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Guest post: counting Brazil's gross national happiness

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By Jimmy Greer of Brazilintel

Few things are more likely to invoke the suspicion of very serious people in advanced economies than loose talk about measuring national “happiness”.

You can imagine the eyebrows rising further when an institution in an emerging economy like Brazil – a country with plenty to do in delivering higher standards of living to much of its population – says it is about to embrace the idea. But news that the Fundação Getulio Vargas in São Paulo (FGV-SP), a higher education institution and think tank, is setting out to measure Brazil's gross national happiness (*felicidade interna bruta*, or *FIB*) should be taken seriously.

Brazil recently overtook the UK to become the world's sixth biggest economy. In terms of GDP per capita, however, it is ranked 53rd by the IMF (which puts the UK in 22nd place).

Meanwhile, the UN's 2011 Human Development Index ranks Brazil at 84th – and the World Bank's recently published World Happiness Report ranks it at 25th. Clearly there is more to life than income. Indeed, a pilot study by the FGV-SP found that money was not people's primary source of happiness.

Not that Brazil's economic stability and growth over the last 15 years have not been transformational. Since 2003, more than 40m people have joined the middle class. Unemployment is at record lows. In the last 10 years, the incomes of the poorest 50 per cent of Brazilians increased almost six times more quickly than those of the top 10 per cent*. As a way of providing happiness, the trusted method has done pretty well.

But gross domestic product is merely a sum of consumption, investment and net exports. It was never intended to be a measure of how well a country is doing. Even its creator, Simon Kuznets, in his first report on his pioneering national accounting system to the US Congress in 1934, cautioned: “the welfare of a nation can...

scarcely be inferred from a measure of national income". And as Richard Easterlin famously showed, after a certain level of income, happiness doesn't increase with wealth.

So retooling Brazil's national accounts to measure what GDP misses, and better to reflect what makes people happy beyond income alone, could help policy makers set the country up to prosper.

For instance, GDP doesn't count environmental costs – odd in a country that is highly urban *and* a store of so much natural capital. A soon to be published UN report on "inclusive wealth" finds that while Brazil's GDP has increased 36 per cent in the last 18 years, its natural capital has *declined* 46 per cent. The costs of losing this natural capital are felt, for example, through the impact of increasing natural disasters such as floods – traumatic events whose clean up, by the way, increases GDP.

GDP is also boosted, for example, by auto sales – 3.6m of them in Brazil in 2011 alone. But it fails to tell us anything about the costs associated with things like commuting times and respiratory illnesses – things that count towards living a materially better life, with an impact not just on health and stress but on time spent with friends and family as well.

Elsewhere, while the UN's World Happiness Report confirms that income and job security are core factors in individual happiness – areas where Brazil has made significant gains of late – it also finds that improving mental well being is highly significant in improving peoples lives. And policies that improve mental well being do more to promote productivity and prosperity than those that merely maintain conditions to help people keep up with the da Silva's. The right policies not only equip people to deal with what life throws at them; they also make them better placed to succeed in a skills marketplace increasingly geared towards social, emotional and creative capabilities. In this way, a focus on happiness can explicitly create multiple, positively reinforcing returns for an economy and society.

Gaps in the happiness database are being plugged all around. For example, the IRBEM survey, compiled by research firm IBOPE for the organisation Nossa São Paulo, annually reviews 169 indicators of quality of life in the city. The views of residents on things like health, education and security help build a detailed map of what works and what doesn't.

Gross national happiness is no airy concept. It helps us better to understand what makes a qualitative differences to people's lives and, in turn, can improve national competitiveness in the 21st century. It might surprise very serious dissenters to hear that many national statistics offices do already collect this type of data – Finland's *Findicator* and Australia's *Measures of Australia's Progress* to name two – and feed it into their national accounting mix.

For Brazil, far from being a tokenistic add-on, measuring and having a public

conversation about gross national happiness is an overdue step towards constructing an enduring type of productivity better in tune with the demands of the 21st century.

* data from *De Volta ao País do Futuro: Crise Européia, Projeções e a Nova Classe Média* FGV/CPS March 2012

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