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## **ABSTRACT**

of the qualification work for the bachelor's degree

on the subject of

"HUMAN HAPPINESS AS A BASIC PRIORITY FOR THE DEVELOPMENT OF THE WORLD. FORMATION OF ECONOMIC MODELS ACCORDING TO THE ESSENCE OF INDICATORS".

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The main content of the qualification of Bachelor's thesis is shown on 43 pages, including a list of 40 references, which is located on 4 pages. The work includes 1 table, 4 figures, as well as 2 appendixes.

**Keywords:** happiness, ECONOMY OF HAPPINESS, FACTORS OF INFLUENCE ON HAPPINESS, WORLD HAPPINESS INDEX, HUMAN POTENTIAL INDEX, PROSPERITY INDEX, HUMAN DEVELOPMENT INDEX, METHODS OF RESEARCH ON HAPPINESS, GDP.

The goal of the undergraduate qualification work is to understand what makes people happier and to find factors that influence this and ways to increase happiness both at the individual level and at the level of the whole country.

The object of the research is the theory of the economy of happiness.

The subject of the study is the change in the level of happiness of people in different countries and the factors influencing it.

In the process of research depending on the goals and objectives were used appropriate methods of research of economic processes, including systematization and generalization (in the theoretical concept of the happiness economy), observation and classification, comparative method (in the analysis of the international level of happiness of the world and the creation of Table 3.1), the method of quantitative analysis (indicators of the level of happiness in Ukraine, the impact of income on the level of happiness, the index of human happiness), methods of induction and deduction

in the analysis of the impact of income and other indicators on the happiness of people), factor analysis. The empirical basis of the study was the data selected from the European Social Survey. Information on indicators was taken from 2010 to 2020.

The informational basis of the work is legislative and regulatory documents, analytical reviews and reports of international financial institutions, information and analytical bulletins, as well as periodicals and scientific publications of domestic and foreign authors.

The results of the research were formulated as follows:

1. In today's society the research on the economy of happiness is gaining momentum. This is the economy for which we optimize our resources in order to increase the level of satisfaction in society.
2. Some countries have been able to create a system of social, economic and cultural relations in which it is easier for people to realize their needs, and this does not always mean only higher income.
3. Happiness as a function of the value of the whole society or of each individual person enables us to consider in the appropriate way the model of the whole society and to find new orintiries and development zones for the benefit of its inhabitants. ...

The model of happiness economics itself can be used, first of all, to stabilize the political situation in a certain country or region. It can also be used by private companies to understand the potential problems and consumption zones of their target audience. Thus it is possible to understand where a new demand is formed or can be formed in the society and for which goods or services. Private companies, focusing on economic indicators that would make people feel happy in general, can use them in their activities to maximize their income directly or by means of related activities associated with the brand.

Year of completion of the qualification work - 2021

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## TASKS FOR BACHELOR'S DEGREE QUALIFICATION PAPER

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## TASKS FOR BACHELOR'S DEGREE QUALIFICATION PAPER

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## INTRODUCTION

Nowadays, economic research is increasingly moving beyond traditional topics. And for centuries people have been asking themselves the question: what is happiness?

And there is still no unambiguous answer. Happiness economics is a new trend in economic theory, which emerged in the last decade in connection with the intensification of criticism of GDP and related indicators. It emerged at the junction of the three sciences: economics, sociology and psychology. Scientists, studying the field of happiness, are still trying to find the reasons for it, both for individual people and for the country and society as a whole. They wonder why people who live in highly developed countries and have significant financial savings feel miserable. And at the same time, people from countries with low rankings say they are happy? This theory examines the economic and non-economic factors that determine people's happiness and shows its interconnection with the level of development of the country and searches for parameters for assessing the level of happiness of the society as a whole. Within the framework of this dimension, alternative indicators were created that allow to determine the level of development of the nation. This question is investigated from various points of view and the discussion has not yet been completed.

Thoughts devoted to this aspect of economic theory and economic relations can be found in the scientific works of foreign, rather than domestic authors. Namely, R. Easterlin, D. Kahneman, E. Oswald, R. Veenhoven, V. Antropov, O. Antipin, V. Bochko, O. Rumyantseva, J. Sachs, S. Guriev and others address this issue in their works and give it a lot of attention. Under the conditions of transforming processes of reality of postindustrial and informational society, when the main source of economic growth is human capital, attention to the needs of each individual person becomes a full economic task. And that is why we consider this topic to be very topical and the one that requires research, development and implementation in today's life in our country.

Research conducted in the field of happiness economics is aimed at the development of new indicators and methods of quantitative measurement of human happiness. The ranking takes into account such indicators of well-being as the level of GDP per capita, the estimated life expectancy, the presence of civil liberties, sense of security and confidence in the future, stability of families, employment guarantees, the level of corruption, as well as indirect indicators of the state of society, such as the level of trust, generosity and generosity. In addition to the above statistical data and indirect

indicators, a significant part of the research is formed by the results of surveys of public opinion of residents of different countries about how happy they feel, which are conducted by the International Research Center Gallup.

In this paper we study which parameters have the greatest influence on the level of happiness in different countries of the world. The chosen topic is actively discussed not only in the media, but also in academic circles

The purpose of our research work is to understand what makes people happier and to find factors that influence this and ways to increase the level of happiness both at the individual level and at the level of the whole country. To achieve this goal we set the following objectives:

- Study and systematization of the main approaches presented in the modern literature on the topic of "happiness economy".
- Study of economic and non-economic indicators and methods of assessing the level of happiness
- Analysis of the international happiness ranking for the last year.
- Study of the dynamics of the level of happiness in Ukraine over the past 10 years.

The object of our study is the theory of happiness economy.

The subject of the study is the change in the level of happiness of people in different countries and the factors influencing it.

In the process of research depending on the goals and objectives were used appropriate methods of research of economic processes, including systematization and generalization (in the theoretical concept of the happiness economy), observation and classification, comparative method (in the analysis of the international level of happiness of the world and the creation of Table 2.1), the method of quantitative analysis (indicators of the level of happiness in Ukraine, the impact of income on the level of happiness, the index of human happiness), methods of induction and deduction of wages and other indicators on the happiness of people), porinionning (in the creation of Table 1), factor analysis. The empirical basis of the study was the data selected from the European Social Survey. Information on indicators was taken from 2010 to 2020. The informational basis of the work is legislative and normative-legal documents,



analytical reviews and reports of international financial organizations, data of informational and analytical bulletins, as well as periodicals and scientific publications of domestic and foreign authors.

This work consists of an introduction, three sections, a conclusion, a list of references, which includes 40 titles, 2 applications. The content of the work is set out on 43 pages of the main text. There are one table and four drawings.

The first section introduces the definition of "happiness economy" and its economic and non-economic factors. An overview of research from the 1970s to the present is given. The contribution of such countries as Bhutan, Great Britain, China, France, Japan and others to the systematization of this question is also studied.

The second section contains information on indicators that are fundamentally important for the topic: the World Happiness Index, the Human Potential Index, the Prosperity Index, the Development Index, and the Better Life Index. They are described, compared with each other, and the positive and negative aspects of each of the indicators are identified.

In the third section of this work we make a more detailed analysis of the World Happiness Index rating for 2020-2021 in the countries of the world, identifying trends and patterns of development of "happy countries". Separate attention is paid to the study of the level of happiness in Ukraine, the results of which we see what makes our compatriots happy and offer options for solutions from the experience of "happy countries".

# 1 THEORETICAL BASIS FOR THE ANALYSIS OF HAPPINESS ECONOMICS .

## 1.1 The definition of the economy of happiness and its components.

Happiness is the human condition that corresponds to the greatest inner satisfaction with the conditions of one's life, the fullness and competence of life, the fulfillment of one's human purpose [23]. V. Frankl noted that people's happiness indirectly depends on how meaningful their actions are [17,202]. The first portrait of a happy person was made by C. Rogers. He viewed happiness not as a static but as a dynamic process. The researcher saw several conditions of "good living". These conditions include: happy people tend to live in the present; they trust not authorities and ideas, but their own feelings and intuition; happy people, due to their creative approach to life, are able to easily adapt to conditions that are constantly changing [17, 202]. Happiness has been talked about for a long time, but no scholar or philosopher has yet given a precise definition of it or set forth precise actions or methods to achieve it. And first of all, because the concept of happiness for each person has its own sense and its own understanding. It can be an individual stimulus to achieve the goal, and more often for everything it is not the result, but the process. Each person can be happy depending on personal beliefs, life values and priorities, types of activity.

Happiness is not only a personal problem, it can be considered a social problem. The human capital, which ensures the well-being and prosperity of the society, the country and the world civilization as a whole, depends on the degree to which people can realize their potential and find their place in life.

Happiness economics is a new trend in economic theory that emerged at the end of the 20th century in response to the growing criticism of GDP and related indicators. Within the framework of this direction, alternative indicators were created to determine the development of the nation from different angles . Research in the field of happiness economics is aimed at developing methods of quantitative measurement of happiness,

as well as solving the problem of reducing subjective assessments to a common form [3].

This trend in many ways reverses the traditional logic of economic and social evaluations, emphasizing subjective well-being and through it evaluating the quality of objective living conditions of people, and the economy is seen in humanistic coordinates - as a tool to create well-being for the society as a whole and each person individually [18].

At present, a movement related to attempts to study happiness using scientific and quantitative methods is taking shape in the world. The relevance of this issue is determined by the particular importance of the studied concept as a criterion for assessing the effectiveness of decisions made at the state level, as well as by the demand from society itself, which is due to the natural desire of each person to feel happy and the need to improve the social, spiritual and physical health and quality of life of the population.

Scientists - economists, studying this question, are trying to understand what determines the level of satisfaction with life, people in different countries. When we analyze the growth of GDP, and we talk about. That they opened a new museum and an entertainment center, built a new road, it may turn out that there is no one to use it. Happiness, as such, should be the goal of socio-economic policy[3]. The question then arises: how to sort out which countries can be called happier? The answer may be the following: these are the countries where people want to live, raise their children, where they want to move to. If to analyze various ratings on this question, it is possible to trace the tendency that success and happiness of the country often stand apart from happiness of citizens of this country. Why does this happen?

Perhaps these people do not see their well-being in the macroeconomic reforms that politicians propose. And in this sense, subjective life satisfaction is not an abstract concept at all. It is, in our opinion, a very important concept. If people are not becoming happier, or even worse, feel unhappy, we need to consider this problem at the level of the state.

What can determine the level of happiness in different countries? Factors that determine the subjective assessment of life satisfaction can be divided into two groups - non-economic and economic. The economic factors include: availability of work or sources of income, the amount of income of an individual citizen, the level of average income per capita, indicators of inflation and unemployment, The rate of business activity in the country and in the world, the level of economic development of the country (availability and quality of medical, educational, insurance and consumer services). The degree of influence of each of these factors on people's perceptions of their own well-being is different. The salary or income that a person receives allows a person, at a minimum, to meet the most basic needs: food, clothing, and housing. Depending on the level of the same income is education, self-development, travel, entertainment. This component is fundamental both in rich western countries and in poor countries of Asia, Africa, Latin America. The next point is employment. One of the most important factors in people's happiness is work. The loss of the workplace leads to a drop in income and self-esteem, deterioration of mood, changes in the order of the day. This leads to a serious problem with the emotional well-being of not only these people, but also family members. Unemployed people are much less happy. And here we are talking not only about the loss of income, but also about the loss of future income, confidence in tomorrow, confidence in one's own strength, the ability to give the best for one's family. So those people who are out of work today, even if they compensate for the loss of income with unemployment benefits, they are much less happy than those who are engaged in any activity, whether salaried or self-employed.

Non-economic factors are also very important and varied.

1. These are formal signs: age, article, and individual characteristics of a person.
2. Social status, i.e. education, profession, family status also plays an important role in feeling happy. Availability of and access to social benefits, the way of spending time, communication with relatives and friends, sports or hobbies are also important in feeling of happiness.
3. Factor of satisfaction with political institutions, freedom of choice.

4. Satisfaction with living conditions: climate and environmental conditions, social development, law and order, etc.

People are dissatisfied when there is corruption, high levels of inequality, and inequality of opportunity around them. Its effect on the level of happiness is ambiguous and can vary significantly from country to country. For example, a factor such as education. Studies conducted in Britain show that people with a university degree are less satisfied with their lives and are more susceptible to stress and depression than those without higher education. But at the same time, a positive correlation between the level of education and the level of happiness is observed in many other countries: the USA, Switzerland and Latin America.

We can measure and analyze what is happening in different countries and why. And we can also see how government and civil society organizations can and do influence these factors.

## 1.2 A review of happiness economics research at the global level.

In 1968, Robert Kennedy, in a famous presidential campaign speech, noted the following: "Our gross national product includes air pollution, cigarette advertisements, and ambulances taking away victims of disasters. It also takes into account door locks and prisons for people who break them. It includes the destruction of sequoia forests and unique nature by chaotic urbanization... But it does not take into account the health of our children, the quality of their education, or the joy that play brings them. It does not reflect the beauty of poetry or the strength of marriages, the level of political debate or the integrity of officials. It does not measure intelligence, courage, wisdom, learning, or even our compassion or devotion to country. Simply put, it measures everything except what is really worth living for" [25, p. 61].

Ruth Veenhoven, a Dutch sociologist and internationally recognized authority on happiness research, has made an important contribution to the notion of happiness as a public policy goal. In his opinion, the level of happiness that people demonstrate, along with the level of health and well-being, is one of the important measurable indicators of

how suitable and comfortable people's lives are in a given society [39]. He has shown that happiness can be used as a reliable measure to assess progress in society [29]. Veenhoven is the founding director of the World Happiness Database and the founder and editor-in-chief of the Journal of Happiness Studies.

R. Layard, a professor at the London School of Economics, believes that it is the pursuit of human happiness that should be accepted by the state as the gold standard and the basis for all political decisions. In his opinion, the happiness of citizens is the only indicator of effectiveness, which the government of each country should take into account when planning its course, and it only makes sense to multiply the wealth and power of a country in order to increase people's happiness [9].

The study of the content of the concept of happiness and its influence on the welfare of the country was carried out by representatives of different scientific directions. P.S. Gurevich, A.F. Losev, Y.M. Lotman, K. Neshev, V. Tatarkievich, S. Horuzhi paid much attention to the social and philosophical characteristics of this concept in their works. Russian sociologist P.A. Sorokin emphasizes the importance of this concept and the inadmissibility of ignoring it in all spheres of state development: "All the criteria of progress, no matter how diverse they may be, somehow imply and must include the principle of happiness" [22, p. 511]. Psychologists studying the question of the economy of happiness also share the viewpoint of sociologists and economists. M. Seligman says that we are entering an "economy of life satisfaction", that business success directly depends on the meaning of life and interpersonal relations [11], and government policy should be aimed at multiplying general well-being, and well-being can measure its success and failure [Ibid., p. 122].

Numerous studies in the field of the economy of happiness confirm the fact that the higher the level of welfare, the higher the happiness. And this can be seen both when we compare the population within any one country, and when we compare different countries among themselves. But here is a paradox. It turns out that growth of satisfaction with life is not always directly connected with growth of their well-being. And in confirmation of this fact can be the famous Easterlin paradox, named after the economist Richard Easterlin. He discovered that an increase in per capita income only

up to a certain level leads to an increase in happiness, but no more [34]. Here the principle of the "hedonistic wheel" applies: "Claims grow along with income, and after basic needs have been met, it is not the absolute but the relative level of income that is important for well-being" [ibid].

R. Layard concluded that this threshold is 20,000 dollars of GDP per capita per year. In countries that have passed this level, life satisfaction no longer increases, and sometimes even decreases [9]. In 2003, R. Veenhoven and M. Hagerty conducted and published a study that refutes the Easterlin paradox [37]. In 2008, B. Stevenson and J. Wolfathers say that an increase in absolute income is clearly associated with an increase in self-esteem of happiness. Studies conducted within individual countries say that there is an almost linear correlation between the level of happiness and the level of income, the same for both the rich and the poor. E. Diener also conducted a large-scale study, the result of which was the conclusion that an increase in income causes an increase in happiness, but on the condition that needs grow more slowly than income [33]. In 2010, Easterlin published a new study involving 37 countries, which confirms his previous findings [36]. Thus, we see that the question of the relationship between happiness and the well-being of countries and individuals remains open. The insufficiency of economic factors and their ambiguous connection with life satisfaction is manifested, for example, in the fact that the residents of Western countries are now, on average, 4 times better off financially than 40 years ago, and the level of their subjective well-being has not changed, while 37% of wealthy Americans have a feeling of happiness at a below average level [32]. M. Argyle argues that scientists still "have not been able to understand why huge historical shifts in average income levels have not caused an increase in satisfaction and happiness. This fact is probably due to the growth of claims: if before people dreamed of having their own bicycle, now they already need two cars" [1, p. 177]. And in this statement we see a rational grain. Today people, for the most part, have forgotten how to be grateful and enjoy what they have. Begin to appreciate it only when they lose or in comparison with those who do not have it.

Income growth cannot be directly converted into happiness. According to Alexander Dolgin, professor at the Higher School of Economics in Moscow, "indicators

such as the volume of GDP are absolutized. The fact that intensive economic growth leads to emotional exhaustion is completely overlooked. It also eats away at the happiness quotas of the next generation by raising the bar of expectations. What is needed is a system capable of capturing people's delicate sense of self. To catch it in dynamics, without averaging, in relation to time and different human strata" [4].

Another attempt to find an alternative to the usual GDP was made in France in 2008. President Nicolas Sarkozy created a special commission to measure economic achievements and social progress, headed by Nobel laureates. The Indian Amartya Sen and the American Joseph Stiglitz, known for their critical attitude to the generally accepted methods of economic management, led the study. They proposed to use for calculations such indicators of the quality of life as: the sustainability of development, security, political rights of people, the state of the environment, etc. In 2009. Stiglitz and Sen published an article in which they argued that the exaggeration of the value of GDP dynamics was one of the causes of the global financial crisis. And they point out that governments and economists have overlooked other, equally important factors, such as the social cost of unemployment or uncontrolled lending, which contribute to the growth of the economy today at the expense of tomorrow. At the end of the commission's work, President Sarkozy suggested introducing parameters such as happiness and access to health care to measure a country's development, and called on other countries to adopt France's experience.

### 1.3 Contributions of countries around the world to the development of the happiness economy model.

Today in the world there is a huge number of indicators which characterize the economic development of each state. We know that one of the most basic is the Gross Domestic Product. GDP is a macroeconomic indicator that reflects the real market value of all goods and services produced in all sectors of the country's economy during the year, both for final consumption, export and for personal savings by citizens, regardless of which state they belong to, used factors of production of the country can be



expressed in national currency, at purchasing power parity (for more accurate international comparisons) and recalculated at the exchange rate in foreign currency

In order to be able to compare countries by their level of economic development among themselves, there is a private indicator - GDP per capita. To calculate it, it is necessary to divide the total level of GDP by the number of inhabitants of the state. This indicator, of course, determines the welfare of the population of the country, and at the same time, it is not quite accurate, because the main goal of most people is not wealth and accumulation as such, but to feel happy and healthy. In practice, GDP does not reflect indicators of people's satisfaction with their quality and way of life, living conditions, the environmental situation in the country or city. The government of the small kingdom of Bhutan has initiated the replacement of the traditional criterion for assessing the development of countries by GDP with the term "happiness index". The model of gross national happiness implies measuring the quality of life in the balance between the material and spiritual. This concept was introduced in 1972 by King Jigme Singye Wangchuck of Bhutan, and a ministry of the same name was established. The government of Bhutan has declared the pursuit of happiness for all its citizens as its primary goal. This provision is even enshrined in the country's constitution: "The state shall take all possible measures to create and maintain conditions that promote happiness for the entire nation. [8]. At that time it was an isolated, underdeveloped country. In 1998, the Bhutanese government adopted a new plan called the Four Pillars of Happiness. These "pillars" were sustainable economic development, environmental protection, promotion of national culture, and good governance. According to this plan, these are the conditions that can make everyone in the country happy. These "four pillars," in turn, are divided into nine "spheres of happiness": psychological well-being, ecology, health, education, culture, standard of living, use of time, public life activity, and good governance. The pillars and spheres of happiness are measured by 72 indicators. Since then, Bhutan has not changed much, except that it has become a little more open to tourists. Nevertheless, the inhabitants of the kingdom, who do not have many of the usual benefits of civilization, confidently declare that they are almost universally happy and satisfied.

In 2006 , the international New Economist Foundation (NEF) proposed a new indicator - the International Happiness Index (Happy Planet Index). It is an indicator reflecting the well-being of the population and the state of the environment in different countries of the world. We will consider the methodology of calculation of this index in more detail in the next chapter.

In July 2011, the UN General Assembly, at the initiative of Bhutan and with the participation of more than 50 states, including France, Britain, Japan, adopted a resolution "Happiness: A Holistic Approach to Development. Its main message is that it recommends using happiness as an indicator of each country's development [14]. At the same time, the UN Resolution calls on countries to carry out activities to develop their own methods of measuring happiness, to submit them to the UN in order to share experiences and form a universal system for assessing the level of happiness. In 2012. The UN, at the suggestion of Bhutan, issued the first global report on happiness, which combined the statistical data available at the time, as well as a scientific review of the relationship between people's feelings of happiness and urban and economic policies in the country.

Many governments are interested in researching the happiness of their citizens. In 2010, the British government allocated two million pounds sterling for the measurement of the happiness index, which, according to D. Cameron, should complement traditional statistical indicators. It was decided to determine the happiness index in the UK by means of a sociological survey. In this survey, individuals were asked to answer a series of questions, such as: "To what extent are you satisfied with your life, how happy you were yesterday, how strong is the feeling that your life is not devoid of meaning?" etc. According to the results of the surveys came to the conclusion that the basis of a positive self-perception, from the point of view of the British, regardless of age, are: good health, harmonious relationships and work that brings satisfaction [10]. In 2011 the Chinese government decided to introduce its own happiness index. It is calculated on the basis of 16 indicators. This index takes into account expenses on scientific research, education, culture and sports. In addition, it takes into account the area of living space per person, the number of doctors per

thousand inhabitants, the area of green spaces and also the ratio of carbon dioxide emissions to GDP. According to Chinese Premier Wen Jiabao, an official's performance should be measured not by the number of skyscrapers built, but by how happy the people under his administration are. The Happiness Index is already being used in Henan Province to evaluate the performance of officials, and several demonstrative dismissals have even taken place on its basis [24].

In 2016, the head of the UN stressed in his speech that their development program was against the "tyranny of GDP," arguing that it was important to pay attention to the level of happiness. He also said that efforts should be made to develop both the human and economic potential of the country.

Many scholars believe that the happiness index will allow statesmen to organize their social and economic work in such a way as to improve the well-being of their people as well as the sustainability of economic growth.

## 2 ASSESSING THE LEVEL OF HAPPINESS USING VARIOUS METHODS

### 2.1 Human Development Index

The Human Development Index (HDI) has become a fairly common and widely accepted alternative to the GDP indicator. The HDI is based on an analysis of health, education and standards of living. Let's start with the analysis of the state of health of citizens. The main source of data for this section is information on life expectancy in the country. The level of education is defined as the average value of the number of years a person spends on education. This indicator can vary significantly from country to country. The global average is 18 years (according to UNESCO calculations). To determine the standard of living in each country is based on the value of Gross National Income.

Thus, in calculating the HDI the following factors are taken into account: GDP per capita, access to education, life expectancy and health, the situation of human rights and freedoms, opportunities for participation in public life, social protection, the degree of mobility of the population, the possibility of development, the level of cultural development, access to information, crime, etc.

All indicator values are standardized in the range [0;1]. Their geometric average is taken. This will be the Human Development Index. 186 countries of the world are included in the analysis. All countries are ranked according to the value of the HDI (See Fig. 1.1). and constitute the following groups [15]:

- Countries with a very high HDI (0.800-1.000)
- High HDI countries (0.700-0.799)
- Countries with an average level of HDI (0.555-0.699)
- Low HDI countries (0.350-0.549).

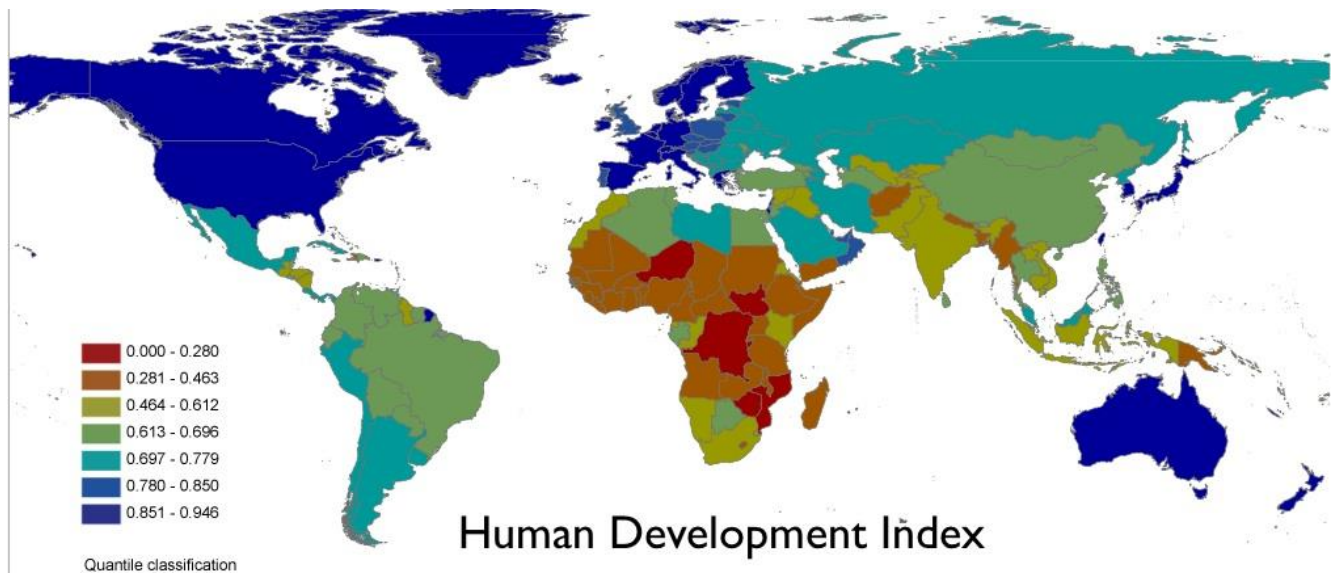


Figure 2.1 Ranking of HDI by country in 2020

Source: <https://www.geocurrents.info/>

The HDI is calculated annually by analysts of the United Nations Development Program (UNDP) together with a group of independent international experts. The specifics of determining this index is that to determine the HDI statistical data from open sources of national institutions and international organizations are used, as well as analytical developments. Such information is provided by partner companies. Among them are the International Monetary Fund, UNICEF, UNESCO and others. More than 30 organizations in all. The full list of partner companies can be found on the UN website. This is done in order to ensure a high level of reliability and transparency of calculations, and thus increasing the level of trust in the index. UNDP research reports have been published since 1990. This index is designed so that, on the one hand, it is easy to interpret and, on the other hand, it includes an analysis of the situation in various aspects of the country's life. This index has both strengths and weaknesses. For example, it relies on national averages, which do not reflect asymmetry in the distribution of benefits, does not take into account the environmental factor and the factor of the spiritual and moral development of man. Therefore, attempts are being made to improve this methodology and to find an optimal and universal method of measuring happiness.

## 2.2 World Happiness Index

Particular attention should be paid to such an indicator as the World Happiness Index (The Happy Planet Index). In 2006, the British Research Center New Economic Foundation together with some international organizations and a group of independent experts took part in its development. This is a combined index, which measures the achievements of the countries of the world and individual regions, in terms of their ability to provide their residents with a happy life. The index is based on assumptions about the desire of people to live a long and happy life, and the focus of government policy on maximizing the well-being of its own citizens, including the reasonable use and protection of the environment. Three main components are used in calculating the index: subjective life satisfaction, life expectancy and the state of the environment, measured through the size of biologically productive areas per person. In other words, the main purpose of compiling this index is to assess the effectiveness of the state's policy regarding the country's natural resources and the well-being of its own population [30].

To calculate this indicator, both statistical data from several institutions, expert estimates, and data provided by partner companies such as Friends of the Earth and the World Development Movement are taken.

This index is calculated according to the formula:

$$\text{Happy Planet Index} = \frac{(\text{Experienced well - being} * \text{Life expectancy})}{\text{Ecological footprint}} \quad (2.1)$$

where, Experienced well - being is the level of well-being. This value is taken from surveys conducted by the Gallup World Poll [38].

Life expectancy - life expectancy. Data on this indicator is taken from the annual publication of the Human Development Report of the UNDP organization [37].

Ecological footprint - impact on the environment. This indicator simultaneously takes into account the ratio of consumed environmental resources to the country's GDP and the amount of remaining resources. The data are taken from Global Footprint Networks.

The happiness index is calculated on the basis of data from a survey of 3,000 respondents from every country in the world. They are asked to rate their living conditions according to various parameters on a ten-point scale. Specifically, they are asked to imagine that there is a staircase with 10 steps in front of them.

Each level reflects the respondent's level of life satisfaction. The higher the rung, the more a person likes their life. They can take only one step, or not go up at all (then the respondent considers their life to be the most unsatisfactory it can be).

The final indicator also takes into account other socio-economic, environmental, demographic indicators, such as GDP per capita, life expectancy, job security, level of corruption, family stability, sense of security, level of social support for the population.

HPI values range from 0 to 100. The index is published every few years.

The higher the index, the less a country spends on its resources to ensure a happy life for its population. The main task of calculation is to show the real well-being of nations and the efficiency of the use of economic goods and natural resources to meet the needs of their citizens. The main goal pursued by the creators of the World Happiness Index was to determine the efficiency with which countries use economic growth and natural resources to provide their citizens with a happy life [1]. The authors of the study themselves admit that the happiness index is not universal, it has certain shortcomings. For example, the countries, which demonstrate good results in the rating, may experience certain problems. In particular, the index does not take into account human rights violations. Moreover, people whose rights are violated to the greatest extent are in the minority, and this is almost not reflected in the average indicators [30].

### 2.3 Better Life Index.

The "Better Life Index" (or "Better Life Index") has been calculated since 2011 by the Organization for Economic Cooperation and Development (OECD). Countries are ranked on the basis of official statistics and Gallup polls according to 11 parameters: health, income, work, housing, education, work-life balance, environment, safety, life satisfaction, civic engagement, and community. In the basic model, each of the sub-indices is assigned equal weight [29]. Initially this index included only OECD countries, but since 2012 Russia and Brazil were included. According to the results of this rating, it can be said that in determining the conditions for a "better life" most residents of post-Soviet countries give priority to education and work, with civil rights in one of the last places. And in Western countries people today are primarily interested in life satisfaction, the second place for them is occupied by education, the third - by health [26].

### 2.4 Quality of Life Index.

There are quite a few ratings assessing the happiness of the country, compiled according to the results of surveys of the population on the basis of a variety of techniques. Among them it is worth noting such an indicator as the "quality of life index" or "life satisfaction index" (Well-Being Index). The contribution to its development was made by the Nobel laureate, psychologist and sociologist Daniel Kahneman on the basis of Gallup World Poll data. The basis of the study are national surveys with the basic block of questions being the same for all countries. Several factors are included in the calculation: indices of personal health, optimism, basic needs of society, civic engagement, trust in national institutions, youth development, corruption and others. Each country surveyed about 1,000 people over the age of 15. Citizens of different countries answered a number of questions related to the problems of housing, food, health, law enforcement, personal economic situation, trust in national



institutions, etc. According to the results of such a survey, three groups were distinguished:

- "suffering" - showing low levels of satisfaction
- "struggling" - demonstrate an average level of satisfaction
- "prosperous" - highly satisfied with life.

The percentage of these groups is the basis for ranking countries [27].

## 2.5 Prosperity Index

Another indicator we will consider is the Legatum Prosperity Index (The Legatum Prosperity Index). It is named after the British think tank where it was developed [38]. And immediately it becomes clear to us that thanks to this Index we can judge the well-being and affluence of the country. The study has been conducted since 2006. The value of the Prosperity Index is published every year on its official website and in its annual report. The geographic scope of the study is quite extensive. The analysis includes 142 countries of the world. To calculate one aggregate index about 90 intermediate indicators - sub-indices - are used. All parameters, the dynamics of which is monitored, can be divided into 8 blocks. For each block the country receives a score, then these scores are weighed and the final score goes into the final rating.

Let us consider what each of the eight blocks is. The first block - indicators that reflect the economic situation in the country. Usually, when we talk about the economic situation, we mean GDP per capita. In this case, the authors of the index focus on the fact that a high level of GDP does not always reflect the economic well-being of the country and its citizens in particular. For example, if a person has a large amount of money he wants, but cannot buy the goods or services he needs, it can affect the level of his domestic well-being. The factor of stability of income is also important here.

In general, with regard to the economic block, Legatum experts focus on the following factors: macroeconomic policy of the state, the work of the financial sector,

consumer expectations and the degree of satisfaction with the economy, the prospects for economic growth. Macroeconomic policy should include aspects of state regulation, the degree of state interference into market mechanism, level of unemployment and inflation. The size of gross savings of the population is also considered. As for financial sector performance, overdue loans are taken into account. On the one hand it shows how solvent the population is, and on the other hand it tells us about the ability of banks to restructure clients' debts. The number of deals made with banks tells us about the level of confidence of the population in the banking system of the country as a whole.

According to the authors of the study, a rather important factor is satisfaction with living standards in a given state, quality of food, comfortable housing, employment opportunities and justified expectations of citizens about the economic situation in the country as a whole. It is also worth paying attention to the fact that it is necessary to analyze not only what indicators influence the change in social optimism, but also to what extent each of them can vary the level of social optimism. For example, specialists from the Legatim Institute traced the following tendency: a significant jump in GDP consumption (even upwards) leads to a sharp fall in the level of happiness in society. Although, at first glance, the effect should be just the opposite.

If we talk about the prospects of economic growth, the Prosperity Index takes into account how attractive the country is to foreign investors (the volume of foreign investment), how open the market is to the latest advances in science and technology, market size and capital equipment per employee.

The second block of indicators includes assessments of entrepreneurial and private opportunities. The more self-realization opportunities a person has, the happier he/she feels. In this block, attention is focused on the following indicators: accessibility to various development opportunities (the possibility to implement an idea at the startup level), activity in the sphere of innovation, and the state of the entrepreneurial environment.

The third block refers to the effect of government on the resulting index. The more a person is satisfied with the government of his country, the happier he feels in general. In this block such indicators are considered: effectiveness and transparency of

government actions, fairness of elections and accessibility of participation in them of citizens of the country, adequacy of the letter of the law (the respondents expressed their opinion about the recently adopted laws).

The fourth block considers the state of the educational system, which can have a significant impact on the future of the country. If a person does not have the opportunity to get a good education, it can have an impact on the low evaluation of his or her own well-being.

In this block attention is paid to the accessibility of education for ordinary citizens of countries *s* (calculated on the basis of the number of students enrolled in educational institutions in relation to the total number of residents), the quality of education, human capital (takes into account how educated and academically successful the average citizen of the country).

The greater the value of each of the individual indicators of this block, the greater will be the value of the average GDP per capita. This means that the happier and more successful the citizen will feel.

The fifth block deals with the state of the health care system in the country. The need for medical services is one of the basic ones, along with the need for food, housing, and so on. The following auxiliary indicators are used for the analysis: life expectancy, the number of medical institutions and the availability of preventive measures against diseases of the population, the general physical and mental health of the nation. Calculations take into account the number of hospital beds per capita, health care expenditures per patient, water quality, level of sanitation, and the number of deaths from respiratory diseases. Researchers have found a strong correlation between how a person evaluates his or her health status and his or her well-being. Also, health status strongly affects human capital.

The sixth block is devoted to safety and security. Consider national security (demographic instability, overt violence initiated by the authorities, civil war) and personal security (the ability to walk alone at night, the ability to openly express one's opinion on political issues, confidence that one will not be attacked).

The seventh block reflects the presence of personal freedom among citizens. It includes the existence of civil liberties, such as freedom of choice and the presence in society of tolerance for members of other races and for members of various kinds of minorities.

And the final eighth block represents the values that make up social capital. Namely, a measure of cohesion and participation toward others (how much one trusts others, number of volunteers in the community, willingness to help a stranger, amount of donations per capita) and the strength of social and family ties in the community (sense of support from the community, number of marriages per adult, ability to attend a religious institution freely).

The authors of this study point out that a person's well-being depends not only on the amount of goods he consumes, but also on whether he enjoys his daily real life. Is there a prospect of increased satisfaction? Can he or she make any improvements in the future?

Based on the above, we can conclude that the concept of the economy of happiness, its measurement and use is relevant in the works of researchers in various fields of science. This makes for a comprehensive approach to this issue. And it is a key condition for any indicator of public administration efficiency. The relevance of studying happiness as an economic indicator is related to the need to improve the methodology for measuring the effectiveness of public administration and the development of society as a whole. Perhaps macroeconomic indicators as indicators of the effectiveness of policies worked perfectly in the industrial economy, but today they are no longer sufficient. Abstract economic theories based on mathematical calculations, which are traditionally followed by most governments, have little to do with life and the needs of real people. And today more and more scientists are inclined to the idea that countries should measure not only the power and wealth, but also the happiness of their inhabitants. Of course, one cannot abandon the GDP indicator in cross-country comparisons and as a criterion for the effectiveness of government decisions. But for a complete assessment of the situation and a more objective reflection of the results of the

activities of administrative authorities, in our opinion, it should be supplemented with such a criterion as the assessment of subjective satisfaction with the quality of life of the population. And on the basis of such assessments the state should interact with the citizens of its country and conduct its socio-economic policy, thereby increasing the level of satisfaction, trust and happiness of individuals and strengthening the position of the state at the international level.

### **3 ANALYSIS AND ASSESSMENT OF THE LEVEL OF HAPPINESS IN THE COUNTRIES OF THE WORLD USING THE INTERNATIONAL HAPPINESS INDEX**

#### **3.1 Analysis of the International Happiness Rating 2020**

Happiness is everyone's inner feeling or desire to feel happy, fulfilled, and content.

According to the results of the World Happiness Report 2020, which was presented by the UN's Sustainable Development Solutions Unit, the "happiest countries" in the world are the countries with a high level of well-being. The leading position of the happiest countries is held by the countries of Northern Europe for not the first year. Recently they have only changed places, but the essence remains the same. These states in the world are the most prosperous and developed. Their public policy is mostly aimed at solving social issues and ensuring decent living conditions for the population of the country. The top ten happiest countries in the world are:

1. Finland
2. Denmark
3. Switzerland
4. Iceland
5. Netherlands
6. Norway
7. Sweden
8. Luxembourg
9. New Zealand
10. Austria

For the fourth time in a row, Finland has taken first place in this ranking. This success can be explained by the fact that the state has very good social support services, crime is low here, and the level of trust in the authorities is quite high. The health care system works at a high level, there are no homeless people. Finns themselves say that they would like to be even more cheerful and sociable.

In the past Finland had a high rate of alcoholism and suicide rates. The explanation for this is the peculiarities of the climate, namely the lack of sunshine or in other words - long and dark winters. But during the last ten years the level of these negative factors more than halved, thanks to the state program to improve the health of the inhabitants. That's how the Finns came to solve the problem. Nothing is impossible!

This Scandinavian country with a population of 5.5 million people has survived the pandemic much better than other European countries. Finland had just over 70,000 infections and 805 coronavirus deaths. According to the authors of the rating, Finland has a particularly high sense of mutual trust, which made it possible to preserve lives and prosperity during the pandemic.

The next positions in the ranking, as we can see, are occupied by European neighbors: Denmark, Switzerland, Iceland, and the Netherlands. The only non-European country in the top ten was New Zealand. The United Kingdom fell from 13th to 17th place. In the top twenty we see the U.S., Canada and Australia, as well as Israel, which is consistently at the top of the list. If we talk about the countries of the former Soviet Union, the highest positions are in the Baltics: Lithuania and Estonia - they are on 38th and 40th place, respectively. Next in the top 50 ranking are Uzbekistan (42nd place) and Kazakhstan (45th place). Latvia was already outside - it is at 51st place. Moldova ranked 65th and Kyrgyzstan 67th. Belarus (75th place) managed to overtake Russia (76th) by one line. Tajikistan, Armenia, Azerbaijan and Turkmenistan are also in the top 100. Georgia is on 108th place, and Ukraine is the least happy. We are at 110th position in the ranking. It should also be noted that last year's ranking of the World Happiness Report 2020, Ukraine was ranked 123rd. Then it moved up by 10 positions. Such progress is very encouraging. Rwanda, Zimbabwe and Afghanistan complete the world ranking of happiness.

As noted by the authors of the rating, the level of negative emotions has increased significantly in a third of the countries. And this may well be due to the effects of the coronavirus pandemic.

At the same time, people in 22 countries began to live better and happier. In particular, the level of happiness has increased significantly in many Asian countries. China rose from 94th to 84th place at once.

Drawing conclusions, it is worth noting that the World Happiness Index reports of recent years have paid special attention to the influence of natural, social and urban environments on people's perception of their happiness. And if we link two such concepts as economics and happiness, then it is possible to say with a great deal of sincerity that, for example, assessing the quality of health care through the prism of happiness with a high degree of probability can lead to a redistribution of country budgets towards maintaining the physical, mental and emotional health of citizens, palliative care. Also at the state level it is necessary to create all conditions for education to become "positive" and to emphasize that pupils and students receive not only knowledge and skills, but also the joy of creation, creativity and the pleasure of the thinking process. Work should not only bring profit and prosperity to the company, but at the same time employee satisfaction, both financially and emotionally. And these recommendations already apply to businessmen and employers. The important thing is to balance your personal life with your work life. Personal happiness is the most subjective category, which includes health, family, hobbies, and the possibility of self-fulfillment.

Every country, every city and every person can and should become happier. Therefore, the main practical conclusion from the happiness rating is that, both at the national and individual level, it is necessary to pay attention to those factors that make us happier. At the very least, be more caring about your health, support those who need help, be grateful for what you have, find positivity in any issues, and maintain the cleanliness and beauty of the place where you live.



## 2.2 Studies of the happiness economy in Ukraine.

In June 2012, the UN General Assembly decided to declare the 20th of March as the International Day of Happiness. Since 2013 it is celebrated in Ukraine. The research on the concept of "happiness" in Ukraine was carried out by the following organizations: The Kyiv International Institute of Sociology (KIIS), the Sociological Service of the Ukrainian Center for Economic and Political Studies named after Oleksandr Razumkov, the Sociological Group "Rating", as well as the Sociological Center named after M. The National Pedagogical University named after M.P. Dragomanov and others. On the basis of the above-mentioned material we already understand that happiness is an important indicator of quality of life in the world. Therefore, in our opinion, it is important to study its state in Ukraine. In order to better understand this topic, we need to look at the statistics on the dynamics of the number of happy people in Ukraine and get acquainted with the International Happiness Index.

According to the results of the Gallup International survey, which was conducted in Ukraine by the "Democratic Initiatives" Foundation and the Kiev International Institute of Sociology (KIIS), we see that Ukraine ranks fifth among the countries with the lowest index of happiness. In the course of this research, 38 709 people from 153 countries of the world were questioned. Interviews were conducted in each country between October and December 2020 with a representative sample of about 1000 men and women. The method of contact was in person, by phone, or online.

In Ukraine, the survey was conducted in early December 2020 by CATI (computer-assisted telephone interviews) based on a random sample of cell phone numbers. A total of 1,004 respondents took part in the survey. The survey covered the adult population aged 18 years and older.

The statistical error of the sample (with a probability of 0.95 and taking into account the design effect of 1.1) does not exceed 3.5%.

The same studies have been conducted before. Their results from 2001 to 2020 are presented in Table 2.1. From this table we can see that the level of happiness of Ukrainians in 2018 (62.7%) increased more than 1.5 times

compared to 2001 (38.1%). In 2019 it decreased by 5% (33%), and in 2020 - only 2.5 times as much as last year. And this figure reached its lowest level for the last 10 years and amounted to only 14%.

Table 3.1 Dynamics of feeling of happiness in Ukraine (2001-2018),%, source [41]

The Year	Do you consider yourself a happy person?						All at once
	Yes	Rather yes	Yes and no	Rather No	No	Hard to say	
2001	20	18.1	27.5	13.6	18.9	1.9	100
2002	22.9	26	22.4	16.6	10.4	1.8	100
2003	24	28	24	14	8	2	100
2005	21.7	25.2	26.8	13.5	11.4	1.3	100
2006	22.8	29.4	24.9	10.8	9.1	3	100
2007	28	26.2	21.2	12.3	10.5	1.8	100
2008	28.1	28.9	20.8	11.5	7.7	3.1	100
2009	30.3	28.3	21.1	9.8	7.3	3.2	100
2010	33.1	31.9	18.9	9.2	5.2	1.7	100
2011	34	29.2	17	9	7.9	2.9	100
2012	21.8	35.3	26.3	9	4	3.6	100
2013	24.3	33.8	24.4	9.8	5.3	2.5	100
2014	22	37.7	23.3	8	4.3	4.7	100
2015	24.4	34.4	20.8	9.8	7.1	3.5	100
2016	22.9	31.1	25.2	11.1	7.6	2	100
2017	24.4	28.7	24.2	12.2	7.3	3.2	100
2018	37.1	25.6	16.2	7.8	8.9	4.3	100

In Figure 3.1 we can trace the answers of Ukrainians to the question: "Do you consider yourself a happy person? As we can see, the answers are quite ambiguous and even 4% of people find it difficult to answer this question.

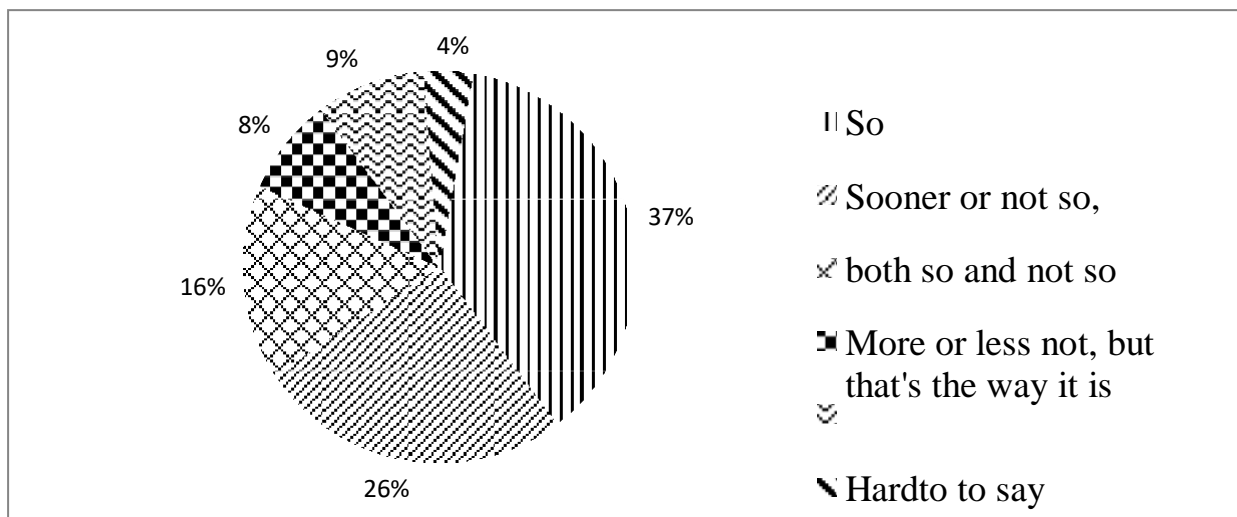


Figure 3.1. Answers of Ukrainians to the question: "Do you consider yourself a happy person?", 2018. Source [41]

The feeling of happiness depends on many factors, including social and demographic aspects, quality of life, social environment, etc. In 2016, Research & Branding Group [30] conducted an assessment based on which the factors that influence human happiness in Ukraine were identified (this is shown in Fig. 2. We can see that over 1% of respondents paid attention to the place where people live, i.e. the factor of residence in Ukraine and social status. 8% considered health and good wages to be an influence on their happiness, and 13% considered a good and interesting job. The main reasons why Ukrainians are happy are related to the social aspects of life, i.e. family, friends, boyfriends, and good communication (58%).

Although according to the survey data, only 8% of respondents choose wages as an influencing factor, the level of household income also influences the well-being and level of people's satisfaction. This can be seen in Figure 3.2.

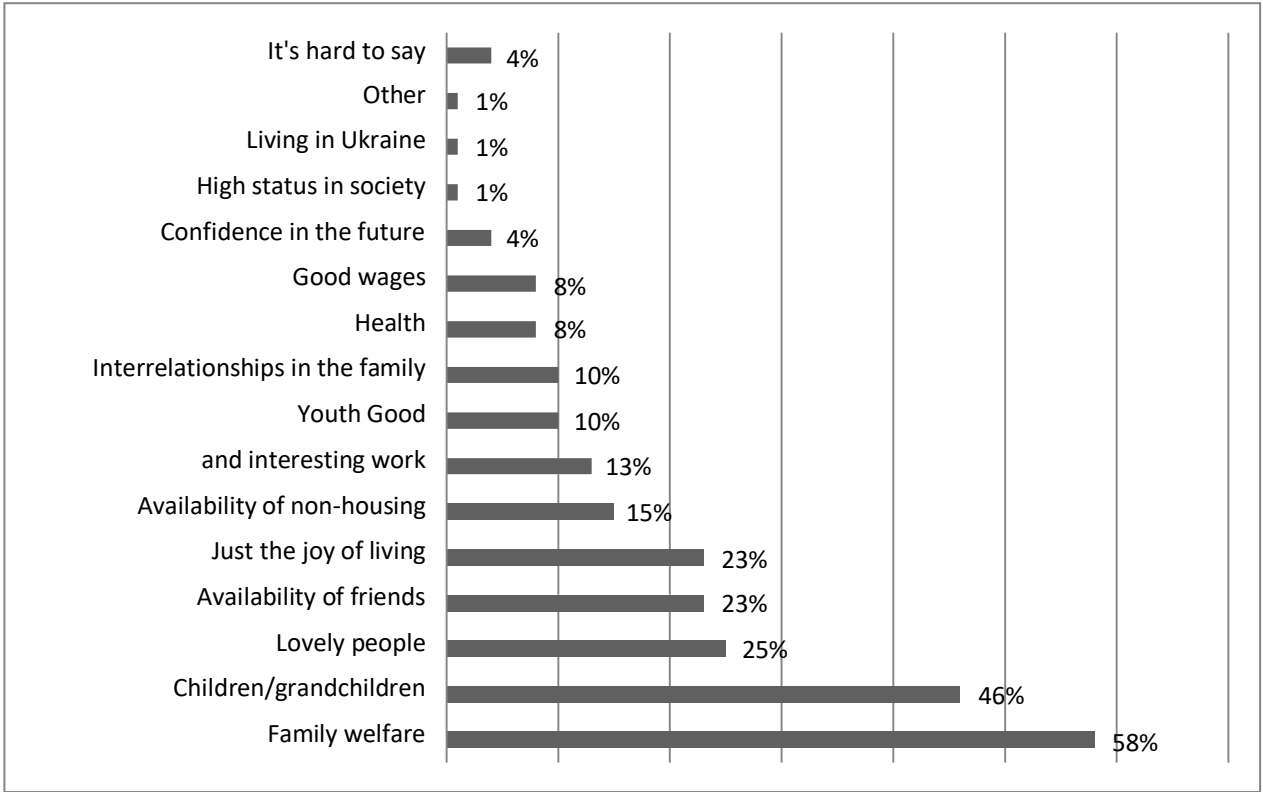


Fig. 3.2 - Factors influencing the happiness in Ukraine Source: [30].

Figure 3.3 clearly demonstrates how the level of people's feeling of happiness increases with increasing income. Thus, according to these studies, money is not the main, but a significant factor influencing the attainment of happiness by social subjects.

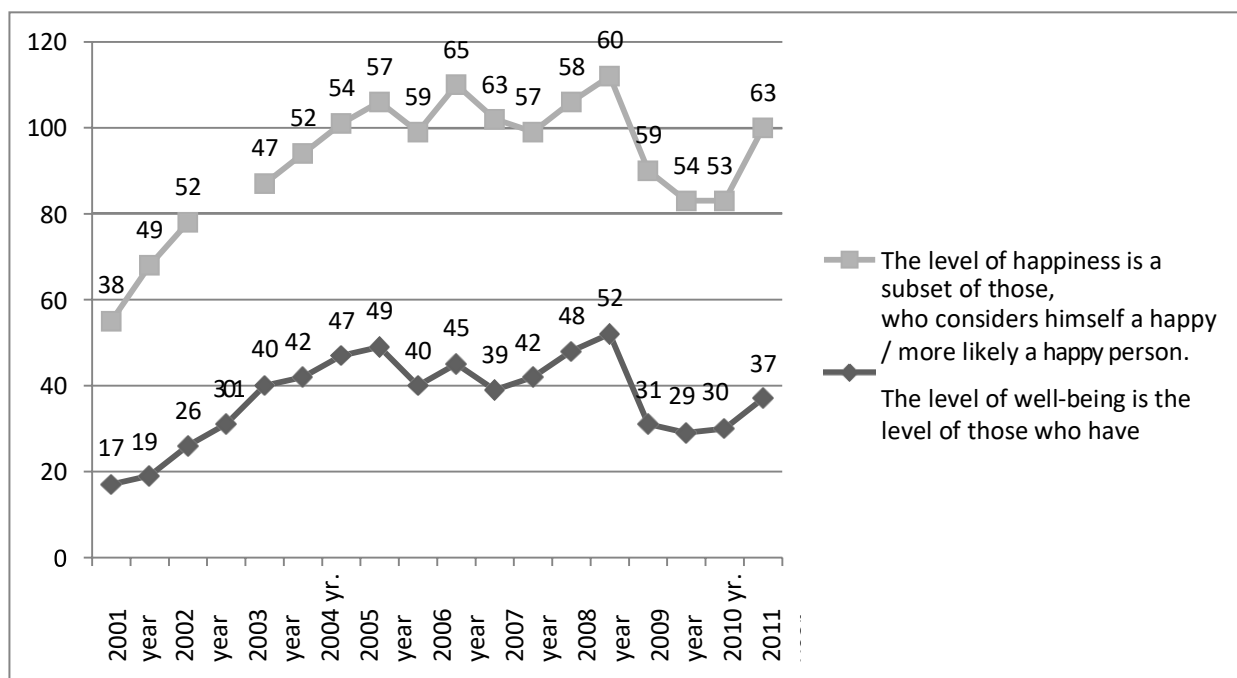


Figure 3.3 Dynamics of the feeling of happiness and self-assessment of the material state of the necklace (23)

In recent years, economists have been watching the dynamics of the happiness economy more and more, and this question is gaining weight. For example, if the economy stagnates or does not grow, but the level of happiness increases, then this is generally a good thing. And if on the contrary: the economy grows, but happiness does not increase, then this is a signal to think what should be changed in economic and social policy in order to make society feel differently. If to adhere to the point of view that happiness is measured objectively, it is necessary to build regressions and look at what factors influence this index. If it will be seen that a factor of level of incomes of Ukrainians brings the big contribution into an index, it means it is necessary to raise incomes. If it will be seen that the ecological situation has more influence, it means that it is necessary to change the approach in this sphere. The theory of Easterlin's paradox, tells us that happiness grows as income increases, but then it reaches a plateau. And when the level of income is already above some certain level, more money does not add more happiness. And now modern economics is concerned with trying to explain what factors influence and why there are such effects. Our country is still far from the

Easterlin paradox, but as we can see from the above data of surveys, the social component plays a huge role in the feeling of happiness. And therefore it is possible to increase the level of happiness also with the help of cultural and educational activities. And on this subject, it is worth saying that last year the most popular course at Yale University was a kind of "happiness course." This course does not teach how to make a lot of money, but draws attention to basic things and principles of "positive psychology": to be grateful, sleep better, spend more time with family and friends, communicate offline ... A very popular course, attended by 1.2 thousand students, which turned out to be a record for the university. We believe that the introduction of such courses in our country , could affect the growth of the level of happiness of Ukrainians.

Another important component of the happiness of every Ukrainian is the living environment. It is believed that people who live in the countryside feel happier than the inhabitants of large cities. In this connection, the agenda of "happy cities" should be included in the sphere of interest of increasing the level of happiness in Ukraine. This is a set of practical recommendations for urban planners and public figures on six main aspects of urban design: urban planning, contact with nature, mobility, sustainability, culture and quality of services. Within the concept of launching happy cities it is also necessary to help people to actively participate in the development of the city economy, to encourage employment and business initiatives, to promote shared values, to develop the experience and significance of the role of residents in the community and on a city-wide scale and to use cultural events to integrate new residents and migrants into society. Trust, safety and security are also important.

## CONCLUSIONS

This work examines an alternative approach to the analysis of the goal and parameters of human development in the context of the economic theory of happiness. It shows the economic and non-economic aspects of happiness, the relationship between the level of national happiness and economic indicators. A lot of attention was paid to studying the level of happiness in our country.

In one of the rankings, Ukraine was ranked fourth among the countries with the lowest "happiness index. In 2020 this indicator amounted to 14% - more than twice as little as in 2019. The results of the Gallup International survey conducted in Ukraine by the Foundation for Democratic Initiatives and the Kyiv International Institute of Sociology (KIIS) testify to this. According to the survey results, 49% of Ukrainians said they felt they were well off, 14% said they were neither well off nor not well off, and another 35% said they were not well off. A total of 1,004 respondents took part in the survey in Ukraine. At the same time 37% of Ukrainians believe that 2021 will be better than the previous year, and 51% believe that the next year will be the year of economic hardships (Sitnikova I. Ukraine has entered the top five most miserable countries in the world. Hromadske.ua/15.01.2021).

During the study of this topic we reached the following conclusions.

The happiness economy is the economy by which we optimize our resources in order to increase the level of happiness in society. Therefore, in the traditional approach to the formulation of economic policy, we pay attention to macroeconomic stability, namely: the level of inflation, GDP, duties, tax burden, the level of direct investment. Considering that these indicators aggregate all the necessary information. Therefore, in the formation of the economy of happiness we pay attention, including the indicators of the population's satisfaction in various aspects of their life.

In the tax sphere, we tend to believe that reducing taxes will increase the well-being of citizens, but it could happen that the usual increase in well-being does not maximize the marginal economic effect on each individual citizen. Moreover, since, according to the economic function, we as people tend to increase the usefulness of the

goods we consume in order to optimize our personal happiness, it is advisable to use such an indicator as a resultant one.

According to the World Happiness Index, income does not fully explain people's level of happiness. We can also say that countries that work hard and earn a lot and spend a lot of time on their financial structure may not always pay attention to how they can spend their money or who can do it for them so that they can become happier.

Thus, we can see that some countries have been able to develop a system of social, economic and cultural relations in which it is easier for people to realize their needs, and this does not always mean a higher income. Identification of economic characteristics that influence the level of happiness and for which the country is behind the absolute values can become a priority and a zone of growth and development of the society of a certain country.

From the economic point of view, we look at happiness in three ways. First, happiness as an indicator of the individual value of the time spent or life in general, as a process of consumption. Another, happiness, as a motivator for any action. We assume that the more happy people are, the more productive they are. Happiness as a motivator can bring her closer to the maximum possible potential of her life. Third, as a resource. We know that a good mood has a better effect on health. We can make assumptions that employees who are in a good mood can perform their work more extensively, more efficiently, make some innovative things they would not have done while in a state of dissatisfaction. Moreover, the situation in which people only maximize their own profit without maximizing their own happiness, can be called irrational behavior. Identifying the typical growth zones for a certain country can help people in that country to become happy without any doubts. For each particular person it will symbolize that her life is going in a good direction, and that she does not live her life in a dreary way.

As we know, economic entities seek to maximize their own aggregate profitability in the given market conditions. But under certain cultural institutional conditions the price of their choice can become quite high. In practice, if we take the function of happiness for the function of the value of each individual person, then according to the explanatory indicators, namely GDP per capita, trust, health, welfare,



etc., in the quality of the goods we have seen, we can present the happiness function as one in which people, for various reasons, cannot have enough of this very happiness.

Thus we see that the social and economic conditions and the cultural and institutional environment of some countries are conducive to happiness and satisfaction of needs: confidence, economic benefits, freedom of choice in life. But in some countries they do not. We can make an assumption that in accordance with the culture of the country, its values, which form its cultural core, some choices in some countries can prevail over others, although they do not make people insanely happy. Or some basic elections, such as economic ones, can cost so much time that there is not enough time left to satisfy other needs. Under conditions when most of the active participants in the same category of the market are forced to spend more time on satisfying their economic benefits, they collectively one to one have less time for satisfying other needs, such as building trust. They also have less time to take care of their health and to make new decisions about the freedom of their own life choices.

In our opinion, we should also take into account the environmental and urbanistic content. Considering how much the environment is desirable for living in terms of application and aesthetics. For example, Global Happiness and Well-being Policy Report (GHWPR) is interesting because its authors, although they admit that none of the research methods for measuring the level of happiness can be called fully adequate and representative, give a number of practical recommendations for the creation of happy cities. The skeleton of the umbrella model proposed by the GHWPR is composed of six areas: health, education, work, personal happiness, places and metrics of well-being and happiness in society. And the "happy cities" - a review of 6 aspects of urban design, such as urban planning, contact with nature, mobility, sustainability, culture and the quality of services. This can be considered as a set of practical recommendations for raising the level of happiness at the local level (Isachenko I. The Happiness Index: How to Understand, Measure, and Increase Happiness in Cities. Pragmatika. Урбанистика.16.04.2019).

The use of methods of economic analysis and strategy in relation to happiness brings economics closer to other humanistic sciences and their influences, and thus

enables economics as a whole to respond to the interests of subjects to a much greater extent. Asking ourselves how we can become more happy and analyzing the signs of happiness, we at the same time try to respond in a rational way to the question of the person, his interests, real desires, passions and needs.

This approach allows us to know at a much deeper level about people's desires and needs, their essence and interrelationships. With the help of the happiness index and a detailed analysis of the indicators, the generalized approach allows us to do this where an individual could not notice it.

Thus, happiness as a function of the entire society's utility or each individual person makes it possible for us to look at the model of the entire society accordingly and to find new orients and development zones for the benefit of its inhabitants. The model of happiness economics itself can be used, first of all, to stabilize the political situation in a certain country or region. It can also be used by private companies to understand the potential problems and consumption zones of their target audience. Thus it is possible to understand where a new demand is formed or can be formed in the society and for which goods or services. Private companies, focusing on economic indicators that would make people feel happy in general, can use them in their activities to maximize their income directly or by means of related activities associated with the brand.

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## ANNEXES

## *Annex A*

### Анотація

Дербеньов К.О. Щастя людини як основний пріорітет розвитку світу, формування економічної моделі за суттю показників. Кваліфікаційна бакалаврська робота. Сумський державний університет, Суми, 2021.

Кваліфікаційна бакалаврська робота присвячена дослідженню функціонування моделі економіки щастя та факторів, які впливають на рівень щастя людини.

Проведено аналіз і систематизацію основних підходів та індексів оцінки рівня щастя, які існують у світовій практиці та виявлено їх переваги і недоліки. Проведено аналіз і оцінку динаміки щастя в країнах світу та окремо в Україні за допомогою Всесвітнього рейтингу щастя і виявлено економічні та неекономічні причини, які впливають на рівень щастя людини і країни в цілому. Визначено основні напрямки удосконалення моделі як на державному, так і на місцевому рівнях.

Ключові слова: щастя, економіка щастя, фактори впливу на щастя, рівень щастя в Україні, Всесвітній індекс щастя, індекс людського потенціалу, методи дослідження щастя, «щасливе місто».



## *Annex B*

### Summary

Derbenov K.O. Human happiness as the main priority of world development, the formation of an economic model in essence indicators. Human happiness as a basic priority for the development of the world. Formation of economic models according to the essence of indicators. Qualifying bachelor's thesis. Sumy State University, Sumy, 2021.

Qualifying bachelor's thesis is devoted to the study of the functioning of the model of the economy of happiness and the factors that affect the level of human happiness.

The analysis and systematization of the main approaches and indices of happiness level assessment that exist in the world practice is carried out and their advantages and disadvantages are revealed. The analysis and assessment of the dynamics of happiness in the world and separately in Ukraine with the help of the World Happiness Rating and identified economic and non-economic reasons that affect the level of happiness of man and the country as a whole. The main directions of model improvement both at the state and local levels are determined.

Key words: happiness, economy of happiness, factors influencing happiness, level of happiness in Ukraine, World index of happiness, index of human potential, methods of research of happiness, "happy city".

# Annex C

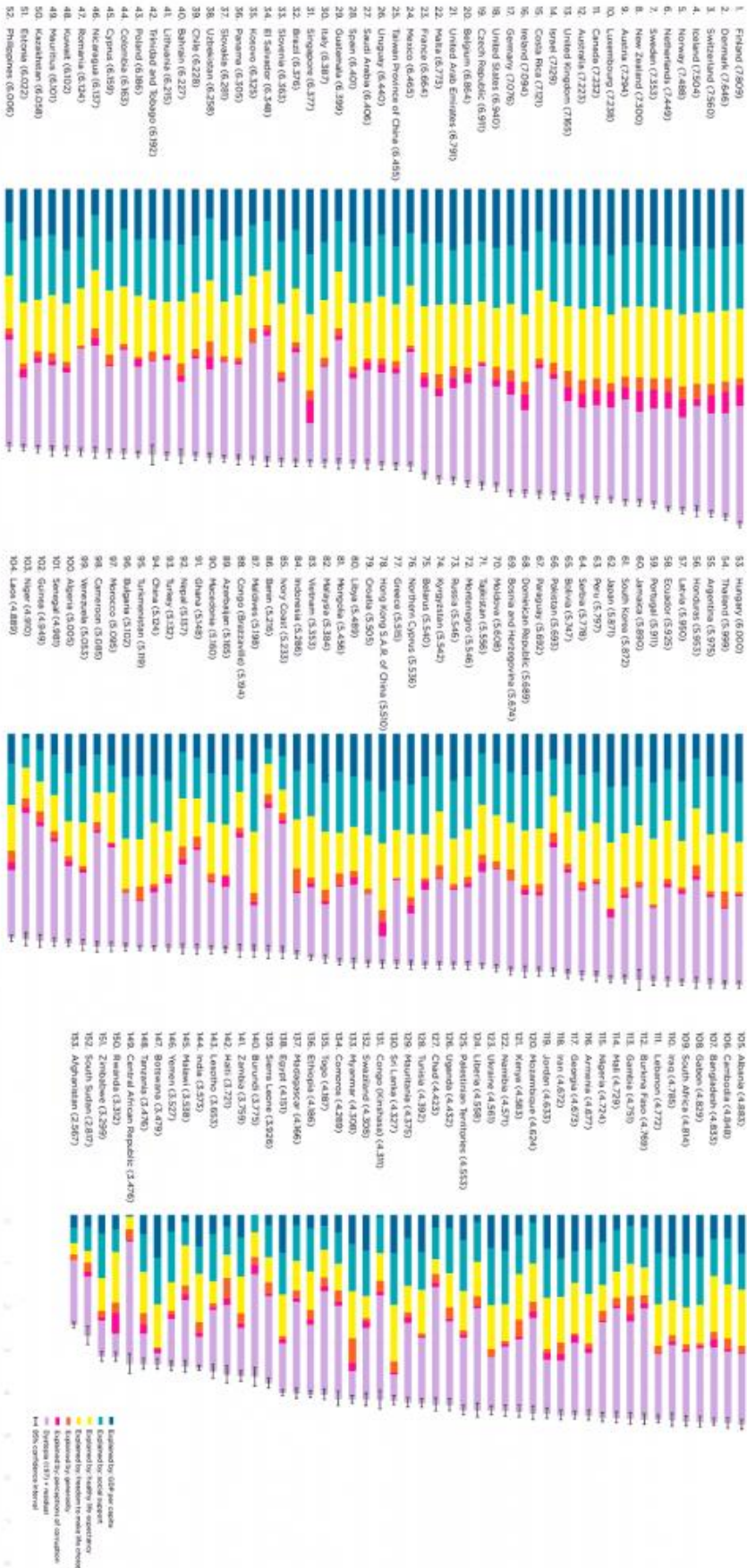


Figure 21: Ranking of Happiness 2017-2019

*Annex D***WORLD HAPPINESS INDEX RANKING OF COUNTRIES****Sustainable Development Solutions Network:****World Happiness Report 2021.**


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<b>RATING</b>	<b>CONTACT</b>	<b>INDEX</b>
1	<b>Finland</b>	7.842
2	<b>Denmark</b>	7.620
3	<b>Switzerland</b>	7.571
4	<b>Iceland</b>	7.554
5	<b>Netherlands</b>	7.464
6	<b>Norway</b>	7.392
7	<b>Sweden</b>	7.363
8	<b>Luxembourg</b>	7.324
9	<b>New Zealand</b>	7.277
10	<b>Austria</b>	7.268
11	<b>Australia</b>	7.183
12	<b>Israel</b>	7.157
13	<b>Germany</b>	7.155
15	<b>Ireland</b>	7.085

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16	<b>Costa Rica</b>	7.069
17	<b>UK</b>	7.064
18	<b>Czech Republic</b>	6.965
19	<b>United States of America</b>	6.951
20	<b>Belgium</b>	6.834
21	<b>France</b>	6.690
22	<b>Bahrain</b>	6.647
23	<b>Malta</b>	6.602
24	<b>Taiwan</b>	6.584
25	<b>United Arab Emirates</b>	6.561
26	<b>Saudi Arabia</b>	6.494
27	<b>Spain</b>	6.491
28	<b>Italy</b>	6.483
29	<b>Slovenia</b>	6.461
30	<b>Guatemala</b>	6.435
31	<b>Uruguay</b>	6.431
32	<b>Singapore</b>	6.377

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33	<b>Kosovo</b>	6.372
34	<b>Slovakia</b>	6.331
35	<b>Brazil</b>	6.330
36	<b>Mexico</b>	6.317
37	<b>Jamaica</b>	6.309
38	<b>Lithuania</b>	6.255
39	<b>Cyprus</b>	6.223
40	<b>Estonia</b>	6.189
41	<b>Panama</b>	6.180
42	<b>Uzbekistan</b>	6.179
43	<b>Chile</b>	6.172
44	<b>Poland</b>	6.166
45	<b>Kazakhstan</b>	6.152
46	<b>Romania</b>	6.140
47	<b>Kuwait</b>	6.106
48	<b>Serbia</b>	6.078
49	<b>Salvador</b>	6.061

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50	<b>Mauritius</b>	6.049
51	<b>Latvia</b>	6.032
52	<b>Colombia</b>	6.012
53	<b>Hungary</b>	5.992
54	<b>Thailand</b>	5.985
55	<b>Nicaragua</b>	5.972
56	<b>Japan</b>	5.940
57	<b>Argentina</b>	5.929
58	<b>Portugal</b>	5.929
59	<b>Honduras</b>	5.919
60	<b>Croatia</b>	5.882
61	<b>Philippines</b>	5.880
62	<b>South Korea</b>	5.845
63	<b>Peru</b>	5.840
64	<b>Bosnia and Herzegovina</b>	5.813
65	<b>Moldova</b>	5.766
66	<b>Ecuador</b>	5.764

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67	<b>Kyrgyzstan</b>	5.744
68	<b>Greece</b>	5.723
69	<b>Bolivia</b>	5.716
70	<b>Mongolia</b>	5.677
71	<b>Paraguay</b>	5.653
72	<b>Montenegro</b>	5.581
73	<b>Dominica</b>	5.545
74	<b>North Cyprus</b>	5.536
75	<b>Belarus</b>	5.534
76	<b>Russia</b>	5.477
77	<b>Hong Kong</b>	5.477
78	<b>Tajikistan</b>	5.466
79	<b>Vietnam</b>	5.411
80	<b>Libya</b>	5.410
81	<b>Malaysia</b>	5.384
82	<b>Indonesia</b>	5.345
83	<b>Congo</b>	5.342

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84	<b>China</b>	5.339
85	<b>Cote d'Ivoire</b>	5.306
86	<b>Armenia</b>	5.283
87	<b>Nepal</b>	5.269
88	<b>Bulgaria</b>	5.266
89	<b>Maldives</b>	5.198
90	<b>Azerbaijan</b>	5.171
91	<b>Cameroon</b>	5.142
92	<b>Senegal</b>	5.132
93	<b>Albania</b>	5.117
94	<b>Macedonia</b>	5.101
95	<b>Ghana</b>	5.088
96	<b>Niger</b>	5.074
97	<b>Turkmenistan</b>	5.066
98	<b>The Gambia</b>	5.051
99	<b>Benin</b>	5.045
100	<b>Laos</b>	5.030

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101	<b>Bangladesh</b>	5.025
102	<b>Guinea</b>	4.984
103	<b>South Africa</b>	4.956
104	<b>Turkey</b>	4.948
105	<b>Pakistan</b>	4.934
106	<b>Morocco</b>	4.918
107	<b>Venezuela</b>	4.892
108	<b>Georgia</b>	4.891
109	<b>Algeria</b>	4.887
110	<b>Ukraine</b>	4.875
111	<b>Iraq</b>	4.854
112	<b>Gabon</b>	4.852
113	<b>Burkina Faso</b>	4.834
114	<b>Cambodia</b>	4.830
115	<b>Mozambique</b>	4.794
116	<b>Nigeria</b>	4.759
117	<b>Mali</b>	4.723

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118	<b>Iran</b>	4.721
119	<b>Uganda</b>	4.636
120	<b>Liberia</b>	4.625
121	<b>Kenya</b>	4.607
122	<b>Tunisia</b>	4.596
123	<b>Lebanon</b>	4.584
124	<b>Namibia</b>	4.574
125	<b>Palestine</b>	4.517
126	<b>Myanmar</b>	4.426
127	<b>Jordan</b>	4.395
128	<b>Chad</b>	4.355
129	<b>Sri Lanka</b>	4.325
130	<b>Swaziland</b>	4.308
131	<b>Comoros</b>	4.289
132	<b>Egypt</b>	4.283
133	<b>Ethiopia</b>	4.275
134	<b>Mauritania</b>	4.227

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135	<b>Madagascar</b>	4.208
136	<b>Togo</b>	4.107
137	<b>Zambia</b>	4.073
138	<b>Sierra Leone</b>	3.849
139	<b>India</b>	3.819
140	<b>Burundi</b>	3.775
141	<b>Yemen</b>	3.658
142	<b>Tanzania</b>	3.623
143	<b>Haiti</b>	3.615
144	<b>Malawi</b>	3.600
145	<b>Lesotho</b>	3.512
146	<b>Botswana</b>	3.467
147	<b>Rwanda</b>	3.415
148	<b>Zimbabwe</b>	3.145
149	<b>Afghanistan</b>	2.523

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