

The relationship between global wealth and happiness: An analytical study of returns and volatility spillovers

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Abstrak

This paper explores the relationship between global wealth and happiness. We employ a bivariate generalized autoregressive conditional heteroskedasticity framework for global wealth and happiness represented, respectively, by FTSE All-World and Twitter's Daily Happiness Sentiment indexes from October 14, 2013 to December 31, 2019. We find that daily changes in happiness significantly mitigate wealth volatility, and daily wealth returns positively affect the changes in happiness sentiment. These findings reveal a spiral transmission in daily changes in happiness sentiment and global wealth volatility and returns. Metaphysically, our findings imply that the relationship between the mind and matter of finance is either materialist or monistically neutral. From alternative perspective, we construct a pseudo portfolio of global wealth and happiness indexes in which the factor of happiness plays a more important role. Thus, a concentration on happiness is preferable for the pursuit of multiple objectives, which essentially include mind and matter.