



IR224: Happiness and Policy

Course Duration: 54 hours of lectures and classes (over three weeks)

Summer School Subject Area: International Relations, Government, Psychology and Society

LSE Teaching Department: Department of Psychological and Behavioural Science

Lead Faculty: Dr Christian Krekel (Assistant Professor in Behavioural Science, Co-Director MSc in Behavioural Science, Co-Lead Wellbeing Specialism), Dr Kate Laffan (Assistant Professor in Behavioural Science, Co-Lead Wellbeing Specialism)

Pre-Requisites: Students should have studied at least one university-level introductory course in either economics, psychology, sociology, politics, international relations, public policy and administration, social policy, or management, ideally with a quantitative element in their course work.

Course Content:

This Summer School course caters to the increasing demand by governments and organisations in all sectors for analysts with a rigorous training in wellbeing. It is worldwide unique, being the first comprehensive Summer School training in the science of wellbeing and its application to policy design, appraisal, and evaluation.

Students will learn about the science of wellbeing, including wellbeing as a measure of welfare and its different conceptualisations such as evaluations and experiences of happiness; behavioural scientific phenomena uniquely captured by wellbeing such as adaptation to changing life circumstances, our tendency to make mistakes and mispredict what actually makes us happy, and relative comparisons (or jealousy); and how happiness differs between individuals and societies. Importantly, students then learn how to apply these insights to policy-making, including policy design, appraisal, and evaluation. They are being familiarised with wellbeing theories and frameworks; data, measurement, and survey design; methods for wellbeing policy appraisal, including cost-benefit and cost-effectiveness analysis; wellbeing policy evaluation; social welfare; and wellbeing interventions.

By the end of this course, students will have a firm understanding of the science of wellbeing and how to apply it to policy-making. They will be able to conduct cutting-edge policy analysis using wellbeing data, in line with official UK Government guidelines, and be qualified to work in analytical positions involving wellbeing and other social impacts data.

Teaching Format

There are 36 hours of lectures and 18 hours of classes. Students are expected to attend all lectures and classes and actively engage in class discussions.

Course Assessment

This course is assessed through two summative assignments: one essay of 1,500 words that counts 30%, due at the end of week two, and one final exam of two hours that counts 70%, taken at the end of week three.

Formative Coursework

There will be an essay-based formative assignment in preparation of both summative assignments, due at the end of week one. You will also be assigned to small group presentations during seminars, which relate to key

topics discussed in lectures. This does not contribute to your grade, but is designed to deepen your understanding, critical thinking, and give you feedback on how to improve your performance in both summative assignments.

Course Readings

In this Summer School course, daily readings are primarily based on peer-reviewed journal articles. Besides that, there are two open-access books that guide our teaching:

- Layard, R., & J.-E. De Neve (2023). *Wellbeing: Science and Policy*. Cambridge: Cambridge University Press. [Link](#).
- Frijters, P., & C. Krekel (2021). *A Handbook for Wellbeing Policy-Making*. Oxford: Oxford University Press. [Link](#).

Course Contents

Part 1: Happiness

Lecture 1

What Is Happiness?

Essential Reading:

- Dolan, P., & R. Metcalfe (2012). Measuring Subjective Wellbeing: Recommendations on Measures for use by National Governments. *Journal of Social Policy*, 41(2), 409-427. [Link](#).
- Adler, M. D., P. Dolan, & G. Kavetsos (2017). Would you choose to be happy? Tradeoffs between happiness and the other dimensions of life in a large population survey. *Journal of Economic Behavior & Organization*, 139, 60-73. [Link](#).
- Adler, M. D., P. Dolan, A. Henwood, & G. Kavetsos (2022). "Better the devil you know": Are stated preferences over health and happiness determined by how healthy and happy people are? *Social Science & Medicine*, 303, 115015. [Link](#).

2

Strongly Recommended Further Reading:

- Veenhoven, R. (2015). Happiness: History of the Concept. In J. D. Wright (Ed.), *International Encyclopedia of the Social & Behavioral Sciences* (pp. 521-525). Elsevier. [Link](#).

Lecture 2

Evaluations and Experiences of Happiness

Essential Reading:

- Dolan, P., T. Peasgood, & M. White (2008). Do we really know what makes us happy? A review of the economic literature on the factors associated with subjective well-being. *Journal of Economic Psychology*, 29(1), 94-122. [Link](#).

- Lucas, R. E., C. Wallsworth, I. Anusic, & M. B. Donnellan (2021). A Direct Comparison of the Day Reconstruction Method (DRM) and the Experience Sampling Method (ESM). *Journal of Personality and Social Psychology*, 120(3), 816-835. [Link.](#)

Strongly Recommended Further Reading:

- White, M. P., & P. Dolan (2009). Accounting for the Richness of Daily Activities. *Psychological Science*, 20(8), 1000-1008. [Link.](#)
- Bryson, A., & G. MacKerron (2017). Are You Happy While You Work? *Economic Journal*, 127(599), 106-125. [Link.](#)

If Interested Only (Relationship Between Income and Wellbeing):

- Easterlin, R. A. (2010). The happiness–income paradox revisited. *Proceedings of the National Academy of Sciences*, 107(52), 22463-22468. [Link.](#)
- Kahneman, D., & A. Deaton (2010). High income improves evaluation of life but not emotional well-being. *Proceedings of the National Academy of Sciences*, 107(38), 16489-16493. [Link.](#)
- Killingsworth, M. A. (2021). Experienced well-being rises with income, even above \$75,000 per year. *Proceedings of the National Academy of Sciences*, 118(4), e2016976118. [Link.](#)
- Killingsworth, M. A., D. Kahneman, & B. Mellers (2023). Income and emotional well-being: A conflict resolved. *Proceedings of the National Academy of Sciences*, 120(10), e2208661120. [Link.](#)

If Interested Only (Recent Socio-Political Developments and Wellbeing):

- Arampatzi, E., M. Burger, E. Ianchovichina, T. Röhricht, & R. Veenhoven (2018). Unhappy Development: Dissatisfaction With Life on the Eve of the Arab Spring. *Review of Income and Wealth*, 64(s1), S80-S113. [Link.](#)
- Case, A., & A. Deaton (2022). The Great Divide: Education, Despair, and Death. *Annual Review of Economics*, 14, 1-21. [Link.](#)

3

Lecture 3

Anticipation and Adaptation

Essential Reading:

- Wilson, T. D., & D. T. Gilbert (2008). Explaining Away: A Model of Affective Adaptation. *Perspectives on Psychological Science*, 3(5), 370-386. [Link.](#)
- Clark, A. E., E. Diener, Y. Georgellis, & R. E. Lucas (2008). Lags And Leads in Life Satisfaction: a Test of the Baseline Hypothesis. *Economic Journal*, 118(529), F222-F243. [Link.](#)

Strongly Recommended Further Reading:

- Dolan, P., K. Laffan, & L. Kudrna (2021). The Welleye: A Conceptual Framework for Understanding and Promoting Wellbeing. *Frontiers in Psychology*, 12, 716572. [Link.](#)

Lecture 4

Relative Comparisons

Essential Reading:

- Macchia, L., A. C. Plagnol, & N. Powdthavee (2019). Buying Happiness in an Unequal World: Rank of Income More Strongly Predicts Well-Being in More Unequal Countries. *Personality and Social Psychology Bulletin*, 46(5), 769-780. [Link.](#)
- Dolan, P., C. Foy, G. Kavetsos, & L. Kudrna (2021). Faster, higher, stronger... and happier? Relative achievement and marginal rank effects. *Journal of Behavioral and Experimental Economics*, 95, 101761. [Link.](#)
- Card, D., A. Mas, E. Moretti, & E. Saez (2012). Inequality at Work: The Effect of Peer Salaries on Job Satisfaction. *American Economic Review*, 102(6), 2981-3003. [Link.](#)

Strongly Recommended Further Reading:

- Chapter 3 of Dolan, P. (2019). *Happy Ever After*. London: Allen Lane.
- Luttmer, E. F. P. (2005). Neighbors as Negatives: Relative Earnings and Well-Being. *Quarterly Journal of Economics*, 120(3), 963-1002. [Link.](#)
- Perez-Truglia, R. (2020). The Effects of Income Transparency on Well-Being: Evidence from a Natural Experiment. *American Economic Review*, 110(4), 1019-1054. [Link.](#)

Lecture 5

Happiness Across Individuals and Societies

4

Essential Reading:

- Diener, E., S. Oishi, & R. E. Lucas (2003). Personality, Culture, and Subjective Well-Being: Emotional and Cognitive Evaluations of Life. *Annual Review of Psychology*, 54, 403-425. [Link.](#)
- Park, J., S. Kitayama, Y. Miyamoto, & C. L. Coe (2020). Feeling Bad is Not Always Unhealthy: Culture Moderates the Link between Negative Affect and Diurnal Cortisol Profiles. *Emotion*, 20(5), 721-733. [Link.](#)

Strongly Recommended Further Reading:

- Weiss, A., T. C. Bates, & M. Luciano (2008). Happiness Is a Personal(ity) Thing: The Genetics of Personality and Well-Being in a Representative Sample. *Psychological Science*, 19(3), 205-210. [Link.](#)

Part 2: Policy

Lecture 6

Wellbeing in Theory

Essential Reading:

- Graham, C., K. Laffan, & S. Pinto (2018). Well-being in metrics and policy. *Science*, 362(6412), 287-288. [Link.](#)
- Tay, L., & E. Diener (2011). Needs and Subjective Well-Being Around the World. *Journal of Personality and Social Psychology*, 101(2), 354-365. [Link.](#)

Strongly Recommended Further Reading:

- A Quick Preview of the Main Ideas and Chapter 1 of Frijters, P., & C. Krekel (2021). *A Handbook for Wellbeing Policy-Making*. Oxford: Oxford University Press. [Link.](#)

If Interested Only (Do People Actually Care About Wellbeing?):

- Benjamin, D. J., O. Heffetz, M. S. Kimball, & A. Rees-Jones (2012). What Do You Think Would Make You Happier? What Do You Think You Would Choose? *American Economic Review*, 102(5), 2083-2110. [Link.](#)
- Benjamin, D. J., O. Heffetz, M. S. Kimball, & A. Rees-Jones (2014). Can Marginal Rates of Substitution Be Inferred from Happiness Data? Evidence from Residency Choices. *American Economic Review*, 104(11), 3498-3528. [Link.](#)

Lecture 7

Evidence on the Causes and Consequences of Wellbeing

Essential Reading:

- Layard, R., A. E. Clark, F. Cornaglia, N. Powdthavee, & J. Vernoit (2014). What Predicts a Successful Life? A Life-course Model of Well-being. *Economic Journal*, 124(580), F720-F738. [Link.](#)
 - Alternatively: Introduction, Chapters 1, 15, and 16, as well as any one of Chapters 2 to 14 of Clark, A. E., S. Flèche, R. Layard, N. Powdthavee, & G. Ward (2018). *The Origins of Happiness: The Science of Well-Being over the Life Course*. New Jersey: Princeton University Press.
- Dolan, P., G. Kavetsos, C. Krekel, D. Mavridis, R. Metcalfe, C. Senik, S. Szymanski, & N. R. Ziebarth (2019). Quantifying the intangible impact of the Olympics using subjective well-being data. *Journal of Public Economics*, 177, 104043. [Link.](#)

5

Strongly Recommended Further Reading:

- Chapter 2 of Frijters, P., & C. Krekel (2021). *A Handbook for Wellbeing Policy-Making*. Oxford: Oxford University Press. [Link.](#)

If Interested Only (Selected Consequences of Wellbeing):

- Key Readings on Productivity and Income:
 - De Neve, J.-E., & A. J. Oswald (2012). Estimating the influence of life satisfaction and positive affect on later income using sibling fixed effects. *Proceedings of the National Academy of Sciences*, 109(49), 19953-19958. [Link.](#)
 - Oswald, A. J., E. Proto, & D. Sgroi (2015). Happiness and Productivity. *Journal of Labor Economics*, 33(4), 789-822. [Link.](#)

- Bellet, C. S., J.-E. De Neve, & G. Ward (2023). Does Employee Happiness Have an Impact on Productivity? *Management Science*, 70(3), 1343-2022. [Link](#).
- Key Readings on Health and Longevity:
 - Danner, D. D., D. A. Snowdon, & W. V. Friesen (2001). Positive emotions in early life and longevity: Findings from the nun study. *Journal of Personality and Social Psychology*, 80(5), 804-813. [Link](#).
 - Steptoe, A., & J. Wardle (2011). Positive affect measured using ecological momentary assessment and survival in older men and women. *Proceedings of the National Academy of Sciences*, 108(45), 18244-18248. [Link](#).
 - Steptoe, A., A. Deaton, & A. A. Stone (2015). Subjective wellbeing, health, and ageing. *Lancet*, 385(9968), 640-648. [Link](#).
- Key Readings on Voting:
 - Liberini, F., M. Redoano, & E. Proto (2017). Happy voters. *Journal of Public Economics*, 146, 41-57. [Link](#).
 - Ward, G. (2019). Happiness and Voting: Evidence from Four Decades of Elections in Europe. *American Journal of Political Science*, 64(3), 504-518. [Link](#).
- Key Readings on Other Behaviours:
 - Kaiser, C., & A. J. Oswald (2022). The scientific value of numerical measures of human feelings. *Proceedings of the National Academy of Sciences*, 119(42), e2210412119. [Link](#).

Lecture 8

Data, Measurement, and Survey Design

6

Essential Reading:

- Benjamin, D. J., J. D. Guzman, M. Fleurbaey, O. Heffetz, & M. S. Kimball (2021). What do Happiness Data Mean? Theory and Survey Evidence. *Journal of the European Economic Association*, 21(6), 2377-2412. [Link](#).
- Goebel, J., C. Krekel, C. Kung, & K. Rehdanz (2024). The Value of a Park: Quantifying the Intangible Benefits of Green Spaces Using Exogenous Variations in Use Values. *Mimeo*.

Strongly Recommended Further Reading:

- Chapter 2 of Frijters, P., & C. Krekel (2021). *A Handbook for Wellbeing Policy-Making*. Oxford: Oxford University Press. [Link](#).

If Interested Only (Interpretation):

- Benjamin, D. J., K. Cooper, O. Heffetz, & M. Kimball (2024). From Happiness Data to Economic Conclusions. *Annual Review of Economics*, 16, 359-301. [Link](#).

If Interested Only (Novel Ways of Measurement and Measurement Issues):

- Liu, S., & N. Netzer (2023). Happy Times: Measuring Happiness Using Response Times. *American Economic Review*, 113(12), 3289-3322. [Link](#).

- Hoskins, S., D. W. Johnston, J. S. Kunz, M. A. Shields, & K. E. Staub (2024). The importance of sampling frequency for estimates of well-being dynamics. *Economics Letters*, 242, 111880. [Link](#).

If Interested Only (Recent Debate About Reversibility of Results From Wellbeing Data):

- Bond, T. N., & K. Lang (2019). The Sad Truth about Happiness Scales. *Journal of Political Economy*, 127(4), 1629-1640. [Link](#).
- Chen, L.-Y., E. Oparina, N. Powdthavee, & S. Srisuma (2022). Robust Ranking of Happiness Outcomes: A Median Regression Perspective. *Journal of Economic Behavior & Organization*, 200, 672-686. [Link](#).

Lecture 9

Wellbeing Policy Appraisal

Essential Reading:

- HM Treasury (2021). *Green Book Supplementary Guidance: Wellbeing. Wellbeing Guidance for Appraisal*. [Link](#).
- HM Treasury (2021). *Green Book Supplementary Guidance: Wellbeing. Monetisation of Life Satisfaction Effect Sizes*. [Link](#).
- Krekel, C., G. Shreedhar, H. Lee, C. Marshall, A. Boler, A. Smith, & P. Dolan (2024). Happy to Help: Welfare Effects of a Nationwide Volunteering Programme. *Review of Economics and Statistics*, forthcoming. [Link](#).

Strongly Recommended Further Reading:

- Chapter 3 of Frijters, P., & C. Krekel (2021). *A Handbook for Wellbeing Policy-Making*. Oxford: Oxford University Press. [Link](#).

Lecture 10

Wellbeing Policy Evaluation

Essential Reading:

- HM Treasury (2021). *Green Book Supplementary Guidance: Wellbeing. Wellbeing Guidance for Appraisal*. [Link](#).
- HM Treasury (2021). *Green Book Supplementary Guidance: Wellbeing. Monetisation of Life Satisfaction Effect Sizes*. [Link](#).
- Luechinger, S., & P. A. Raschky (2009). Valuing flood disasters using the life satisfaction approach. *Journal of Public Economics*, 93(3-4), 620-633. [Link](#).

Strongly Recommended Further Reading:

- Chapter 3 of Frijters, P., & C. Krekel (2021). *A Handbook for Wellbeing Policy-Making*. Oxford: Oxford University Press. [Link](#).

Lecture 11

Wellbeing Interventions

Essential Reading:

- van Agteren, J., M. Iasiello, L. Lo, J. Bartholomaeus, Z. Kopsaftis, M. Carey, & M. Kyrios (2021). A systematic review and meta-analysis of psychological interventions to improve mental wellbeing. *Nature Human Behaviour*, 5, 631-652. [Link.](#)
- Heintzelman, S. J., K. Kushlev, L. D. Lutes, D. Wirtz, J. M. Kanippayoor, D. Leitner, S. Oishi, & E. Diener (2020). ENHANCE: Evidence for the efficacy of a comprehensive intervention program to promote subjective well-being. *Journal of Experimental Social Psychology: Applied*, 26(2), 360-383. [Link.](#)

Strongly Recommended Further Reading:

- Kushlev, K., S. J. Heintzelman, L. D. Lutes, D. Wirtz, J. M. Kanippayoor, D. Leitner, & E. Diener (2020). Does Happiness Improve Health? Evidence From a Randomized Controlled Trial. *Psychological Science*, 31(7), 807-821. [Link.](#)
- Krekel, C., J.-E. De Neve, D. Fancourt, & R. Layard (2021). A local community course that raises wellbeing and pro-sociality: Evidence from a randomised controlled trial. *Journal of Economic Behavior & Organization*, 188, 322-336. [Link.](#)
- Bloom, N., J. Liang, J. Roberts, & Z. J. Ying (2014). Does Working from Home Work? Evidence from a Chinese Experiment. *Quarterly Journal of Economics*, 130(1), 165-218. [Link.](#)

If Interested Only (Four Day Week and Workplace Wellness Programmes):

- Jones, D., D. Molitor, & J. Reif (2019). What do Workplace Wellness Programs do? Evidence from the Illinois Workplace Wellness Study. *Quarterly Journal of Economics*, 134(4), 1747-1791. [Link.](#)
- Schor, J. B., W. Fan, O. Kelly, G. Gu, T. Bezdenezhnykh, & N. Bridson-Hubbard (2022). *The Four Day Week: Assessing Global Trials of Reduced Work Time with No Reduction in Pay*. Auckland: Four Day Week Global. [Link.](#)

8

Part 3: Bringing Things Together

Lecture 12

Happiness as the Ultimate Goal of Policy?

Essential Reading:

- Frijters, P., A. E. Clark, C. Krekel, & R. Layard (2020). A happy choice: wellbeing as the goal of government. *Behavioural Public Policy*, 4(2), 126-165. [Link.](#)
- Any one of the following:
 - Rojas, M. (2020). Happiness, public policy and the notion of development. *Behavioural Public Policy*, 4(2), 166-176. [Link.](#)
 - Helliwell, J. F. (2020). Three questions about happiness. *Behavioural Public Policy*, 4(2), 177-187. [Link.](#)

- Kapteyn, A. (2020). Income growth is unlikely to help, but we can learn from international comparisons. *Behavioural Public Policy*, 4(2), 188-197. [Link.](#)
- Benjamin, D., K. Cooper, O. Heffetz, & M. Kimball (2020). Self-reported wellbeing indicators are a valuable complement to traditional economic indicators but are not yet ready to compete with them. *Behavioural Public Policy*, 4(2), 198-209. [Link.](#)
- Stutzer, A. (2020). Happiness and public policy: a procedural perspective. *Behavioural Public Policy*, 4(2), 210-225. [Link.](#)
- Durand, M. (2020). What should be the goal of public policies? *Behavioural Public Policy*, 4(2), 226-235. [Link.](#)
- Singh, R., & A. Alexandrova (2020). Happiness economics as technocracy. *Behavioural Public Policy*, 4(2), 236-244. [Link.](#)
- Viscusi, W. K. (2020). Wellbeing measures of mortality risks: life-cycle contradictions and ordinal index challenges. *Behavioural Public Policy*, 4(2), 245-253. [Link.](#)
- Chater, N. (2020). Top-down and bottom-up views of public choice: should wellbeing be government's only goal? *Behavioural Public Policy*, 4(2), 254-263. [Link.](#)
- Frijters, P., A. E. Clark, C. Krekel, & R. Layard (2020). A happy choice: a response to the responses. *Behavioural Public Policy*, 4(2), 263-271. [Link.](#)
- Benjamin, D. J., K. B. Cooper, O. Heffetz, & M. S. Kimball (2017). Challenges in Constructing a Survey-Based Well-Being Index. *American Economic Review*, 107(5), 81-85. [Link.](#)

Strongly Recommended Further Reading:

- N/A

Credit Transfer: If you are hoping to earn credit by taking this course, it is advisable that you confirm it is eligible for credit transfer well in advance of the start date. Please discuss this directly with your home institution or Study Abroad Advisor.

As a guide, our LSE Summer School courses are typically eligible for three or four credits within the US system and 7.5 ECTS in Europe. Different institutions and countries can, and will, vary. You will receive a digital transcript and a printed certificate following your successful completion of the course in order to make arrangements for transfer of credit.

If you have any queries, please direct them to summer.school@lse.ac.uk.