

ECO 399: Happiness and Economics

Fall 2007

Vaishali Mamgain

"Every human would seek to be Socrates dissatisfied rather than a pig satisfied."

John Stuart Mill

"The professed object of Dr. Adam Smith's inquiry is the nature and causes of the wealth of nations. There is another inquiry, however, perhaps still more interesting, which he occasionally mixes with it, I mean an inquiry into the causes which affect the happiness of nations." Malthus, 1966

"Who am I when I am not asking who I am?" Zen Koan

Objectives of Course

"Poor, but happy!!!" "Rich, yet sad!!!" While these platitudes may make the materially dispossessed feel better about their lot in life, are these characterizations borne out by the data? To put it in other words, "Is there a relationship between economic well-being and happiness?" If so, what is it? This course has two main objectives. The first is to introduce you to the literature in the field on Happiness Studies. This includes research by economists, psychologists and philosophers and perhaps surprisingly, by neuroscientists. In this part of the course we will first try to define happiness, then study the methodology used by researchers to assess levels of happiness in the population. Next, we will study the causes and conditions that seem to lead to happiness and whether we can change our behavior to be happier. As part of this, we will focus on ethics, altruism and cooperation and examine whether they contribute to happiness. Finally we will look at the role of public policy and the political process.

The second and equally important objective of this course is for you to develop a contemplative practice. By contemplation I mean developing an awareness of one's mind. Essentially one utilizes the mind to look at the mind. The objective is to familiarize oneself with one's mind. Since this course intends to convey the research on what people's happiness depends on, it is crucial to check whether this is borne out in one's own experience. Developing an awareness of one's mind helps highlight patterns and habitual tendencies. To begin to do this with some clarity, I will ask you to cultivate a practice of mindfulness. We will introduce it in class and then you will have to practice it during the semester. As part of the contemplative part of the course, you will be asked to keep a Happiness/Mood log. In addition, throughout the course, specific questions will be posed that you have to integrate into your contemplative practice. These two sets of entries will comprise your Journal

Journal: This includes two parts

Happiness/Mood Log

Once a day (can be anytime during the day) you stop what you're doing, do a mindfulness practice for five minutes and then enter your happiness log. You will find a copy of the

happiness log template up in Blackboard under Course Documents. What I would like you to do is turn in your analysis of your own happiness log. I do not need to see your original log. What I'm looking for is an analysis of your entries. This analysis has to reference one or more current readings. You are not being graded on how happy or how unhappy you are but whether you can situate your mental state within the context of what you are studying.

Exercises for Contemplation

Embedded within the syllabus and in Announcements on Blackboard, you will find specific exercises that you have to contemplate. Once again, it is suggested that you do a mindfulness practice for at least ten to fifteen minutes before beginning to address these questions. Some of them may not have obvious answers - that's perfectly alright. The objective is for you to contemplate these issues and then write in your journal.

Class Participation: This entails that you ICE the relevant readings for the day. ICE means identifying the Issue, Conclusion and Evidence for an article. This is not a summary. (Please talk to me if you have any questions about this.) I don't always collect and grade them but you should have them ready to hand in. I do call on everybody in the class every week so you have to be prepared. By being prepared I mean that you need to know the central point of references assigned and be able to cite different points of view.

Grading

Class Participation/ICEs	15 %
Journal	30 %
Quiz - Sept 26	10 %
Quiz - October 24	12.5 %
Quiz - November 19	10%
Final paper- first draft due Nov 26	7.5%
Final paper due day of final	15%

Text

Frey and Stutzer, *Happiness and Economics: How the Economy and Institutions Affect Well-Being*, Princeton University Press, 2002

In addition there are many articles I want you to read. Please be sure to bring the article assigned for the day.

I. Happiness in Economic Theory

Frey and Stutzer, *Happiness and Economics: How the Economy and Institutions Affect Well-Being*, Princeton University Press, 2002, Chapter 1

Wallace, Alan B., "Introduction" and "Stage 1: Directed Attention," from *The Attention Revolution: Unlocking the Power of the Focused Mind*, Wisdom Publications, 2006.

Bruni, L., "The Happiness Transformation Problem in the Cambridge Tradition," in *European Journal History of Economic Thought*, 11:3, 433-451. Autumn 2004

Frank, Robert H. "Motivation, Cognition and Charitable Giving," in Robert H. Frank, *What Price the Moral High Ground?* Princeton University Press, 2004, p. 109-119.

Contemplative Exercise

Define happiness

a) *Your personal definition.*

b) *What makes you happy? What are the causes and conditions that lead to this?*

c) *What is your definition of a happy world? What features would it have/not have?*

d) *Was happiness mentioned in your Introductory Microeconomics text? Check your Introductory Microeconomics text to find where happiness is mentioned. Cite the name of the text, the author(s) and the edition.*

II. Methodology used by researchers

1) Subjective well being

General question: Can happiness be measured on the basis of subjective evaluations?

Biswas-Diener, Robert; Ed Diener, Maya Tamir, "The Psychology of Subjective Well Being," in *Daedalus*, Spring 2004.

Frey and Stutzer, *Happiness and Economics* Chapter 2

2) Objective well being

Kahneman, Daniel, "Objective Happiness," from *Well Being*, p.3-5, 20-22.

Contemplative Exercise

Is pleasure/happiness one thing or many?

Is it a feeling? A way of being active or the activity itself

Is the pleasure yours - what makes it yours vis-à-vis someone else who is listening to the same music?

Can there be something that listening to music and eating steak have in common?

(If you don't like steak - substitute something you do)

Adapted from Nussbaum, 2004

3) The Capabilities Approach

a) Nussbaum, Martha C, "Mill between Aristotle and Bentham" *Daedalus*, Spring 2004.

b) ul-Haq, Mahbub, "The Birth of the Human Development Index." in *Readings in Human Development*, edited by Sakiko Fukuda-Parr and A. K. Shiva Kuma. Oxford, UK: Oxford University Press, 2003, pp127-37.

http://www.cid.harvard.edu/events/papers/ulhaq_humandevlopindexchap_030201.pdf

c) Sen, Amartya, "A Decade of Human Development," in *Journal of Human Development* vol.1, No 1, 2000.

http://www.cid.harvard.edu/events/papers/sen_jhd_2000.pdf

Contemplative Exercise

Aristotle's question is not "How does the person feel?" but "What is he able to do?"

What helps one choose between "lower" and higher "pleasures"? Nussbaum 2004

Relate this to the References above

4) First Person, Second Person, and Third Person Analysis: The View from Neuroscience in collaboration with trained meditators

Goleman, Daniel presenting "The Scientific Study of Consciousness," presentation by Francisco Varela from, *Destructive Emotions: How Can We Overcome Them?* Daniel Goleman ed., Bantam Books, New York, 2003.

Mindfulness Exercise

*Wallace, Alan, "Directed Attention," from *The Attention Revolution: Unlocking the Power of the Focused Mind* Wisdom Publications, Somerville, 2006.*

Focus on the practice of mindfulness of breathing with relaxation. Please include reflections on your mindfulness practice in your journal.

Contemplative Exercise

Stopping to Ask: Who is experiencing happiness?

When you say I'm happy - who is experiencing happiness. Define this "I"

Is this "I" your body, your brain, your mind?

Is this I the same I that was born 20 odd years ago?

Is it a different I?

If it is the same how is it same?

If it is different how is it the same I?

Analyze your answer with reference to Francisco Varela's article referenced above. Refer to the section titled: "The Brain's Melody - How a moment of experience arises."

III. Revisiting the Definition of Happiness

Flanagan, Owen, "Neuroscience, Happiness and Positive Illusions," Lecture 5, while Templeton Fellow at University of Southern California. p.1-15

Bruni, Luigino and Pier Luigi Porta, "Introduction," from Bruni and Porta ed. *Economics and Happiness*, Oxford University Press, 2005, p 1-28..

Contemplative Exercise

Distinguish happiness from pleasure

Bring to your mind a past experience of physical pleasure, with all its intensity. Try to remember its pattern. Was your enjoyment of it consistent through the time you were experiencing it?

Next remember an occasion when you made someone else really happy. Try to remember its pattern.

Compare the quality of these two states of mind. (From Ricard, 2006.)

IV. Emotions

An introduction to meditation: A Study of the Mind

Ricard, Mathieu, "*The Tibetan word 'gom,' which is usually translated as 'meditation' more precisely denotes 'familiarization,'...Indeed meditation is not about sitting quietly in the shade of a tree and relaxing in a moment of respite from the daily grind; it is about familiarizing yourself with a new vision of things, a new way to manage your thoughts, of perceiving people and experiencing the world.*"

Goleman, Daniel, "Prologue: A Challenge for Humanity," in D.Goleman ed. *Destructive Emotions: How We Can Overcome Them* Bantam 2003.

Goleman, Daniel, "The Western Perspective," in D. Goleman ed. *Destructive Emotions: How We Can Overcome Them* Bantam Books, New York, 2003

Mindfulness Exercise

Wallace, Alan, " Stage 2: Continuous Attention," from *The Attention Revolution: Unlocking the Power of the Focused Mind* Wisdom Publications, Somerville, 2006.

Focus on the practice of mindfulness of breathing with stability. Please include reflections on your mindfulness practice in your journal.

V. The Neuroscience of Emotion

Davidson, Richard J, "The Neuroscience of Emotion," from *Destructive Emotions: How we can overcome them* ed D. Goleman, Bantam Books, New York, 2003.

Davidson, Richard J. "Emotions from the Perspective of Western Biobehavioral Science" from *The Dalai Lama at MIT* ed. Anne Harrington and Arthur Zajonc, Harvard University Press, 2003

Ricard, Mathieu, "A Buddhist Psychology," from *Destructive Emotions: How we can overcome them* ed D. Goleman, Bantam 2003.

Wallace, Alan and Thupten Jinpa, "The Anatomy of Mental Afflictions," from *Destructive Emotions: How we can overcome them* ed D. Goleman, Bantam Books, New York, 2003.

Ricard, Mathieu, "The River of Emotion," from *Happiness: A Guide to Developing Life's Most Important Skill*, Little, Brown and Co, 2006.

VI. Causes of Happiness

(Happiness is defined as hedonism/utilitarianism here)

Easterlin, Richard, "The Economics of Happiness," *Daedalus*, Spring 2004 p.26-33.

Daedalus, Spring 2004

Easterlin, Richard, "Building a Better Theory of Well-Being," from Bruni and Porta ed. *Economics and Happiness*, Oxford University Press, 2005.

Contemplative Exercise

Exercise: "Imagine your income increases substantially while everyone else's stays the same - would you feel better off? ...What about if your real income stays the same but everyone else's increases substantially - then how would you feel?(Easterlin, 2004)"
Why?

To approach this question in another way, define the self you identify with now. (You can give physical, mental, emotional characteristics, anything you feel you define as yourself.) List what makes you feel well off now.

Then consider a period ten years into the future. Define yourself then. What will make you feel better off then?

Reflect on the differences or similarities that you perceive in these two cases.

Frank, Robert H. "How not to buy happiness," *Daedalus*, Spring 2004,

Frank, Robert H. "Does Absolute Income Matter?" from Bruni and Porta ed. *Economics and Happiness*, Oxford University Press, 2005.

Layard, Richard, "Rethinking Public Economics: The Implications of Rivalry and Habit," from Bruni and Porta , p147-p153, p.163

Contemplative Exercise

Exercise from Frank (2004) page 77, Four thought experiments: the conspicuous consumption of society A versus the inconspicuous consumption of society B. His last point is that conspicuous consumption is more context sensitive than inconspicuous consumption. Contemplate this in your experience.

Kasser, Tim, "Personal Well-Being," from *The High Price of Materialism*, MIT Press, Cambridge, 2002, p.5-22.

Contemplative Exercise

Loving Kindness Practice: Wallace, p.23-27. You can read p.23-26. Then do the guided meditation on loving kindness on p.26-7.

Layard, Richard, "Income and Happiness: Rethinking Economic Policy," Lecture 2 from Lionel Robbins Memorial Lectures, Feb 2003, pp1 -15.

Frey, Bruno S and Alois Stutzer, *Happiness and Economics: How the economy and institutions affect well being*, Princeton University Press, 2002
Effects of Income, Employment and Inflation, Chapters 4, 5, 6

Easterlin, Richard, "Happiness and Economics: How the Economy and Institutions affect well-being," Book Review in *Journal of Economic Literature*, March 2003, vol. 41 (1).

Argyle, Michael, "Causes and Correlates of Happiness" from *Well Being: The Foundations of Hedonic Psychology*, ed. by Kahneman, Diener, Schwarz, Russell Sage Foundation, 1999, p.353-373.

Contemplative Exercise

Francisco Varela says "There is another point of view, in which emotion - like a predisposition with which the organism goes to meet the world. It is not that you have the perception and then you paint it with emotion; it is that the very act of encountering the world, the perception, is already intrinsically emotionally shaped." Bring this to your contemplation. Comment upon your experience.

Blanchflower, David G. and Andrew J. Oswald, "Money, Sex and Happiness: An Empirical Study" submitted to the *Scandinavian Journal of Economics*

Lane, Robert, "Unhappiness in Our Time," from *The Loss of Happiness in Market Democracies*, Yale University Press, 2000. p.62-64

Lane, Robert, "Companionship or Income?" from *The Loss of Happiness in Market Democracies*, Yale University Press, 2000.
p. 77-82, p 92-3.

VII. Can we Train Ourselves to be Happy?

Seligman, M. et al. "Positive Psychology Progress: Empirical validation of Interventions," from The American Psychologist, July-Aug 2005.

Please visit the Authentic Happiness website:

<http://www.authentic happiness.sas.upenn.edu/>

Begley, S., "Transforming the Emotional Mind," from Train Your Mind, Change your Brain Ballantine Books, New York, 2006.

Goleman, Daniel, "Meditation vs. Prozac: Can meditation be more lasting than medication when treating negative brain functions?"

http://www.beliefnet.com/story/122/story_12265_1.html

Mindfulness practice

Wallace, Alan, " Stage 2: Continuous Attention," from The Attention Revolution: Unlocking the Power of the Focused Mind Wisdom Publications, Somerville, 2006.

Contemplative Exercise

Wallace, Alan, " Guided Meditation on Empathetic Joy" from The Attention Revolution: Unlocking the Power of the Focused Mind Wisdom Publications, Somerville, 2006.
pp.57-58.

Kasser, Tim "Making Change," from *The High Price of Materialism*, MIT Press, Cambridge, 2002 pp.97-115.

Wallace, A.B. and S.L. Shapiro, "Mental Balance and Well Being," from American Psychologist, October 2006.

Flanagan, Owen, "Neuroscience, Happiness and Positive Illusions," Lecture 5, while Templeton Fellow at University of Southern California, 2006, pp.30-46.

"Emotion" A Dialogue from *The Dalai Lama at MIT* ed. Anne Harrington and Arthur Zajonc, Harvard University Press, 2003.

Ricard, Mathieu, "When our Thoughts Become Our Worst Enemies," from *Happiness: A Guide to Developing Life's Most Important Skill*, Little, Brown and Co, 2006, pp. 97-107.

Ricard, Mathieu, "Disturbing Emotions: The Remedies" from *Happiness: A Guide to Developing Life's Most Important Skill*, Little Brown and Company, 2006. pp. 133-136.

Contemplative Exercise

Remember that a thought is only the fleeting conjunction of myriad factors and circumstances. it does not exist by itself. When a thought arises, recognize its empty nature. It will immediately lose its power to elicit the next thought, and the chain of delusion will be broken...Dilgo Khyentse Rinpoche"
Examine this statement in the context of your mindfulness practice.

VIII. Altruism/Ethics

"A truly virtuous person, 'does not act out of ethics, but embodies it like any expert embodies it like any expert embodies his know-how. The wise man is ethical, or more explicitly, his actions arise from inclinations that his disposition produces in response to specific situations.'" Francisco Varela (cited by Ricard, 2006)

"Thus the core of ethics is our state of mind, not the form our actions take." Mathieu Ricard 2006

Maybe the best way to think about Kant's distinction between happiness and goodness, or virtue, is to ask whether happiness involves just feeling a certain way or being a certain way? Owen Flanagan, 2006.

Goleman, D., "The Western Perspective," from *Destructive Emotions: How we Can Overcome Them*, ed. Daniel Goleman, Bantam Books, New York, 2003.

His Holiness the Dalai Lama, "Understanding our Fundamental Nature by His Holiness," from *Visions of Compassion: Western Scientists and Tibetan Buddhists Examine Human*

Nature edited by Richard J. Davidson & Anne Harrington, Oxford University Press, New York, 2002.

Contemplative Exercise

Meditation on Compassion from Alan Wallace's, "Compassion" in The Attention Revolution: Unlocking the Power of the Focused Mind, Wisdom Publications, 2006. p.39.

Dreyfuss, G., "An Abhidharmic View of Emotional Pathologies and Their Remedies," from *The Dalai Lama at MIT*, Harvard University Press, 2006. p.128-131.

Flanagan, Owen, "Virtue, Mental Health, and Happiness," in *The Varieties of Moral Personalities* Harvard University Press, 1991.

Contemplative Exercise

Epicurus said "It is not possible to live happily if one does not lead a beautiful, righteous, and wise life, or to lead a beautiful, righteous, and wise life if one is not happy." Contemplate and comment.

Sober, Elliott, "Kindness and Cruelty in Evolution," in *Visions of compassion : western scientists and Tibetan Buddhists examine human nature* edited by Richard J. Davidson & Anne Harrington, Oxford University Press, New York, 2002.

Badhwar, Neera Kapur, "Altruism versus Self Interest: Sometimes a False Dichotomy," in *Altruism* ed. Ellen Frankel Paul, Fred D. Miller Jr and Jeffrey Paul, Cambridge University Press, 1993.

Ricard, Mathieu, "Ethics as the Science of Happiness," from *Happiness* pp 239-252.

Contemplative exercise

1) *Interdependence: Construct an example showing how you are dependent on someone else and vice versa, regionally, nationally, globally. Reflect on whatever insight arises from your experience. Relate to the references above.*

2) *The Dalai Lama says given the interdependence of phenomena, it becomes crucial to check our motivation in carrying out any action. "Are we being broad-minded or narrow-minded? Have we taken into account the overall situation or are we considering only specifics? Is our view short-term or long-term? Is our motivation genuinely compassionate? Is our compassion limited just to our families, our friends, and those we identify with closely? ...We need to think, think, think (quoted in Ricard, 2006)" Bring to mind a situation that you consider problematic. Then check to see what your own motivation is? How does it relate to the Dalai Lama's statement above?*

Dialogues, Part I: Fundamental Questions from *Visions of Compassion: Western Scientists and Tibetan Buddhists examine human nature* edited by Richard J. Davidson & Anne Harrington, Oxford University Press, New York, 2002.

Lander, E. and Jerome Kagan, "Integration and Implications," from *The Dalai Lama at MIT*, Harvard University Press, 2006.

IX. Cooperation

Rilling, J.K. et al. "A Neural Basis for Social Cooperation," *Neuron*, Vol. 35, July 18, 2002.

Frank, Robert H. *What Price the Moral High Ground: Ethical Dilemmas in Competitive Environments* Princeton University Press, 2004.

Frank, Robert H., "Can Cooperators Find One Another?" in *What Price the Moral High Ground: Ethical Dilemmas in Competitive Environments* Princeton University Press,

Sanfey et al. "The Neural Basis of Economic Decision-Making in the Ultimatum Game," in *Science*, vol. 300, 13 June 2003.

Contemplative exercise

"You are sleeping in a boat in the middle of a lake. Another craft bumps into you and wakes you up. Thinking some clumsy person is doing this, you wake up ready to jump down their throats, only to discover the boat is empty. you laugh and go back to your nap. What's the difference?" Mathieu Ricard

X. Political Participation

Frey and Stutzer, "Constitution: Popular Referenda and Federalism," from Frey and Stutzer, *Happiness and Economics: How the Economy and Institutions Affect Well-Being*, Princeton University Press, 2002

XI. Gross National Happiness

Revkin, Andrew C., "A New Measure of Well Being from a Happy Little Kingdom" New York Times, October 4, 2005.

The website of the 3rd International Conference on Gross-National Happiness: November 2007.

<http://www.gnh-movement.org/>

(Some sections are still under construction but more material should be up as the conference draws closer.)

XII. Policy Implications

Frey and Stutzer, "Should Gross National Happiness Be Maximized?" Selected sections

Layard, R , "What would make a happier society?" Lecture 3 from Lionel Robbins

Lectures, 2003. p. 1-7

Diener, Ed and Martin E.P Seligman (2004), "Beyond Money: Toward an Economy of Well-Being," *Psychological Science in the Public Interest* 5(1): 1-31.

<http://www.psych.uiuc.edu/~ediener/hottopic/1-31.pdf>

XIII. Is Happiness a Reasonable goal?

McMahon, Darrin "The Pursuit of Happiness in Perspective," Cato Unbound April 8, 2007.

Flanagan, Owen, "Neuroscience, Happiness and Positive Illusions," Lecture 5, while Templeton Fellow at University of Southern California. p.15-30.