



ECON 340 Wealth, poverty and life satisfaction in transition societies

(4 Credits)

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Office: Department of International Economic Relations

Course Description

Income effects on happiness or life satisfaction are among the most extensively studied subjects in economics over the last four decades. The course discussion includes economic background of subjective well-being and the happiness index. Certain attention is paid to interdisciplinary approach to life satisfaction. Students will be able to explain the determinants of individual life satisfaction or subjective well-being.

Statistical research into the determinants of happiness has grown exponentially over the last few decades. This course analyzes certain interdisciplinary questions such as – Why don't the rich just buy more happiness? Why are Ukrainians poor and upset? Why are Eastern Europeans (such as Hungarians) wealthy but unhappy?

Course outline
Theme 1: Theoretical foundations and contemporary approaches to the level of life satisfaction and income inequality
Theme 2: The place of post-socialist countries in the global division of labor
Theme 3: Life satisfaction and quality of institutions: theoretical approaches
Theme 4: Macro- and microeconomic accents in the empirical research on life satisfaction
Theme 5: The impact of socio-economic reforms on the welfare of the CIS population
Theme 6: The effectiveness of current approaches to the analysis of the level of life satisfaction and income inequality in different countries
Theme 7: The main causes of global imbalances, high living standards in developed countries, poverty in developing countries
Theme 8: Emerging markets, inequality and poverty
Theme 9: Causality, spurious correlation, measurement errors and reliability in the life satisfaction studies



Theme 10: Applied approaches for the hidden economy measurement and its impact on income distribution into NIS
Theme 11: Quality of education, wage premiums, and institutional features
Theme 12: Influence of political and economic cycles on life satisfaction in Ukraine
Theme 13: The economic problems of Europe

Course Evaluation

	Max score
Analytical reports	20
Reports	20
Participation in discussions	10
Tests	40
Total	100

A+ = 99-100 B+ = 87-89 C+ = 77-79
 A = 90-98 B = 83-86 C = 73-76
 A- = 90-92 B- = 80-82 C- = 70-72
 F = 0-63

Literature (provided to students):

1. Blanchflower, D., and Oswald, A. Well-Being over Time in Britain and the USA // Journal of Public Economics. – 2004. – Vol. 88. – No. 7–8
2. Clark, A., Frijters, P., and Shields, M. Relative Income, Happiness and Utility: An Explanation for the Easterlin Paradox and Other Puzzles // Journal of Economic Literature. – 2008. – Vol. 46. – No. 1.
3. Easterlin, R. Does Income Growth Improve the Human Lot? Some Empirical Evidence // Essays in Honour of Moses Abramovitz / David O. and M. Reder (eds.). – N.Y.: Academic Press, 1974.
4. Easterlin, R. Feeding the Illusion of Growth and Happiness: A Reply to Hagerty and Veenhoven // Social Indicators Research. – 2005. – Vol. 74. – No. 3. – P. 429–443.
5. Easterlin, R., Angelescu McVey, L., Switek, M., Sawangfa, O., and Smith Zweig, J. The Happiness-Income Paradox Revisited // IZA DP No. 5799. – Bonn: Forschungsinstitut zur Zukunft der Arbeit (Institute for the Study of Labor), 2011.
6. Frey, B., and Stutzer, A. What Can Economists Learn from Happiness Research? // Journal of Economic Literature. – 2002. – Vol. 40. – No. 2
7. Inglehart, R., Foa, R., Peterson, C., and Welzel, C. Development, Freedom, and Rising Happiness // Perspectives on Psychological Science. – 2008. – Vol. 3. – No. 4.
8. Stevenson, B., and Wolfers, J. Economic Growth and Subjective Well-Being: Reassessing the Easterlin Paradox // Brookings Paper on Economic Activity. – No. 1.

The information contained in the course syllabus may be subject to change with reasonable advance notice, as deemed appropriate by the instructor.