



Research Paper

Leisure Index in Economics

Abstract: *Why does Economics have to be only about production? What is the point of all this output if you have to work hard for it? Why can't economics be about less work? After all less work is as much likely to make a person more happy as much as more consumption driven by more production. This paper suggests a new Leisure Index is Economics, which will measure leisure in various nations of world.*

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I. Introduction

In the 1964 movie *My Fair Lady*, based on play by George Bernard Shaw called *Pygmalion*, there is a character aptly named Alfred DoLittle, who as the name suggests is not too keen on work. He says

“Work, Don’t Mention that Word in my Presence! I used to do that sort of thing once!! Isn’t worth it”
And then he sings – “Lord above gave man an arm of iron, so he could do his job and never shirk. But with a little bit of luck, someone else will do the blinking work. With a little bit of luck you will never work!!!”

We may not be so lucky as not to work at all. But can we hope to work a lot less.

This paper suggests a new index in Economics called Leisure Index. This will measure nations on scale of Leisure suggesting that more leisure is as much a measurement of human welfare as much as more output measured by per capita gross domestic production.

Heaven is where there is no Work! At least lot less Work

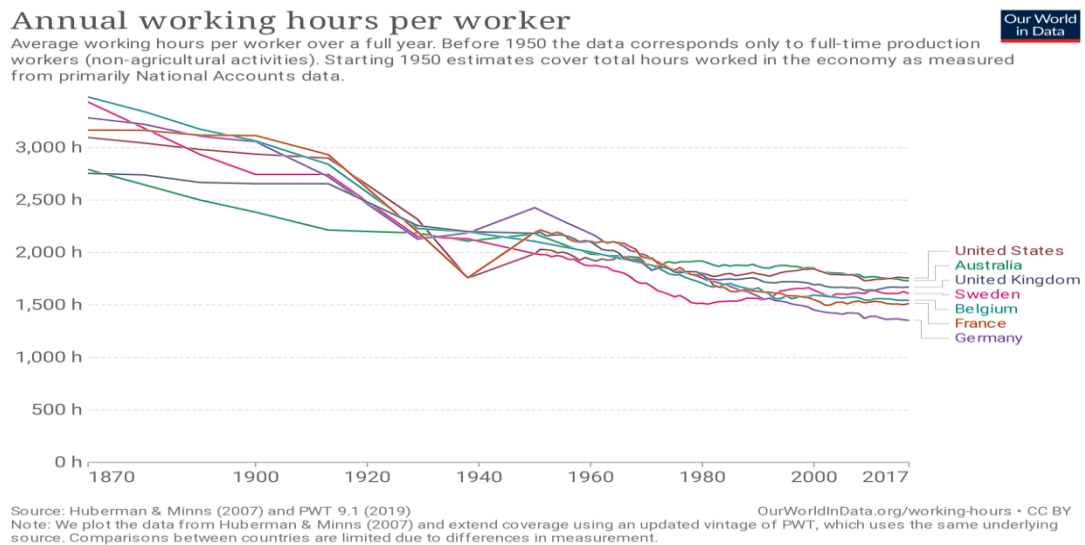
In Japan there is a term called KAROSHI - this means overwork death. Though most Japanese manage to escape death, many are prey to overwork. Almost 25% of Japanese employees work more than 60 hours a week which is 50% more than average. Even efforts to curb overwork are feeble, with overtime limited to 80 hours a month. The average number of working hours in Japan is just 1600 hours per year. In the USA, an average number of working hours is 1750 hours per year but in Germany the average number of working hours is 1350 hours per year. But the Japanese government is trying to introduce a 4 day working week. But the Japanese population overwork, which is resulting in lower productivity. Japanese productivity is as low as 40 dollars an hour, whereas the USA has productivity of 70 dollars an hour and France and Germany have the productivity of 65 dollars an hour and Britain has productivity of 50 dollars an hour. There does seem to be an inverse correlation between productivity and working hours.

Number of working hours in various nations of world are according to as follows as per Wikipedia[1]

Nation	Number of Working Hours/year
Germany	1350
Britain	1500
France	1500
Japan	1600
USA	1780
Italy	1720
South Korea	2000
Russia	1960
Mexico	2150

Source: Wikipedia

Number of working hours in various nations has declined significantly and substantially over past 200 years. Following picture captures the decline in number of working hours in various nations of world[2]



Clearly as the above picture captures the number of working hours have declined from almost 3000 hours a year in 1870 to almost 1500 hours a year by 2020.

Leisure Index in Economics

The paper proposes a Leisure Index in Economics. The idea is greater the leisure index more the happiness and welfare. The leisure index starts from a premise that a person should not work more than 40 hours a week with 2 weeks of vacation. So for a 52 week year, the number of working weeks would be 50 weeks. So the number of working hours will be 40*50 and that will be 2000 hours.

Now leisure index can be measured by the amount the number of working hours is less than 2000 hours a year.

So if the number of working hours a year is X. Then the Leisure Index = (2000 – X)/2000

So if average number of working hours in a nation is 2000 per year then Leisure Index will be zero. If the average number of working hours in a nation is 1600 per year then the Leisure Index will be 0.2. And if the average number of working hours in a nation is 1200 per year then the Leisure Index will be 0.4. However if the average number of working hours in a nation is 2200 per year then the Leisure Index will be -0.2.

Obviously having a negative leisure index is bad. And it is unlikely that a nation will have leisure index higher than 0.4. However higher the leisure index greater the welfare and happiness.

In fact an ever better idea would be to assess the level of welfare and happiness by multiplying Per capita GDP of a nation in Purchasing Power Parity terms with Leisure Index to determine the welfare of the nation. This will be called welfare index

Welfare Index = (Per capita GDP in PPP)*Leisure Index

Even better still the Welfare Index adjusted for Equality will be when Welfare Index is divided by Gini Coefficient. So a higher gini coefficient will mean lower welfare index and lower gini coefficient will mean a higher welfare index.

Welfare Equality Index = (Per Capita GDP in PPP)* Leisure Index/Gini Coefficient.

II. Conclusion

It is high time that nations around the world start measuring Leisure. Because Leisure contributes to human welfare and happiness as much as output.

References

- [1]. https://en.wikipedia.org/wiki/List_of_countries_by_average_annual_labor_hours
- [2]. <https://ourworldindata.org/working-hours>