concluded that economic issues had a role. They are not the only pillars of well-being. However, as economics got more scientific and quantitative, a new, hazy definition of happiness evolved. The utility was considered simply dependent on income, mediated by human choices or preferences, within appropriate personal financial budget restrictions. Even in a more conventional paradigm, focusing just on money might overlook the essential dimensions of happiness, as numerous economists have noted over time. Various people place varying values on material and nonmaterial goods.

Happiness research, also known as subjective well-being research, is part of a larger trend in economics to question restrictive assumptions. The rise of limited rationality and behavioral economics, for example, cleared the ground for new research. Happiness economics is founded on the wider concepts of utility and welfare. Interactions between rational and irrational factors in linked utility functions, procedural utility, and

economic decision-making. Richard Easterlin was the first modern economist to reconsider the idea of happiness in the early 1970s. (Easterlin 25-37)

The goal of well-being economics is not to replace income-based welfare indicators, but rather to supplement them with a broader measure of wealth. These numbers are from a massive poll of hundreds of thousands of people from around the world who were asked to rate their happiness over time. The poll collects data on a variety of elements that influence the well-being, including health, family and job situations, and public trust, in addition to money. This strategy, which depends on state rather than acknowledged preferences, is especially well-suited to dealing with challenges conditioned by preferences as well. It frequently exposes a discrepancy between stated and actual tastes. The latter is unable to correctly predict the future.

Examples of these are the impact of macroeconomic measures such as inequality, environmental degradation, inflation, and unemployment on welfare. For example, Sen's capacity-based approach to poverty emphasizes that poor people are unable to make decisions or take specific actions. In some of his articles, he analyzes economists' overemphasizing choices as the only predictor of human behavior (Sen 1-24). Understanding the limitations of the sampling approach and the willingness to use the information contained in the research preferences is between the generally positive assessment of economists for the globalization process and the assessment of the average person or female who experiences it. The former is based on more personal experience, while the latter is based on traditional estimates of the overall benefits of the procedure. Changes in opportunities and incentive systems are affecting them and can create new vulnerabilities and instability for many. The choices are determined by factors beyond the control of the individual, and there are limits to how these changes can affect welfare. The impact of addiction activities such as smoking and substance abuse on welfare is another area where alternative approaches are limited, and well-being surveys may provide additional interesting data. Public responsiveness to the health and other spheres be of significance because the participants belong to different socio-economic groups and bring forth diverse results.

Happiness surveys are based on questions such as "In general, how satisfied are you with your life?" Alternatively, "How satisfied are you with your life?" With 4-7 possible answers. There are some methodological issues with this strategy. Critics accustomed to defining happiness in terms of material or financial gain lament the lack of accuracy in these issues (Bertrand 67-72).



Figure 1. The state of world happiness, top 10 happy countries of the world

Another documented proof of the happiness effect upon people worldwide is shown through WH report. As a matter of a fact it focuses on COVID-19 effects that change the quality of people's lives and assesses the way governments struggle with pandemic (WORLD Happiness, Trust and deaths under COVID-19 18-22). Among 155 countries included in the World Happiness 2021 Report, the Republic of Armenia took the 121th place, which indicates that the factors considered by the World Happiness Report are not fully implemented in Armenia.¹ If some bunch of factors will be considered for the nearest future, it is possible that «life expectancy» will change in the country and, in addition, it will improve its rate in the report. Armenian model of economics is still based mainly on GDP, which does not make it a country that will be attractive for inhabitants and new comers.

Individual reactions, like all economic measures, can be affected by unique, unobserved events. Unobserved personality traits and their corresponding measurement errors can bias the satisfaction survey responses. Other concerns about linked unobserved variables are fully shared by economists. Another issue with the use of perceptual data is the accuracy of the report. The wording of the question and where it is placed in the survey can have a significant impact on people's reactions. The distortion created by different or shifting reference standards is another matter. When people are asked how much income they need to earn and/or become happy, they often refer to their current income and add a certain percentage to it regardless of the absolute amount.

Easterlin Paradox

While maximum happiness research displays that rich people are happier on common than terrible human beings, studies among international locations and throughout time display little, if any, correlation among will increase in line with capita profits and common happiness levels.

Common health and common happiness sometimes happen to be in different poles but one cannot neglect their interconnection as well. Thus, we may assume that wealth does not always condition happiness but works for it as well. Another clarification of the ambiguity is psychologists' "set point" idea of happiness, which assumes that everybody has a happiness stage that they go back to overtime, even after large existence activities like triumphing the lottery or being divorced (Easterlin 227-234). Individuals are incredibly flexible, no doubt, and can subsequently turn out to have the demand of maximum offerings worldwide, if the availability of digital tools was a dream decades ago, now it is an inseparable part of everyday routine. Individuals price losses disproportionately than gains, in keeping with the behavioral economics studies (Kahneman 60-67).

Policy Ramifications

Richard Layard underlines the quantity to which people's happiness is assessed with the aid of using their social standing, which ends up in the attitude towards exertions and cash profits, decreasing pleasure. He additionally highlights the need for employment and domestic security, in addition to the exceptional and trustworthiness of social interactions (Layard 1-3). Meanwhile, happiness studies in growing international locations mean that more emphasis ought to be positioned on the bad effects of volatility and inequality, in addition to the vulnerability of the close to poor. The findings emphasize the bigger argument that even as improvement is important; it isn't always enough for poverty alleviation.

¹ Countryeconomy.com/demography/world-happiness-index/Armenia.

Other important elements, including investments in public health, establishments that could make certain adherence to primary fairness and equity norms, and collective investments in social coverage to shield employees from the volatility that frequently comes with integration into international markets, significantly maintaining the improvement profits that globalization enables deliver approximately. The demands of men and women of different social groups may be a topic of public disputes regarding the consideration of more or less important factors. For some people the stability of political life in the country is a good indicator for happiness, for others that factor is not even contemplated. Furthermore, happiness surveys can also additionally produce anomalous outcomes that monitor sparkling insights into human psychology e.g. adaptability and coping with the course of monetary crises. The economy of happiness brings forth numerous issues that have not be mattered before, and the yearly report of happiness may remarkably differ from the study performed earlier. These encompass the results of happiness findings for countrywide metrics and monetary boom patterns, in addition to the effects of happiness on exertions effort, consumption, and investment, in addition to the outcomes on political conduct. In the case of the latter, surveys of dissatisfaction or frustration can be treasured in predicting the chance of social unrest and its linkages to the globalization technique in numerous circumstances. Researchers require greater and better exceptional wellness statistics, specifically panel statistics, to deal with lots of those concerns. Panel statistics permit for the correction of unobserved character elements and related dimension errors, in addition to a higher dedication to causality direction. In maximum happiness studies, they are key roadblocks. There is a desire that in the nearest future economists will aggregate more information about the social problems of the populations and make it a part of economy assessment.

Conclusion

The article unveils the issues that are beyond economic considerations yet comprising the all-embracing features that are not accepted as a sector of economy yet they are decisive in its manner. The polarization of the society is conditioned by the fact that basic economic indicators are called to describe the economic situation of the country yet those factors that are in a shadow are not less significant. The Republic of Armenia should improve its place in the world happiness rankings by adding social factors to the essential economic indicators since the current economic potential is a step behind from those social problems that the populations deals with every day. Among those factors can be the interrelation of education and labor market, the implementation of ecosystems aimed at solving ecological problems. The ladder-of-life is based on relative aspirations but if an examination took place in Armenia that would unveil the issues that concern the population more, the measures could also be taken accordingly. For getting the “big picture” of economics one needs to encompass the results of happiness findings to the already known factors, and only within the framework of mainstream economics, it will be possible to precisely assess the economic situation of the country.

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ԵՐՋԱՆԿՈՒԹՅԱՆ ՏՆՏԵՍԱԳԻՏՈՒԹՅՈՒՆ. ԳՈՐԾՈՆՆԵՐ՝ ԱՎԱՆԴԱԿԱՆ ՏՆՏԵՍԱԳԻՏՈՒԹՅՈՒՆԻՑ ԱՆԴԻՆ

ԳՅՈՒԼՆԱՐԱ ԴԱՆԻԵԼՅԱՆ

*Հայաստանի Հանրապետության
պետական կառավարման ակադեմիայի մագիստրանտ,
ք. Երևան, Հայաստանի Հանրապետություն*

Երջանկության տնտեսագիտության նպատակը տնտեսագետների և հոգեբանների կողմից առաջադրվող մեթոդների համախմբի միջոցով հետազոտության այն արդյունքների ներկայացումն է, որոնք միտված են հաղորդելու տարբեր մայրցամաքներում ու երկրներում ապրող մարդկանց բարեկեցության մասին պատկերացումները: Հարկ է ընդունել, որ նշյալ ոլորտի խնդիրները միայն մասնակիորեն են հատում ավանդական տնտեսագիտության սահմանները, քանի որ եկամտի գործոնները ընդգծելուն զուգահեռ երջանկության տնտեսագիտությունը դիտարկում է նաև այն գործոնների համախումբը, որոնք ազդում են մարդկանց բարեկեցության վրա, սակայն կարող են ֆիզիկական մարմնացում չունենալ:

Հոդվածի խնդիրը ավանդական և երջանկության տնտեսագիտության համադրումն է վերլուծական ու համեմատական տեսությունների կիրառման մեթոդով, ինչն արդեն իսկ արվում է բազմաթիվ երկրներում, սակայն դեռևս ոչ ՀՀ-ում:

Տրամաբանական է, որ բոլոր այն երկրներում, որտեղ նկատվում են գնաճ ու գործազրկություն, ցանկացած տնտեսական անհավասարություն, գլոբալիզացիայի գործընթացի բացասական երևույթներ, ապա բնակչությունը, ըստ էության, կրում է նաև այդ ամենի բեռը և հոռետեսական մոտեցում ունենում երջանկության մասին:

Հիմնաբառեր՝ *երջանկության տնտեսագիտություն, ավանդական տնտեսագիտություն, եկամտի շրջապտույտ, բարեկեցության գործոններ, Իսթերլինի պարադոքս, հասարակական արձագանք, բյուջետային սահմանափակումներ:*

ЭКОНОМИКА СЧАСТЬЯ: ФАКТОРЫ, ВЫХОДЯЩИЕ ЗА РАМКИ ТРАДИЦИОННОЙ ЭКОНОМИКИ

ГЮЛЬНАРА ДАНИЕЛЯН

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Цель экономики счастья состоит в том, чтобы с помощью комплекса методов, предложенных экономистами и психологами, представить результаты исследований, направленных на то, чтобы дать представление о благополучии людей на разных континентах и в разных странах. Стоит отметить, что проблемы, относящиеся к этой сфере, лишь частично выходят за рамки традиционной экономической науки, поскольку, помимо акцентирования факторов дохода, экономика счастья рассматривает совокупность факторов, влияющих на благополучие людей, но не имеющих физического воплощения.

Задачей статьи является на основе использования сравнительного и аналитического методов, сопоставить факторы экономики счастья и традиционной экономики, что, в отличие от Республики Армения, практикуется во многих странах.

Во всех странах, где существует вероятность инфляции и безработицы, экономического неравенства и другие негативные последствия процесса глобализации, у населения меняется представление о счастье. В статье рассматривается совокупность характеристик, которые, хотя и в ограниченной степени подвержены влиянию экономической среды, все же оказывают влияние на формирование качества жизни.

Ключевые слова: экономика счастья, традиционная экономика, эффекты благосостояния, круг доходов, парадокс Истерлина, общественная реакция, бюджетные ограничения.