



University  
of Victoria

## Course Outline

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ECONOMICS 437 A01, Fall 2021

Philosophical Problems in Contemporary Economics:

### Happiness and Economics

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**Brightspace:** [Fall 2021 ECON 437 A01 \(11163\)](#)

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*What is the highest good in all matters of action? To the name, there is almost complete agreement; for uneducated and educated alike call it happiness, and make happiness identical with the good life and successful living. They disagree, however, about the meaning of happiness.*

Aristotle, Nicomachean Ethics 1.4

**Description:** What has happiness got to do with economics? This course confronts the traditional economic approaches to understanding and promoting well-being with the new “revolutionary” literature on happiness. This literature is wide ranging and includes research from the other social sciences, philosophy, religious studies, and brain science. Classes will be half lectures and half seminars. Seminars will include class experiments, debates, jokes, presentations as well as detailed discussions of articles on which students are expected to write up short commentaries. I reserve the right to adjust the course and delivery to respond to changing circumstances.

**Textbooks:** (Required)

*Happiness: Lessons from a New Science*, 2/e, by Richard Layard ISBN 9780241952795  
[World Happiness Reports](#) edited by Helliwell, J., Layard, R. and J. Sachs

The Layard book is available at the University of Victoria [Bookstore](#). Layard has been preeminent in bringing happiness studies to the attention of economists and the press. The World Happiness Reports are online.

**Evaluation:** Your final grade will be determined as follows:

Participation (in class and online)	30%
Reading Notes	20%
Poster Presentation	10%
Paper	<u>40%</u>
	100%

These assessments will be graded on a percentage scale, weighted as above into a numerical score that corresponds to a letter grade as follows:

A+	A	A-	B+	B	B-	C+	C	D	F or N
90-100	85-89	80-84	77-79	73-76	70-72	65-69	60-64	50-59	0-49

This is largely a seminar class in which we all benefit from being actively engaged. You are expected to read ahead, prepare reading notes, participate in classroom *discussion* as well as present to the class on the subject of your paper.

*Participation.* Your participation grade depends on your attendance and the quality and quantity of your contributions to the class discussion as well contributions to CourseSpaces activities. Please do not miss more than one class, and please make an effort to get to class on time. We will deduct 2 marks for each class missed beyond one class.

In each class please try to make contributions (thoughtful answers, comments, or questions). Given that the course is partly about the subjective sense of happiness, we want you to develop and bring your sense of happiness to class. To facilitate participation, we may ask you to join in some of the following exercises:

1. Tell a "clean" joke.
2. Offer a quote about happiness, or a picture that captures a happy moment.
3. Discuss a formulaic wisdom from philosophy or spirituality about happiness.
4. Briefly reflect on one specific event/situation/thing that made you happy/sad.
5. Introduce the class to a website about happiness, and explain why you think it is useful.
6. Self-introduction with a posted personal profile.

Yes, you'll have to explain the joke, quote, wisdom... if the connection to happiness isn't obvious. We hope these participation exercises will help foster an open and happy classroom environment. We may occasionally break out into song. (However, if you feel incapable of contributing to an activity e.g. in telling a clean joke, we can make accommodation. Please let us know.)

I've invited three guest speakers. At the beginning of term, a laughter yoga instructor will lead us in wholesome spirited laughter. Later in the term, a researcher from the BC government's "Behavioral Insights Group" (aka BIG) will speak to us about "policy nudges". Finally, a colleague from Camosun will try to explain his financial and philosophical reasoning in retiring quite young.

*Reading Notes.* By Friday each week, we will post questions related to the next class' assigned readings. There will be 9 reading notes, you are expected to return at least 7, and we will grade 4. We would like you to type up answers to the questions for class and hand them in at the end of the class. The questions are to help you understand the material and encourage you to contribute to a stimulating classroom discussion. Some of the questions may be analytical and ask you to solve a problem. Be prepared to discuss the questions (even if it a week were we are not collecting your answers). Your reading notes should be written in full sentences and be grammatically correct.

Plagiarism is not acceptable. Be sure to quote and cite material where appropriate. Please consult <http://www.uvic.ca/library/research/citation/plagiarism/index.php> .

*Poster Presentation.* Your poster should be related to the topic of your paper. Introduce and motivate the topic in general terms before including details. A poster session involves some students (say 7 students) standing by their posters and presenting it to a few others (roughly 3 or 4 students and ourselves) who rotate among the posters. Presenting the poster involves briefly explaining your poster content and taking questions related to your topic. The poster presentation can be a fun opportunity to receive feedback on your paper and see what exciting topics others are doing. The poster can be constructed by simply pasting pages to a large cardboard, or by using a template to format and print a large poster. (Large posters can be printed on campus for about \$45 at <http://www.uvic.ca/print/blink/index.php> . We'll provide a PowerPoint template which is easy to use.) See poster by Nigel Figueiredo near the department office for an example.

*Paper.* Your paper should focus on some aspect of the literature related to economics, happiness and well-being. The paper can take several forms. However, a critical survey of some aspect of the literature is perfectly fine. In depth academic book and article reviews may be acceptable. If you are ambitious, perhaps you could do a small experiment and write it up, or attempt some empirical work. You should start on your paper by the Reading Break and meet with me to finalize your topic (and check your progress) no later than the 1<sup>st</sup> week in November. The paper should be no longer than 2000 words excluding references (display your word count). It is not a long paper, so I expect a high quality, succinct paper. It is *due Friday Dec 10, 9:30am*.

**Pedagogical Philosophy:** Many top schools have a capstone course where students write a “graduating” paper. These papers provide the student an opportunity to delve deeply into one subject area in their discipline. A capstone course also provides an opportunity for students to use the skills and knowledge in their education to demonstrate their understand of how their discipline attempts to understand the world. Our course aims to bring together many of the important learning objectives (listed below) in a good economics education.

Learning Objectives:

- Literacy with economics and philosophical ideas.
- Numeracy in understanding graph plots and simple statistics.
- Critical thinking in analysis and critiquing arguments.
- Analytical and modeling logical narratives of how the world works.
- Inference and causation using statistics and econometrics and time ordering of events.
- Ability to study in depth and understand academic literature.

**Technology:** The University requires you have access to reliable high-speed internet and a relatively modern computer or tablet with appropriate software. Please see [Minimum Technology Requirements](#) for required peripherals. A cell phone is unacceptable.

*Brightspace* – All students are expected to learn and be fully functional with Brightspace. The material as described on Brightspace will be the record of material we have covered and the reference for exams.

*Zoom* – Depending on events, we may using Zoom quite a bit. **Please use the Zoom link found in Brightspace under Course Tools/Zoom.** You will be directly admitted to the class when you

sign into Zoom with the Single Sign On (SSO) protocol. Otherwise, you will be prompted to sign in to SSO. We'll use this link for classes, discussion sessions, and some office hours.

## **Policies**

See Department [Course policies](#) regarding Attendance, ... Grading, Inclusivity and diversity, Repeating courses, Students with a disability, Travel plans, Waitlists, etc.... Here are some important policies and how they will be applied in this course.

*Academic Concession.* If you do not complete exercises, reading notes or essay (without consulting with us, or in the case of illness submitting a Request for Academic Concession RAC), we will assume that you simply chose not to do them. RACs should normally be dated on or before the illness and be submitted to the instructor within 10 days of this date.

*Courtesy.* Sometimes it is unavoidable to arrive late for class (e.g. a prior class across campus ends late). However, our class is in the evening so there should be no reason to be systematically late for class. Please do not come to class if you are more than 5 minutes late, more than once. Offenders who are repeatedly late without prior consultation may be asked to leave the class. If you need to leave the class early, please mention this to one of us. On our parts, we'll endeavor to start the class on time and not run over time.

*Electronic devices.* The following article adds to the literature which finds that classroom laptop/tablet/phone use not only dramatically lowers education outcomes for users but also for those around them: [NY Times article](#)! Research strongly suggests that old fashion pen and paper is on average a much better way to learn: [NPR article](#).

Since it appears that laptops impose a very *negative externality* on others, we will ask that, except when indicated, laptops not be used in class (or unless we have given prior approval). This may involve making hard copies of the text(s) and articles.

*Course Experience Survey (CES).* We have developed this unique course and value your feedback to help us improve it. Towards the end of term, you will have the opportunity to anonymously complete the CES. The survey is vital to providing feedback to me regarding the course and my teaching, as well as to help the department improve the overall program for students in the future. The survey is accessed via MyPage and can be done on your laptop, tablet, or mobile device. We will remind you and provide you with more detailed information nearer the time, but please be thinking about this important activity during the course.

*Recordings.* Please be aware some of our sessions maybe recorded to allow students who are not able to attend to watch later and may be sent to them or posted in Brightspace. If you are not comfortable being recorded, please talk to me asap.

**Background reading and sources:** There are a number of excellent recent books on the relatively new science of well-being. Giants in psychology who have done seminal studies on happiness as well as popular books include Daniel Kahneman, Martin Seligman, and Robert Biswas-Diener. Excellent all round books, which touch on economic issues are:

*Exploring Happiness: From Aristotle to Brain Science*, 2010, by Sissela Bok  
(BJ1481 B64 2010)

*Nudge: Improving Decisions About Health, Wealth, and Happiness*, 2009,  
by Richard Thaler and Cass Sustein

*The Pursuit of Happiness: An Economy of Well-Being*, 2011, by Carol Graham  
(in the library as an [ebook](#))

There are exciting new journals and websites springing up. The [Journal of Well Being](#) was started in 2011. Check out Bhutan's [Gross National Happiness Index](#).

## SYLLABUS

The following outline of topics and readings is *tentative* and we reserve the right to add/delete topics and readings as the course progresses.

1. Introduction: Happiness and Economics
2. Utilitarianism: Bentham, Mill, Edgeworth and Layard
3. a-How to measure happiness? Affect and Life Satisfaction  
b-How happy are we? Looking at the Evidence
4. a-Subjective Well-being: Validation and Determinants  
b-Cost Benefit Analysis: Do Economists have a clue?
5. a-Happiness and Income: Easterlin Paradox  
b-Happiness, Hedonic Adaptation, and Social Comparisons

### Reading Break

6. Nudge, Paternalism vs Libertarianism, and tentatively Behavioral Insight Group (BIG)
7. Discussion of Projects (Past Projects and Proposed Ideas)  
Student sharing: Quote, Joke, Formulaic Wisdom
8. The Rat Race: Relative Income and Positional Consumption
9. Brain Science and Happiness

10. a-Psychological Studies: Experienced and Remembered Utility  
b-Happiness and Illusion
11. Poster Sessions  
Q&A Session
12. Poster Sessions  
Course Wrap-Up

**Readings** (other papers and book chapters will be posted on CourseSpaces as we progress)

[Authentic Happiness](#) (Questionnaire website)

Beshear, J., Choi, J., Laidbson, D. and B. Madrian (2008), “How are Preferences Revealed?”, *Journal of Public Economics*, 92, 1787-1794.

Besley, T. (2013), “What’s the Good of the Market? An Essay on Michael Sandel’s ‘What Money Can’t Buy’”, *Journal of Economic Literature*. (Read only the first 6 pages—Sections 1 and 2). <http://pubs.aeaweb.org/doi/pdfplus/10.1257/jel.51.2.478>

Clark, A., Frijters, P. and M. Shields (2008), “Relative Income, Happiness, and Utility: An Explanation for the Easterlin Paradox and Other Puzzles”, *Journal of Economic Literature*, 46(1): 95-144.

Deaton A. (2008), “Income, Health, and Well-Being around the World: Evidence from the Gallup World Poll”, *Journal of Economic Perspectives*, 22(2), 53–72.

Easterlin, R. (2001), “Income and Happiness: Towards a Unified Theory”, *The Economic Journal*, 111, 465–84.

Gilbert, D., Pines, E., Wilson, T., Blumberg, S. and T. Wheatley, (1998), “Immune Neglect: A Source of Durability Bias in Affective Forecasting”, *Journal of Personality and Social Psychology*, 75(3), 617-638.

Helliwell J. and C. Barrington-Leigh (2010), “Viewpoint: Measuring and Understanding Subjective Well-Being”, *Canadian Journal of Economics*, 43(3), 729-53.

Kahneman D. Part V “Two Selves” in *Thinking, Fast and Slow*, 2011, Doubleday Canada.

Kahneman D. and A. Deaton (2010), "High Income Improves Evaluation of Life but not Emotional Well-being", *PNAS*, 107(38), 16489-16493.  
<http://www.pnas.org/content/107/38/16489>

Kahneman, D. and A. Krueger (2006), "Developments in the Measurement of Subjective Well-Being", *Journal of Economic Perspectives*, 20 (1), 3–24.

Kahneman et. al. (2004), "A Survey Method for Characterizing Daily Life Experience"  
<http://www.sciencemag.org/content/306/5702/1776.full.pdf> .

Killingsworth, M. and D. Gilbert (2010), "A Wandering Mind Is an Unhappy Mind", *Science*, 330, 932.

Stearns, P. (2012), "The History of Happiness", *Harvard Business Review*, Jan-Feb issue.

*Stanford Encyclopedia of Philosophy* <http://plato.stanford.edu/>, entries on: "Hedonism", "History of Utilitarianism", "Rule Consequentialism".