

# “Happiness-Based Economy (HABEC)” A New Economic Way of Thinking

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*Abstract:* -”Happiness is the new economics - Sarah-Kate Templeton”( The Sunday Times, December 5, 2004). The paper argues that global society undergoes major changes, as economy moves from a Knowledge Based Economy toward a Happiness Based Economy. A knowledge based economy represents an economy where human happiness is the primary goal. There are four major causes for the rise and development of the Happiness Based Economy: the actual financial-economic crisis; the green revolution; the great changes in science and technology (e.g. the nanoage) and the globalization process. Each of these factors has its own impact on the society and upon the individual. The paper analyzes these trends and attempts to foresee the root causes which started a new economic period: Happiness Based Economy. The author has realized a table which represents (in his vision) the strong correlation between Maslow’s Hierarchy of Needs and the world economic periods. The last economic period, focused on accomplishment of human being Self-Actualization Needs, is HBE.

*Key-Words:* - Happiness Based Economy; HABEC; Gross National Happiness; Nanotechnology; Maslow’s Hierarchy of Needs; Economic periods.

## 1 Introduction.

Is our economy making us happier? A sad man said:  
*”Happiness is an ephemeral emotion, a mood. I can be happy today and not tomorrow and it has nothing to do with my economic situation”.*

It is true that happiness is a state of the mind and it differs from individual to individual. But this is where the concept of uniqueness of each one of us comes into existence.

What most of us does not understand is that when economists talk of ”Happiness” it means an overall evaluation of life as-a-whole not just emotions or mental state. I disagree with the idea that the state of our mind is only in the domain of psychology.

The state of our mind, correlated with the fulfilment of Self-Actualization Needs (SAN) from Maslow’s Hierarchy of Needs, is the key factor for the beginning of a new economic period: Happiness Based Economy (HABEC).

Psychologist Ed Diener, the leading authority on happiness, began his 1984 review by stating that ”Throughout history philosophers considered happiness to be the highest good and ultimate motivation for human action.” By my opinion, it is the time that ”the highest good and ultimate

motivation for human action” to play the fundamental role in the this new **Happiness Based Economy**.

## 2 Money and happiness

In the capitalistic societies, prior to HABEC, people generally believe that - all other things being equal - being rich is better. In those previous economic periods, the effect of income on well-being was actually quite strong among those who make less money, because within these people, differences in income translate into differences in how well basic needs are met.

Once enough money is earned to meet basic needs, money in relation to happiness is a very personal equation. If money is what you value, then money, indeed, will make you happy. After the basic needs were satisfied the effect of income on personal happiness diminishes. In fact, humans who are primarily motivated by the love of their work become less happy the more money they make. Income had a positive relationship with both well-being and job satisfaction for individuals high in extrinsic orientation. In other words, among those

who had a relatively strong tendency to value work because they enjoyed it or it fulfilled them, those making more money were actually *less happy* than those making relatively little money.

*Will having lots of money impact your well-being enough to justify you spending 12 hours a day, every workday, doing something you hate?*

Earning a lot of money might, to some extent, be a marker of having chosen a job based on what it pays, neglecting factors such as how fulfilling it is. I am sure that neglecting the human intrinsic factors, especially SAN - would be harmful to a person's happiness.

We all need to feel that we are not just doing the work for the money, and intrinsically motivated individuals need to feel this even more so, going to accomplishment of Self Actualization Needs (SAN). Specifically, for those high in intrinsic orientation (SAN), money actually had a negative effect on well-being. Individuals have a fundamental psychological need to feel as their aspiration for self-actualization and creation could be realized in the new context of economy. One of the causes of this radical change (Happiness Based Economy ) is the accumulation of the terrible needs of individuals to fulfill this need. It is at these higher income levels that we expect higher order psychological needs - such as those represented by intrinsic orientation (SAN)- to have implications for how income affects happiness.

## 2.1 Economical crisis effect

After the Soviet Union dissolved in 1990, India and China opening their labor markets to American capitalists, who began producing offshore with foreign labor the products that they sold to Americans. However, once the Soviet Union was gone from the earth, the remaining socialist and communist regimes decided to go with the winners. They opened to Western corporations and sucked jobs out of the developed West. Unregulated greed has destroyed the capitalist system, which now distributes excessive rewards to the few at the expense of the many.

*In my opinion, in the actual capitalist economy there is no longer a connection between profits and the welfare of the people. Nowadays we a living in a crisis of values and greedy because the human wants are unlimited and the world resources are limited. We must change the concept of relationship between the money and welfare. We need to clarify very well our life purpose.*

## 2.2 Money as social relationship which could help people to be happy [10]

By my opinion, in the capitalistic societies, prior to HBE, the banks suck up cheap money and return it as more expensive money". In an dissertation called "Toward a General Theory of Credit and Money" in The Review of Austrian Economics (vol. 14:4, pages 267-317, 2001), Mostafa Moini, Professor of Economics at Oklahoma City University, argues that money has never actually been a "commodity" or "thing." It has *always* been merely a "relation," a legal agreement, a credit/debit arrangement, an acknowledgment of a debt owed and a promise to repay. Today, paper money is no longer redeemable in gold, but money is still perceived as a "thing" that has to "be there" before credit can be advanced. Banks still engage in *money creation* by advancing bank credit, which becomes a deposit in the borrower's account, which becomes checkbook money. In order for their outgoing checks to clear, however, the banks have to borrow from a pool of money deposited by their customers. *If they don't have enough deposits, they have to borrow from the money market or other banks.*

The money markets are part of the "shadow banking system" where large institutional investors park their funds. The shadow banking system allows banks to get around the capital and reserve requirements now imposed on depository institutions by moving loans off their books.

## 2.3 Sign of the economic way of thinking (Happiness Based Economy): France planned to include happiness and well-being in its measurement of economic progress.[9]

"A great revolution is waiting for us", said the President of the French Republic, Mr. Sarkozy, in a speech marking the collapse of Lehman Brothers investment bank in 2008.

*"For years, people said that finance was a formidable creator of wealth, only to discover one day that it accumulated so many risks that the world almost plunged into chaos.*

The crisis doesn't only make us free to imagine other models, another future and another world. It obliges us to do so," Mr Sarkozy said. By my opinion that "another future and another world" is represented now by the concept of" Happiness Based Economy (HABEC)";

In February 2008, Nicholas Sarkozy , unsatisfied with the present state of statistical information about the economy and the society, asked, Joseph Stiglitz

(President of the Commission), Amartya Sen (Advisor) and Jean Paul Fitoussi (Coordinator) to create a Commission, subsequently called “The Commission on the Measurement of Economic Performance and Social Progress” (CMEPSP). The Commission’s aim has been to identify the limits of GDP as an indicator of economic performance and social progress, including the problems with its measurement; to consider what additional information might be required for the production of more relevant indicators of social progress; to assess the feasibility of alternative measurement tools, and to discuss how to present the statistical information in an appropriate way. The normally dry science of

economics has found a new means of expressing a nation’s wellbeing. Instead of studying the gross domestic product, a team of researchers has decided that *happiness is the best indicator of a country’s relative success. As individuals, most people also consider happiness their most important goal in life.* The team of researchers have devised a test to calculate a population’s satisfaction with their everyday lives or lack of it.

In the Table 1, I represented my point of view about the implication of of Maslow’s Hierarchy Needs accomplishments over the world economic periods features.

Table 2. The implication of Maslow’s Hierarchy of Needs accomplishments over the world economic periods features (*The bottom line and the right column of the table are made by the author*)

Features/ Economic periods	Early industrial Economy	Developed industrial Economy	Knowledge-Based Economy	<b>Happiness-Based Economy (HACBEC)</b>
(1)	(2)	(3)	(4)	(5)
Economic revolution (marked technology)	1st industrial revolution (steam engine) 2nd industrial revolution (electricity)	3rd industrial revolution (atomic technology)	Hi-technology industrial revolution (information teclhnology)	<b>Green &amp; Nanotechnology Revolution</b>
Economy pattern	Large scale economy Precious metals	Speed economy Gold money	Knowledge economy Virtual money	<b>Happiness Based Economy; National Happines Indicator</b>
Main production mode	Large scale production	Integrated production	Intensive production	<b>Selective production;</b>
Main production factor	Labor	Capital	Knowledge	<b>Creativity</b>
Production process	Production flowline Interchange-ability Manufacturing	Automatic line Stiffness/ Flexibility Integrated Manufacturing	Concurrent engineering Distributed networks Intelligent manufacturing	<b>Holonic and reconfigurable nano- manufacturing systems Molecular mechanical computation</b>
Production features	Mechanization	Automation	Digitization & network	<b>Quantum computers and nanorobotics</b>
Key technology	Unit technology	Synthetic technology	Intelligent technology	<b>Radically new technologies: Nanotechnology et.al.</b>
Requirements to Products	Big batch	Diversification	Individualization, involvement and rapid response	<b>Strict personal individualization</b>
Focus of enterprise Production	Quantity	Quality	Services (quality, price, post after service, etc.)	<b>Creating fundamentally new products;</b>

				<b>Totally clean production technologies</b>
Management	Centralization	Independent	Cooperative, full play of personal creativity	<b>Humans creativity &amp; happiness accomplishment</b>
Relationship to Natural Resources	Utilization of Natural Resources	Saving Natural Resources	Preserve & Renew natural resource	<b>Total protection</b>
Relationship to Environment	Damages environment	Pays attention to environment	Preserves & beautifies environment	<b>Controlled change and Harmony</b>
<b>The stages of Maslow's Hierarchy of Needs</b>	<b>1. Biological &amp; Physiological Needs; 2. Safety Needs</b>	<b>3. Belongingness and Love Needs</b>	<b>4. Esteem Needs</b>	<b>5. Self-Actualization Needs (SAN)</b>

I consider that the economies prior HABEC (HAPPINESS BASED ECONOMY) are based on human greedy. I named its *GREEDY BASED ECONOMIES* (GRABEC).

The Fig. 1 represents the relationship between two different types of economies (GRABEC and HABEC) and accomplishments of Mallow's Hierarchy of Needs. The turning point between GREBEC'S and HABEC has already happened in our world (*The figure is made by the author*).

The sum of those individual accounts has produced a new measurement: the Gross National Happiness (GNH). It opens up the possibility that one day international comparisons of nations will

not be based on the goods and services they produce. They will be judged on the cheerful disposition of their inhabitants. They assessed how the women felt during 28 types of activity and found that sex, relaxing with friends and having lunch with colleagues brought the most enjoyment. This was followed by watching television alone, shopping with a spouse and cooking on their own. On the other hand, the researchers found that commuting, housework and too much contact with their boss rated as the least pleasant activities. Surprisingly, however, taking care of children was also among the less enjoyable activities, despite people normally reporting that children are the greatest source of joy in their lives.

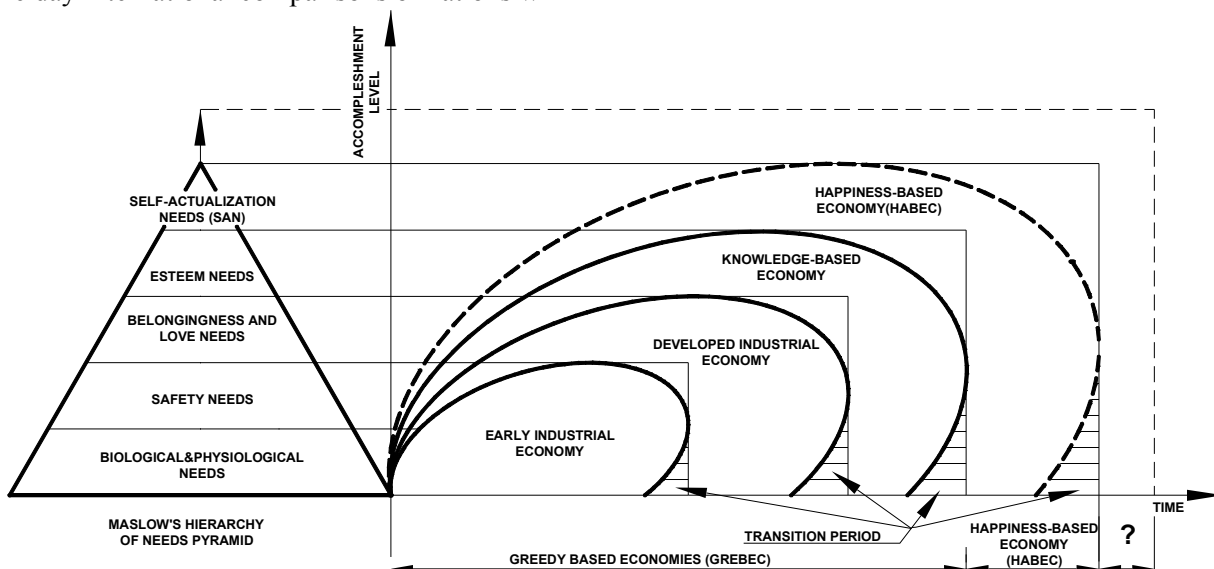


Fig. 1 The graphic representation of the implication of accomplishments of Maslow's Hierarchy of Needs over the world economic periods features. The turning point between (GREEDY BASED ECONOMIES) GREBEC'S and HABEC (HAPPINESS BASED ECONOMY) has already happened. (*The figure is made by the author*)

### 3 Gross National Happiness (GNH) concept [11].

According with Jigmi Y. Thinley, the Council president of the Centre for Bhutan Studies, and Minister, Ministry of Home and Cultural Affairs, Gross National Happiness "can become the unifying goal of development process or several reasons". *First, GNH stands for holistic needs of human being - both physical and mental wellbeing. While poverty alleviation and other material development measures are consistent with physical well-being, the misery of mental conditions that is independent of material living conditions cannot be addressed by favourable material circumstances alone. Second, which is a related point to the first, GNH seeks to complement inner skills of happiness with outer circumstances. Both sources have to be harmonised to bring about happiness. Third, GNH recognises that happiness can be realised as a societal goal; it cannot be left as an individualised goal or good, as yet another individual, competitive good. Happiness may not be directly deliverable to an individual like a good or service. But it is far too important also to be left to purely individual effort and search,*

*without collective or governmental endeavour. GNH stresses collective happiness to be addressed directly through public policies in which happiness becomes an explicit criterion in projects and programmes. The society as a whole cannot obtain happiness if individuals compete for it at all cost irresponsibly in a zero-sum game. Fourth, GNH, as it mirrors individual feeling directly, suggests that public policies based on GNH can be far less arbitrary than those based on standard economic tools". I totally agree with his point of view.*

Happiness is no mystery. The majority of people are quite clear about what happiness is, and can easily describe how happy or not they are. Happiness definitely rules! *Happiness has become one of the hottest topics in economics over the last decade, with both the size and depth of the literature increasing at a rapid rate. Many attempts have been made at accumulating a set of metrics that supposedly measure" happiness".* Gross National Happiness (some elements are shown in Table 2) is worked out using a new technique called the day reconstruction method in which people are asked to recollect memories of the previous working day by writing a short diary.

Overall life satisfaction		SATISFACTION WITH PERSONAL DIMENSIONS OF WELL-BEING			ELEMENTS OF HAPPINESS (% answering "yes" to having the element)						
(0, least	satisfied, satisfied)	Job	Personal health	Standard of living	Purposeful life		Treated with respect		Social support network		Negative experience index
10, most											
Total	Female	(% of employed respondents who are satisfied)	(% of all Respondents who are satisfied)	(% of all respondents who are satisfied)	Total	Female	Total	Female	Total	Female	(0, most negative, 100, least negative)
In 2009 Romania was on the 50th position from 93 countries											

Table 2. Some elements of **Gross National Happiness Indicator** (Source: *HUMAN DEVELOPMENT REPORT 2010, Perceptions of individual well-being and happiness*)

### 4 The Global HABEC

For the most part, humanity is getting things right. Globally, we now produce enough food to feed every person on the planet. We have realised living conditions and developed medical practices that allow us collectively to enjoy the longest life expectancies in history.

Communication takes place at the speed of light. World-class libraries are available to anyone

with internet access, and the range of choices exercised in pursuit of lives worth leading by the world's nearly seven billion people is wider and deeper than it has ever been - a pursuit now globally recognised as a basic and universal human right. For most of us, having been educated to a global modern standard, it is natural to assume that it is only through moving in the direction of greater universality and equality that inequity can be overcome, poverty reduced, and dignity made

possible for all. That is, we believe that it is through our commonality - not our differences - that we will find a happy route to global transformation.

Defining "The Global HABEC" is first a matter of understanding the notion of "Global Village Citizen" well-being. Only by understanding the notion of global well-being will we be able to measure benefits of HABEC at global level.

## **5 Societal needs of radically new technologies: the nano age economics has come**

### **5.1 The Nano Age**

The Nano Age is beginning, as is an exponential climb into a vastly different world. In the HABEC nanotechnology will become the most powerful tool the human species has *ever* used. With it, we will literally fashion the world of tomorrow into whatever we so desire. *Because most people consider happiness their most important goal in life we will use nanotechnology in order to achieve it.*

This is an awesome responsibility, and one that deserves extremely careful consideration now so that we don't find ourselves unconsciously moving in undesirable directions later. The character of the nanotech-world we are beginning to create is yet unknown, but we feel there is real cause for rational optimism in the new HABEC. It is not possible to predict with much precision what our new world economic period (HABEC), transfigured by the nanotech revolution, will look and feel like, because much of what will shape that character has not even been imagined yet.

### **5.2 Nano-enabled future of HABEC. The nanomaterials revolution and the human activity**

The end of the 20th Century saw significant advances in the design of "nanomaterials", (materials, components and products which may have a structure of only a few tens of atoms in size). Tailoring the properties of materials atom-by-atom offers the potential for improvement in device performance for applications across the entire range of human activity: from medicine to cosmetics and food, from information and communication to entertainment, from earth-bound transport to aerospace, from future energy concepts to environment and climate change, from security to cultural heritage.

Nanomaterials will lead to a *radically new approach to manufacturing materials and devices*. Faster computers, advanced pharmaceuticals, controlled drug delivery, biocompatible materials, nerve and tissue repair, crackproof surface coatings, better skin care and protection, more efficient catalysts, better and smaller sensors, even more efficient telecommunications, these are just some areas where nanomaterials will have a major impact. All of these domains will improve the human life and will accomplish all the human needs. This will affect so many sectors, and in many fields the pace of development will be so rapid, that failure to respond to the challenge with an efficient, timely, and co-ordinated European programme will threaten the future competitiveness of much of the European Union economy.

For the first time in our history we have the power to literally design a future of our – to be happy choice- wise choice. The world must prepare for the inevitability of a world blessed with nanotechnology and nano-enabled products and services. The economic promise (HABEC), the societal potential of global village community and the human desire for obtaining happiness, using the frontiers of knowledge, are forces that cannot be held back. Today, large wealthy industrial nations and smaller industrializing nations aspiring to happiness are making significant investments in nanoscale science, technology, and engineering in the anticipation of reaping economic and societal rewards. And these investments are increasing rapidly.

We need to think about the economic value that nanotechnology holds -and with it, the ability to accomplish at a very high standard, all the needs from Maslow's pyramid.

Nanotechnology will be one of the leading fields of research and development in the century ahead. It will have a variety of applications in practically all domains. It will involve disciplines like electronics, physics, chemistry, and biology, medicine and biotechnology. This joint effort will lead to new device concepts with significantly improved functionalities, possibly as far-reaching as quantum computers and nanorobotics. For European Research infrastructure, the impact of nanotechnology will be guaranteed in nearly all social and economic fields. A new European partnership between nanomaterials science & nanotechnology and synchrotron radiation and neutron facilities is focused now on health, energy, information, transport and environment. All these domains could change the human life in better achieving finally the happiness. (Fig. 2)

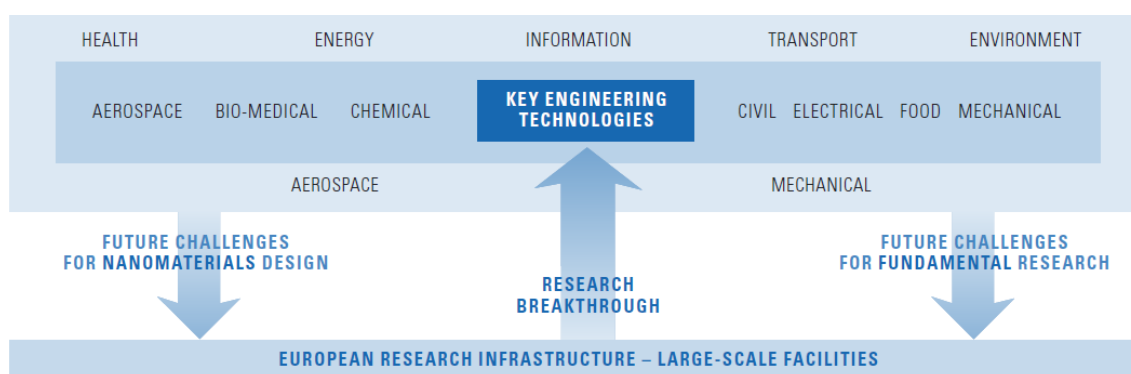


Fig. 2 Overview of the nanotechnologies ([12] *Chapter: Specific challenges in nanomaterials technologies, H. Dosch, M.H. Van de Voorde*)

## 6 Conclusion

In the HABEC, nanotechnology offers a high level of happiness for societies and individuals, especially in nano's convergence with other enabling technologies: freedom from pollution through clean production technologies; the ability to repair existing environmental damage; the ability to feed the world's hungry; the ability to enable the blind to see and the deaf to hear; the ability to eradicate diseases and to offer protection against harmful bacteria and viruses; the ability to extend the length and the quality of life through the repair - and eventually even the replacement - of human failing organs

Romania must adapt to the new economy, and develop. To do that, the government must analyze and follow the necessary steps in order to build the Happiness Based Economy that is both efficient and ready for the future. Romania has serious opportunities to becoming a player in the global Happiness Based Economy and operates the necessary changes in both society and economy. It has the human resources, the knowledge and the chance. All we need is to find the will! In Romania HBE could be the foundation for business ethics, organizational development and sustained development.

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