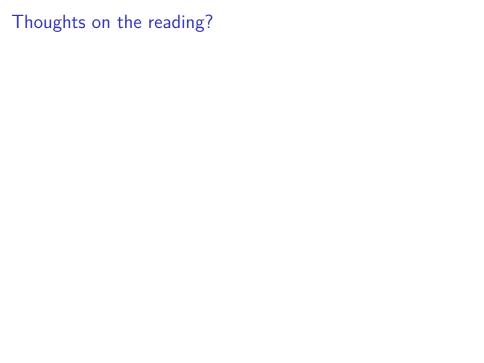
Economics of Development: Day 3

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Today's Agenda

- ► Reading Responses
- ► Topic Proposals
- Reading Discussion
- ► History of Thought Activity
- Additions to Reading
- Subjective Well Being (if time allows)
- Revised Topic Proposal



What	do	we	think	now?
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Growth vs. poverty? Trade vs. protectionism? Government?

History of Thought Activity

Some Extra History of Ideas

D.J. & S. focus on predominant Western ideas over time.

There were and are also other ideas:

- Marx, Lenin
- China (one perspective in Huang)
- Communist Countries (Soviet Union + many others)

Other interesting cases to read about:

- Botswana
- Costa Rica
- ► Asian Tigers (Hong Kong, Singapore, S. Korea, Taiwan)
- ► Bhutan

Conflict Theory vs. Mistake Theory

Conflict theory: focus on conflicts between groups/individual with different interests as a driver of societal problems.

Mistake theory: problems driven by mistakes in design of policies, governments, etc. By correcting those mistakes we can solve

Does per capita income drive happiness?

Objective vs subjective well-being

Traditionally economics has focused on objective measures: income, consumption, life expectancy, child mortality.

Recently, increased interest in subjective well being: happiness in the moment and life satisfaction.

Which of those measures should we use to evaluate development programs?

Subjective and objective well-being

Easterlin (1974): Happiness correlated with income between and within nations, but does not grow as average income grows.

Stevenson & Wolfers (2008): Using more/ better data, paradox dissapears.

Kahneman & Deaton (2010): High income improves evaluation of life but not emotional well-being (over \$75k/household).

GDP per capita and Happiness

Experience Memory and the Focusing Illusion