

▪ **SEMINAR 3: Economics and Inequalities: GDP and Happiness**

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Course Description

Sounds like a riddle. We don't see it but we are in it. We don't see it but we are all part of it. More? This is what it is not, society. Here is the give-away: to account for it, it has to be measured. Oh, but is it there where the trouble begins? Measures are based on scales, and if there are scales then one can compare. One can compare its evolution over time and its appearance at a point in time. Ok ok, it is ... the economy!

See? It was better left un-named, because now we are forced to think harder. Start with our fixture to it and the effect it has on us. Is growth bad? Wait, whose growth? And what about stability? Is there a trade-off between growth and stability? Security would be nice, but what makes us happy? Could it be unmeasured things (e.g. caring for others)? One would be hard-pressed to find a nation whose stated objective is to maximize growth, though at least there are three nations who seek to maximize happiness ---and they are led by women. Scotland, New-Zealand, and Iceland do have such goal, and so does Bhutan, the first nation to promote Gross National Happiness since 1972.

But then again, is happiness and absolute or a relative notion? Does it affect my perception of well-being that others are better-off or worse-off than me? If so inequality matters.

This seminar will provide a foundation and perspective from which to tackle all these questions and other pressing ones such as why are there economic disparities among countries, why some economies are more stable than others (its ramifications to security, where security extends to the threat from climate change), and if happiness is the ultimate goal, how to measure it, and how to achieve it?

Outcomes

Students will:

- Understand what shapes our social reality today,
- Critically assess national goals within political, economic, and societal constraints,
- Define economic development and important institutions connected to it,
- Be able to critically assess the effects of national and global dynamics in affecting well-being,
- Understand the process of trade and the concept of finance in the context of globalization,
- Characterize inequality in many of its dimensions, and its trends,
- Be able to illustrate the limits and extensions that society imposes on markets,
- Gain understanding on the manifestations of social rupture.

Topics and Schedule

Date	Topic	Readings
5 July 2020	Economic Development: Foundations and Institutions	Callen, Tim. "PPP versus the Market: Which Weight Matters?" <i>Finance and Development</i> , vol. 44, no. 1, 2007, www.imf.org/external/pubs/ft/fandd/2007/03/basics.htm . Edison, Hali. "Testing the Links How strong are the links between institutional quality and economic performance?" <i>Finance and Development</i> , 2003, pp. 35-37.
6 July 2020	Globalization: Trade	McDonald, Brad. "Why Counties Trade." <i>Finance and Development</i> , 2009, pp. 48-49.
7 July 2020	Globalization: Finance	Kose, Ayhan M., Prasad, Eswar, Rogoff, Kenneth and Wei, Shang-Jin. "Financial Globalization: Beyond the Blame Game." <i>Finance and Development</i> , vol. 44, no. 1, 2007, https://www.imf.org/external/pubs/ft/fandd/2007/03/kose.htm .
8 July 2020	Technology: Economics and Society	Wellisz, Chris. "Prophet of Pessimism." <i>Finance & Development</i> , June 2017, pp. 28-31.
9 July 2020	Moral Limits of the Market	Sandel, Michael J. "Market Reasoning and Moral Reasoning: Why Economists Should Re-engage with Political Philosophy." <i>Journal of Economic Perspectives</i> , vol. 27, no. 4, 2013, pp. 121-140.

Readings

Callen, Tim. "PPP versus the Market: Which Weight Matters?" *Finance and Development*, vol. 44, no. 1, 2007. www.imf.org/external/pubs/ft/fandd/2007/03/basics.htm.

Edison, Hali. "Testing the Links How strong are the links between institutional quality and economic performance?" *Finance and Development*, 2003, pp. 35-37.

Kose, Ayhan M. et al. "Financial Globalization: Beyond the Blame Game." *Finance and Development*, vol. 44, no. 1, 2007, <http://www.imf.org/external/pubs/ft/fandd/2007/03/kose.htm>.

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