

HONOR 300Q

HAPPINESS ECONOMICS

Oxford College of Emory University **Time:** T R 3:30 - 5:10 **Room:** Humanities Hall 210

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COURSE DESCRIPTION

In this course we will explore one of the most important yet least understood aspects of human nature – what makes us happy. For a long time economists have assumed that happiness cannot be measured. More importantly, they have assumed that happiness need not be measured directly because it can be inferred from the choices that people make which reveal their preferences. This more objective approach to measuring well-being has come to dominate modern (neoclassical) economic theory which assumes that individuals derive happiness only from the consumption of tangible goods and services as well as leisure. Thus, measures of material standards of living such as gross domestic product (GDP), or household and individual income, have come to dominate national debates about social and economic progress despite of their limitations.

This objectivist approach to measuring well-being, however, has been challenged in recent years as research in psychology and economics has pointed out that there are large discrepancies between how people feel, what they value and how they actually behave in real life.

THE PURSUIT OF HAPPINESS

There are 5,000 motivational speakers in the US, earning a collective of 1 billion dollars a year. The self-improvement industry is a \$10 billion-a-year industry, about the same as Hollywood.

"Happiness in this world, when it comes, comes incidentally. Make it the object of pursuit, and it leads us to a wild-goose chase, and is never attained. Follow some other object, and very possibly we may find that we have caught happiness without dreaming of it."

Nathaniel Hawthorne

People have "bounded rationality," do not always act in a way consistent with maximizing happiness, and their judgment is subject to many systematic mistakes. So in the first part of this course we will explore some of these anomalies in decision making and challenge some of the assumptions that economists make. We will ask more fundamental questions: What is happiness, what is its function, how does it relate to our well-being, can we measure it in a reliable and meaningful way, and should we use as a gauge for prosperity.

PREDICTABLY IRRATIONAL

Although most people expect that winning the lottery will make them much happier permanently, those who actually end up winning the lottery often return back to their baseline happiness within a year.

We will then look at a paradox: most people want more income and strive for it. Yet as standards of living have substantially improved in Western societies over the last fifty years, happiness levels have not changed. What socio-economic factors explain this trend?

Why are some nations happier than others? What is the role of other macroeconomic factors such as unemployment, inflation, income inequality, and the quality of governance in determining our happiness? People in ex-communist countries, for example, report significantly lower levels of subjective well-being than people in the more economically free Western societies. What major happiness trade-offs are societies facing in terms of macroeconomic policy?

While we can do little to affect the socio-economic climate that surrounds us, there are plenty of other decisions that are in our control – what kind of careers to pursue, whether to have kids, and, most importantly, how to spend our hard earned dollars. Can a bottle of 1947 Chateau Cheval Blanc make you happier than simply smiling at a stranger? We will next examine how variety of microeconomic factors such as money, work, leisure, reciprocity, gratitude, love, drugs, and social relationships affect our happiness. We will also look at the effect of consumerism on our subjective well-being.

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SPRING 2015

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COURSE DESCRIPTION

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INCOME & HAPPINESS

Did you know that beyond \$75K of annual household income in the US, money does not make you happier; that older people are generally happier than younger people; and that lawyers are some of the least happy people in the US?

Although the emphasis in the course will be to gain a better understanding of the determinants of happiness and their implication for economic theory and public policy, a part of the course is also dedicated to provide students with the tools of positive psychology that can help them live a happier life. Twentieth century psychology has largely focused on treating mental illness and preventing negative emotions and behaviors (e.g., depression, suicide, etc.) The new field of positive psychology, however, is the study of positive emotions – optimism, hope, and gratitude – and the character virtues and strengths that can help us achieve “authentic” happiness even in the face of adversity.

Finally, I can't promise you that at the end of the semester you will learn how to be happier. As Oscar Wilde once said “education is an admirable thing, but it is worth to remember from time to time that nothing that is worth knowing can be taught.” Happiness is one of those things – identifying, building, and

MEDITATION & SOCIAL MEDIA

Research shows that meditation can change your brain chemistry and bring you lasting happiness. The same is true for small acts of kindness and gratitude. On the other hand, using social media may have the opposite effect.

“Of course money can't buy happiness, but it can make you awfully comfortable while you're being miserable.”

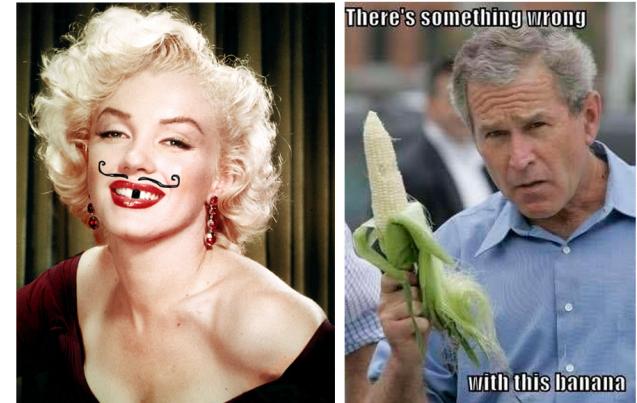
~ Clare Boothe Luce

enhancing the virtues and strengths of your character that will lead to a happy life is something that will inevitably happen outside of the classroom. This does not mean that we have to discard the study of happiness economics. On the contrary, happiness economics can provide us with valuable insights about how people make choices and how these choices affect our ordinary lives. It can also challenge us to examine the meaning of social progress and critically evaluate the values and beliefs that we hold the closest to our hearts. What I can promise you, then, is that if you are motivated and spend the necessary time to explore new ideas and ways of thinking, you will make one more step towards an educated and flourishing life—and this is something valuable in itself. After all, you will have to make all kinds of choices—both for yourself and for your community—and this is something you can do either intelligently or not.



“If you want to be happy, be.” ~ Leo Tolstoy

COURSE OBJECTIVES



- A. Examine the meaning of modern socio-economic progress by studying patterns of life satisfaction over time and different demographic groups.
- B. Challenge / supplement the existing economic paradigm by exploring behavioral theories that are different from modern mainstream economics.
- C. Identify some of the most common anomalies in decision-making that prevent us from achieving lasting happiness.
- D. Discredit some common myths about what makes us happy (miserable) & identify key socio-economic determinants of happiness.
- E. Recognize that we are in control (to some extent) of our subjective well-being, and learn ways in which we can develop our character strengths and virtues so we can live a happier life.
- F. Finally, this course fulfills the reading, writing, and speaking intensive requirement for undergraduate students. It is organized in the form of a seminar, so an important goal of the class is to help students improve their reading, writing, and presentation skills.

GRADING

& COURSE REQUIREMENTS

45pts

MILESTONE PROJECT

The largest component of your grade will be determined by your final research paper. There will be no assigned topic for this project. It is supposed to be an independent and creative research on a subject related to the course that you find particularly interesting. This is also your opportunity to contribute to the development of the course. Your research should make use of both primary and secondary literature. The final paper should be 12-18 pages long, Times New Roman, 1" margins, double spaced, and is **due APR 22**. Some topics worth considering include the relationship between happiness and age, gender, social class, higher education, internet, humor, wisdom, novelty, politics, and religion. However, portions of the project will be due throughout the semester as described in the syllabus (see Milestone Project Guidelines).

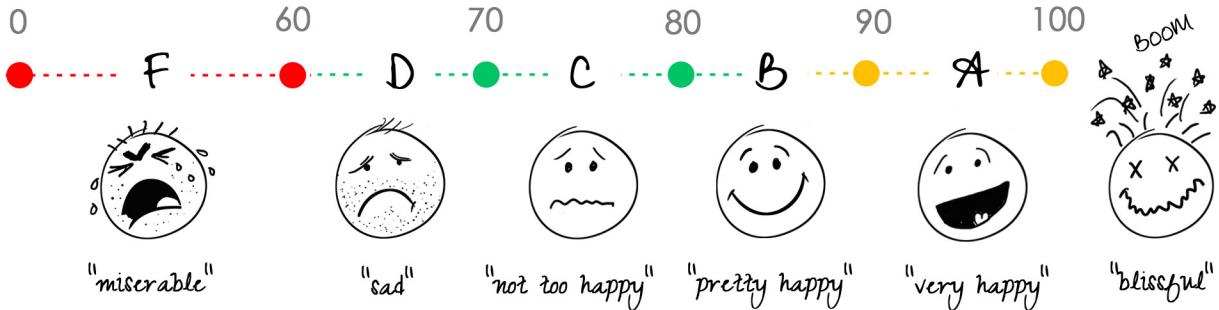
20pts

**+5pts
bonus**

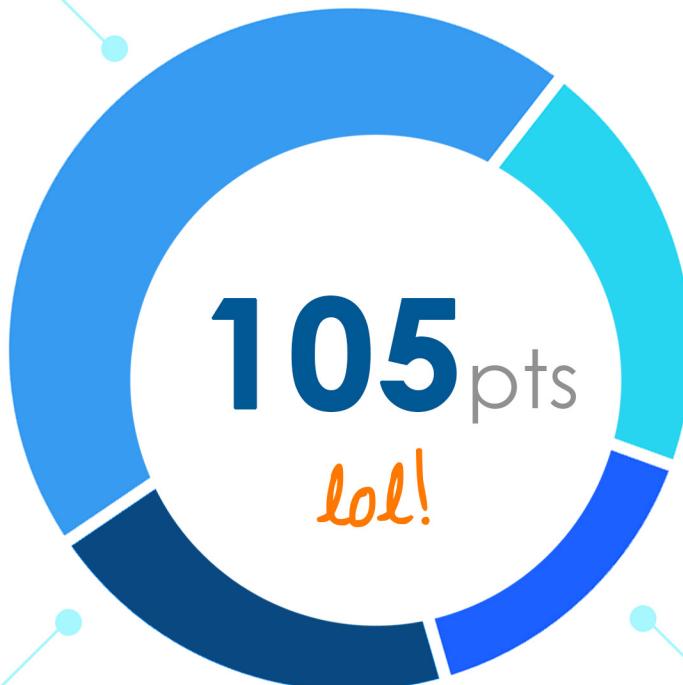
Participation

You can earn participation points in a number of different ways. You can complete as many assignments as you would like to read the maximum number of 25 points in this category.

(1) Random Attendance (up to 12pts) The easiest way to earn participation points is to attend lectures. Three times during the semester I will ask a student to roll a die to determine participation dollars for those who are attending the lecture. If the student rolls '1', '2' or '3' then everyone gets 1 point; if the student rolls '4', '5' or '6', then everyone gets 2 pts. I will then double your points so that the maximum number of points you can earn by attending lectures will be 12.



Don't be afraid to shoot for the stars!



20pts

Short Papers

Your success in this and any other class depends on your systematic studying of the assigned readings. Therefore, short papers (2-page, double spaced) will be assigned during the semester to assess your progress in this respect. The papers will be graded from **0-3 points**. You will receive a point for submitting your paper on time, another one if it is in the appropriate length, and 1 point for its quality. Exceptional papers will receive extra credit points.

15pts

Presentation

Since this course fulfills the requirements for a speaking intensive course, you will have to give a short 15-20 minutes presentation discussing your research project. Your presentation should summarize your findings and lead to a discussion which you will moderate (so you will have to come prepared with at least two thought provoking questions to get the discussion started.)

Is attendance required?

Missing class will not affect your grade directly. However, a good deal of your grade will be determined by in-class assignments given randomly throughout the semester. There will be **no make-up** for these exercises. More importantly, liberal arts education is by its nature aimed at careful **self-examination** and **discussion**. So if you do not plan to attend lectures regularly and participate constructively in class discussions, then you should withdraw from this course. My experience also shows that students who miss more than three lectures finish with a grade significantly below average.

What would happen if I fall asleep in class?

If you fall asleep in class, a supermassive black hole that lives 3.7 million light-years away will collide with ...well, another supermassive black hole. When this happens, the two black holes will form one behemoth black hole which will send ripples of dark energy through the universe that will eventually reach our galaxy, solar system, and planet. The dark energy will cause an unexpected current of really cold air to breeze through Antarctica. As a result a baby pinguin will start flapping its wings vigorously to warm itself. This in turn will cause a two-week snowstorm in Georgia and all schools will have to be closed. Which means that the semester will be extended way into the summer, which I am sure is something that you don't want to happen.

What is the secret to success in this class?

The secret to success in this class happens to be the secret to success (and happiness) in life in general -- finding meaning in what you do, challenging yourself to improve, and persevering (sometimes in the face of adversity) to achieve your goals. Cracking a smile from time to time also helps.

I text 24/7, can I text discretely in class?

Yes. As long as you don't disturb others, you are welcome to use electronic devices (including laptops) during lectures. However, bear in mind that excessive texting can be very distracting (especially in a small classroom setting) so try to limit the use of your phone and be respectful to everyone else in the classroom. Also, please use your laptops only to take notes and not to chat with friends on Facebook.

What will happen if I get caught cheating on an assignment?

Depending on the severity of the violation, you will most likely fail the assignment or the class. Make sure you familiarize yourself with the University policies regarding academic dishonesty and follow them strictly (refer to the **Student's Honor Code**).

Is everything that you teach us correct?

Of course it is. Well, maybe. Ok, no. Happiness Economics is a very young and controversial science. I encourage you to **remain skeptical** and to question everything I say in class and everything you read in the required textbooks. Sometimes the best way to discover how something works is to figure out why it fails to work. And the best I can do is to help you ask important questions to help you figure out precisely that.

Am I going to be extremely happy after the class is over?

Of course. Well, maybe. Ok, no. I can't promise you that you are going to be extremely happy. Reading about how to be happy is very different from being happy. In fact, most people that find themselves reading "how to" guides on happiness probably do this because they are not happy on the first place (or are required to take a course on happiness economics). What I can promise you, however, is that if you put the necessarily work, you will be introduced to concepts and ideas that maybe challenge you to evaluate your preconceived views about happiness and in the long run help you choose the life that will make you happier.

How can I dispute a grade?

If you want to dispute a particular question(s) that you feel was not graded fairly, do this in a civilized manner by **turning your request in writing**, explaining the reasoning behind your answer, and why you should receive points back. However, if you wish me to re-grade a question, keep in mind that the revised grade may go in the opposite direction you wish it to.

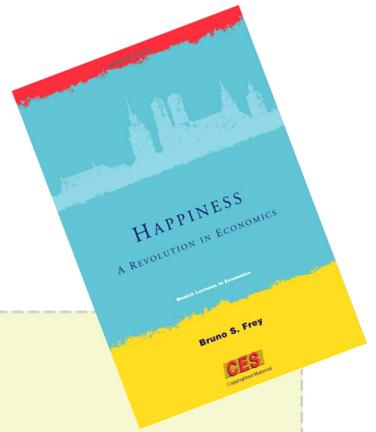
What is the best way to reach you?

The best way to reach me is to **send me an email**. If you want to meet with me in person, please include two different times that are convenient for you to meet. You can also call me on my cell phone 813-401-9756 (but please try not to call after 8pm).

How can I get the most out of this course?

Be yourself, attend lectures, try to do more than the bare minimum, and enjoy yourself. Rarely a class will offer you an opportunity to read about topics that we all care about so deeply--love and affection, failure, building character strengths, successful relationships, money and happiness. So embrace this opportunity to enjoy learning, writing, and becoming a better person.

WHOSE BOOK IS IT ANYWAY?



[BF]

Frey, Bruno (2010). **Happiness: A Revolution in Economics**.
The MIT Press.

[RL]

Layard, Richard (2005). **Happiness: Lessons from a New Science**. Penguin Books.

[DA]

Ariely, Dan (2010). **Predictably Irrational: The Hidden Forces That Shape Our Decisions**. Harper Perennial.

[BS]

Schwartz, Barry (2009). **The Paradox of Choice**. Harper Collins.

[RF]

Frank, Robert (2010). **Luxury Fever: Weighing the Cost of Excess**. Princeton University Press.

[MS]

Seligman, Martin (2004). **Authentic Happiness: Using the New Positive Psychology to Realize Your Potential for Lasting Fulfillment**. Atria Books.

[JH]

Haidt, Jonathan (2006). **The Happiness Hypothesis: Finding Modern Truth in Ancient Wisdom**. Basic Books.

[CM]

Murray, Charles (1988). **In Pursuit of Happiness and Good Government**. New York: Simon and Schuster.

[BU]

Buddha (1993). **Dhammapada**. Thomas Byrom (trans.) Shambhala



Milestone Project Guidelines

STEP 1: PICK A TOPIC **5pts**

due by **Feb 23**

We will begin the semester by considering the kinds of questions an economist studying happiness might ask. From these questions and the various theories on happiness you will pursue a topic. It is supposed to be an independent and creative research project on a subject related to the course that you find particularly interesting. You will have plenty of time to do this as your paper proposals are due 5th week of classes. Your proposal should briefly explain the relevant question you are going to investigate and why this topic is important. Your proposal should be not more than 1 page long.

STEP 2: COMPLETE A LITERATURE REVIEW **10pts**

due by **Mar 16**

What you will/should be doing in this paper is writing an explanatory synthesis. **What is a synthesis?** A synthesis is a written description that draws on two or more sources, inferring relationships among the main ideas in each source. You want to determine how the sources relate to each other, explaining how the authors view an important subtopic and how they try to support their viewpoints with evidence and reasoning. Thus, understanding the sources is crucial. In other words, it is important to read carefully, annotate and be able to summarize each source.

Why explanatory? An explanatory synthesis helps the readers understand a topic. Writers explain when they divide a subject into its component parts and present them to the reader in a clear and orderly fashion. Your job in writing an explanatory paper is not to argue a particular point, but rather to present facts in a reasonably objective manner. To write the synthesis, you will do the following: (1) Carefully read and annotate each article. Underline important parts. Write comments in the margins. Take notes in your notebook as you read – create brief one- or two-sentence summaries of the key points of each source. Identify several of the most important subtopics to which the authors refer.

In each section of the body of your paper, paraphrase the authors' perspectives on one of these important topics, first explaining one author's view, and then explaining the other author's view, and so on. In each section of the body of your paper, also explain what evidence and reasoning the authors use to support their perspectives (do they rely on a theoretical model or use empirical analysis).

STEP 3: FINISH A FIRST DRAFT **10pts**

due by **Mar 30**

INTRODUCTION: After drafting the paragraphs in the body of your paper, write an introduction. If it works better for you – write the introduction first and then proceed to drafting the body. In the introduction, review the controversy over the topic – mention what your topic is and summarize the authors' divergent approaches to the topic. Then, include an essay map that mentions the important subtopics around which you will objectively synthesize the authors' approaches.

- Introduce the topic (thesis statement).
- Establish the controversy by introducing the two articles and pointing out how each article treats the topic.
- Briefly summarize the competing views in the two articles. These are the views that you plan to center your paper on (essay map).

ABSTRACT: After drafting the introduction, write a summary of the topic, drawing from at least one of the articles. This way, the reader will know what the topic is about and have a better understanding of the general controversy between the sources.

CONCLUSION: After drafting the intro and the body, write a conclusion that explains the significance of the topic. You might also try to end the conclusion with a provoking quotation or question. What is the way forward for this research?

CITATIONS: Include parenthetical citations after all summarized, paraphrased, and quoted material within your essay.

SOURCES: You are required to use at least 4 primary sources and 4 secondary sources. More is welcome. Books and/or textbooks are an excellent place to start your research, get ideas, or gain some rudimentary understanding about a topic. If you decide to use a textbook as a reference you don't need to cite it (unless it's a higher level specialized text). A good place to find more current, diverse, and manageable sources, such as journal articles, is [Google Scholar](#). If you are using it from home you may not be able to download the articles directly, so you will have to go the website of the Oxford College library, log in to your account, search for the journal article there (since the website is currently under construction, I can't give you more detailed information, but I will show you how to do it in class). When citing your sources you should follow the Chicago Style.

STEP 4: SUBMIT YOUR FINAL DRAFT **20pts**

due by **APR 22**

Schedule of Readings

January

- W: 14 (1) Course overview, [RL] Ch. 1,2,3
- M: 19 (2) NO CLASS – MLK DAY
- W: 21 (3) FARM / READING DAY
- M: 26 (4) Review of standard economic theory
- W: 28 (5) Anomalies in decision making, [DA]
- Introduction, Ch. 1-2 + [R] ○ SP 1



Departure of the Winged Ship by Vladimir Kush

February

- M: 2 (6) Libertarian Paternalism
- W: 4 (7) What is happiness and can we measure it reliably?, [BF] Ch. 1, 2 + [R] ○ SP 2
- M: 9 (8) TV, advertisement, and consumerism, [BF] Ch. 9 + [RF]
- W: 11 (9) The progress paradox, [RL] Ch. 4-7 + [R]
- M: 16 (10) The microeconomics of happiness? [BF] Ch. 7-8
- W: 18 (11) The macroeconomics of happiness, [BF] Ch. 4-5
- M: 23 (12) Should we maximize happiness? [R] ○ SP 3 & Paper Topic DUE
- W: 25 (13) PERSONAL MEETINGS

March

- M: 2 (14) PERSONAL MEETINGS
- W: 4 (15) PERSONAL MEETINGS
- M: 9 (16) NO CLASS - SPRING BREAK
- W: 11 (17) NO CLASS - SPRING BREAK
- M: 16 (18) Introduction to positive psychology, [AH] Preface, Ch.1-2+ [R] ○ Literature Review DUE
- W: 18 (19) Meditation, drugs, and Freud, [JH] Ch.2 + [R]
- M: 23 (20) Reciprocity, gratitude, and the common good, [JH] Ch. 3 + [R]
- W: 25 (21) Love and attachment, [JH] Ch. 6
- M: 30 (22) Growth by adversity, [JH] Ch.7 ○ First Draft DUE

April

- W: 1 (23) Character strengths and virtue, [AH] Ch. 8-10, 13 + [R] ○ SP 4
- M: 6 (24) Presentations (Hanna, Jonathan B., Nanyu)
- W: 8 (25) NO CLASS - CONFERENCE
- M: 13 (26) Presentations (Chris, Yixin, Guido)
- W: 15 (27) Presentations (Gvantsa, Pavel, Jacob)
- M: 20 (28) Presentations (Kamua, Justin, Mai)
- W: 22 (29) Presentations (Jonathan C., Leor, Amy) ○ Final Paper DUE
- M: 27 (30) Last day of classes, HONOR'S SYMPOSIUM

* Additional readings available on the course webpage: happy.borisnikolaev.com

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