

Essay from the bold pastor

#210 - The Nobel Prize in Economics –

The Nobel Prize in Economics was established to commemorate the Swedish National Bank's 300th anniversary, 70 years after Nobel's death. Unlike the prizes in physics, chemistry, medicine, literature, and peace, which were all created by Alfred Nobel himself, the economics prize was established 70 years after his death regardless of his intentions. Some in the Nobel family have even called for the discontinuation of the Economics prize, stating that Nobel had doubts about economics as a legitimate field of study, nor did he ever mention about the establishment of the economics prize in his will.

However, the topic of the 2015 prize winner, the analysis of consumption, poverty, and welfare by Angus Deaton, is of interest to me. He claimed that in order for economic policies to work effectively and to reduce poverty, we must first understand more about the nature of consumption. For the study, he invented ways to predict the effects of policies such as taxation, and a way to measure people's quality of life from their health. In a study involving nearly 450,000 American people, he analyzed the correlation between people's income and their level of satisfaction and happiness. He found that although is a correlation between income and happiness up to \$75,000, any higher income does not bring more satisfaction. After all, money will not buy you happiness.

Having heard of this study, Dan Price, the CEO of Gravity Payments, a Seattle-based credit-card processing company, announced to his 120 employees making around \$50,000 that every one of them would receive a raise to \$70,000, at the same time reducing his own million-dollar salary to \$70,000. For this bold move, he received praises from many as an outstanding executive, but there are people who doubt that his decision might leave to more unfairness. Either way, the company has done well after this decision, and they have more applicants and clients than ever before.

The Bible says:

“ Better a little with the fear of the Lord than great wealth with turmoil.
Better a small serving of vegetables with love than a fattened calf with hatred.”

Proverbs 15:16-17

Even if we are mentally aware of this, it is difficult to completely remove our deeply-rooted love for money. At the least, we must first satisfy our souls through our faith in God.

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Ekonomipriset 2015

The Prize in Economic Sciences 2015

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Photo: Larry Serfaty, Princeton University

Angus Deaton
Princeton University, NJ, USA

"för hans analys av konsumtion, fattigdom och välfärd"

"for his analysis of consumption, poverty, and welfare"

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