

Economic Indicators — Part 5: Alternative Indexes, Happiness, Peace, and Quality of Life in 2025

by Max Farrington and Michael Hirsch — Updated Edition 2025–2026

To conclude our overview of economic indicators, we now turn to alternative tools designed to measure what GDP cannot capture: happiness, peace, and non-market well-being. These indicators are more popular than ever at a time when many citizens and governments are seeking to redefine what the true “success” of a society means.

The Soft Domestic Product: Valuing the Invisible

The Soft Domestic Product, created by Quebec sociologist Vivian Labrie, is based on a simple observation: GDP ignores a vast share of human activity.

Domestic work, volunteer activities, cultural and traditional knowledge, and social ties all contribute to collective well-being without ever appearing in official statistics. Although this indicator remains unofficial and has no formal international ranking, its influence on economic debate is growing, particularly in discussions about the transition toward a well-being economy.

Gross National Happiness: Beyond Material Wealth

Gross National Happiness (GNH), invented by the former King of Bhutan, is based on four pillars: sustainable development, preservation of cultural values, environmental protection, and good governance.

Its relevance is now recognized far beyond Bhutan. The most widely known expression of this concept is the World Happiness Report, published annually since 2012 by the Wellbeing Research Centre at the University of Oxford, in partnership with Gallup and the United Nations Sustainable Development Solutions Network.

The 2025 edition, based on more than 100,000 interviews conducted in 140 countries, places Finland at the top of the ranking for the eighth consecutive year, followed by Denmark, Iceland, and Sweden.

One of the most surprising results in the 2025 report is the entry of Costa Rica (6th) and Mexico (10th) into the top 10. These Latin American countries have a much lower GDP per capita than the European nations they outrank.

Researchers refer to this phenomenon as the “Latin American paradox.” These countries achieve happiness scores significantly higher than their level of economic development would predict, largely thanks to strong family solidarity, social cohesion, and a culture of mutual support.

Conversely, some major economic powers struggle to convert wealth into collective happiness. The United States ranks 24th, the United Kingdom 23rd, while France has

dropped to 33rd place, losing six positions compared with the previous edition and ranking behind Kosovo and Saudi Arabia.

The report also highlights a worrying trend: loneliness among young adults is rising, with 19% reporting that they have no one they can rely on, compared with 13.6% in 2006.

The central theme of the 2025 report is particularly revealing. According to researchers, sharing meals and trusting others are even more important contributors to well-being than previously thought — surpassing even the impact of health and income on happiness.

The Happy Planet Index: Happiness and Sustainability

The Happy Planet Index, developed by the New Economics Foundation, combines three criteria: subjective life satisfaction, life expectancy, and ecological footprint.

It rewards countries that achieve high levels of well-being while consuming relatively few natural resources.

Costa Rica remains one of the most prominent countries in this ranking, demonstrating that happiness and environmental sustainability can go hand in hand — a valuable lesson for highly industrialized economies.

The Global Peace Index: A Less Peaceful World

The Global Peace Index (GPI), published annually by the Institute for Economics and Peace since 2008, ranks 163 countries based on 23 indicators, including levels of internal violence, military spending, and involvement in armed conflicts.

The 2025 edition confirms a worrying trend: the level of global peace has declined for the thirteenth consecutive year, with a deterioration of 0.36% compared with 2024.

With 59 armed conflicts involving states, the world has reached its highest level of violence since the end of the Second World War.

Iceland retains the top position for the 17th consecutive year, followed by Ireland, New Zealand, Austria, and Switzerland. Western Europe dominates the top ten.

At the other end of the ranking, Russia appears in last place for the first time, falling behind countries traditionally at the bottom of the list. It is followed by Ukraine, Sudan, the Democratic Republic of Congo, and Yemen.

As for major Western powers, their positions remain modest. France ranks 74th worldwide, while the United States — despite being the world's largest economy — ranks well beyond the 100th position.

The 2025 report also estimates that violence cost the global economy nearly \$20 trillion in 2024, equivalent to 11.6% of global GDP — an increase of 3.8% compared with 2023, largely driven by the surge in military spending.

Conclusion: Toward a Well-Being Economy?

These alternative indicators share a common message: the wealth of a nation cannot be reduced to its GDP.

Collective happiness depends on social trust, quality public services, peace, fairness, and a strong relationship with nature.

Both rich and poorer countries can learn from one another. Costa Rica and Mexico demonstrate this every year by outperforming far wealthier economies in happiness rankings.

As governments increasingly integrate these indicators into their public policies, the idea of an economy designed to serve human well-being — rather than the other way around — is gaining ground in global debates.

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Vocabulary:

Alternative indicators – Indicateurs alternatifs

Happiness – Bonheur

Peace – Paix

Quality of life – Qualité de vie

Soft Domestic Product – Produit intérieur doux / PIB non officiel

Volunteer activities – Activités bénévoles

Gross National Happiness (GNH) – Bonheur national brut (BNB)

Sustainable development – Développement durable

Cultural values – Valeurs culturelles

Environmental protection – Protection de l'environnement

Good governance – Bonne gouvernance

World Happiness Report – Rapport mondial sur le bonheur

Social cohesion – Cohésion sociale

Family solidarity – Solidarité familiale

Loneliness – Solitude / Isolement

Well-being economy – Économie du bien-être

Happy Planet Index – Indice de la planète heureuse

Life satisfaction – Satisfaction de vie

Life expectancy – Espérance de vie

Ecological footprint – Empreinte écologique

Global Peace Index (GPI) – Indice de paix mondial

Armed conflicts – Conflits armés

Military spending – Dépenses militaires

Internal violence – Violence interne

Economic cost of violence – Coût économique de la violence

Inequality – Inégalités

Public services – Services publics

Collective well-being – Bien-être collectif

Non-market activities – Activités non marchandes

Human-centered economy – Économie centrée sur l'humain