

## **Economics 150: The Economics of Bad Behavior**

**Fall 2018**

MW 2:00-3:20 p.m.

Tyler 121

Professor Jennifer Mellor

Office: Tyler 433

Office hours: MW 3:30-4:30 and by appointment

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### **Course Description**

Economics is a social science that examines how individuals make decisions and interact in society. This seminar uses economic models and principles to study so-called “bad behaviors” -- decisions people make with harmful consequences for themselves and/or others around them. We will study the economics of various topics, including smoking, drinking and drug use, obesity, risky sex, crime, discrimination, and gambling. The goals of the course are to illustrate how economics can be used to: 1) explain why individuals engage in certain bad behaviors, 2) evaluate the consequences of these behaviors for society, and 3) consider potential solutions. No prior coursework in economics is required.

### **Course Objectives**

- To learn a set of economic models used to explain individual behaviors.
- To understand economic arguments for/against government interference with private behaviors.
- To learn how economic theories can be used to predict the effects of government policies directed at bad behaviors.
- To learn both rational choice and behavioral economics approaches to decision making.
- To explore the research process in the discipline of economics.
- To develop your ability to summarize economic arguments in writing and orally.

### **COLL 150 Requirement**

This course is designated as a COLL 150 seminar. The goal of COLL 150 is to initiate students into the culture of critical thinking, persuasive writing, and independent inquiry that is at the core of the undergraduate program. COLL 150 seminars highlight student discussion. Students must receive a C- or better for the course to apply to their degree.

The Writing Resources Center, located on the first floor of Swem Library, is a free service provided to W&M students. Trained consultants will give individual assistance with writing, presentation, and other communication assignments at any stage, from generating ideas to polishing a final product, and across disciplines. To make an appointment, visit the WRC webpage ([www.wm.edu/wrc](http://www.wm.edu/wrc)).

### **Course Assignments/Due Dates**

25%	Exams (October 1 and October 29)
25%	Short papers (September 17, September 24, and November 19)
20%	Final version of term paper (December 14)
5%	Topic proposal (October 22)
5%	Partial draft (November 26)
5%	Presentation (December 3 or December 5)
15%	In-class participation

## Course Policies

1. Attendance. Because a seminar requires student participation, your presence in class is essential. Except for reasonable cause, students are expected to be present at all class meetings. Irregular attendance will result in a lower course grade and could result in failure of the course. It is your responsibility to follow-up with me about absences.
2. Participation. Because seminars emphasize and expect student discussion, your participation in class is essential. Before coming to class, read the assigned materials and form responses to any pre-assigned questions. Come prepared so that you can comment on the readings, respond to comments from other students, and answer questions posed by me.
3. Due Dates. Except in cases of documented emergencies, late assignments will receive reductions in the grade and missed exams will not be rescheduled.
4. William & Mary accommodates students with disabilities in accordance with federal laws and university policy. Any student who feels they may need an accommodation based on the impact of a learning, psychiatric, physical, or chronic health diagnosis should contact Student Accessibility Services staff at 757-221-2512 or at [sas@wm.edu](mailto:sas@wm.edu) to determine if accommodations are warranted and to obtain an official letter of accommodation. For more information, please visit [www.wm.edu/sas](http://www.wm.edu/sas).
5. William & Mary has had an honor code since at least 1779. Academic integrity is at the heart of the university, and we all are responsible for upholding the ideals of honor and integrity. The student-led honor system is responsible for resolving any suspected violations of the Honor Code, and I will report all suspected instances of academic dishonesty to the honor system. The *Student Handbook* ([www.wm.edu/studenthandbook](http://www.wm.edu/studenthandbook)) includes your responsibilities as a student and the full Code. Your full participation and observance of the Honor Code is expected.

## Course Readings

Required books include:

- *A Pocket Style Manual* (8<sup>th</sup> edition), by Diana Hacker and Nancy Sommers. ISBN-13: 978-1319057404; ISBN-10: 1319057403.
- *Principles of Microeconomics*, v. 2.0, a free on-line text attributed to Libby Rittenberg and Tim Tregarthen. Available at: [https://saylordotorg.github.io/text\\_principles-of-microeconomics-v2.0/index.html](https://saylordotorg.github.io/text_principles-of-microeconomics-v2.0/index.html)
- *The Logic of Life: The Rational Economics of an Irrational World*, by Tim Harford. ISBN-10: 0812977874; ISBN-13: 978-0812977875.
- *Predictably Irrational: The Hidden Forces that Shape Our Decisions*, by Dan Ariely. ISBN-10: 0061353248; ISBN-13: 978-0061353246.
- *Nudge, Improving Decisions about Health, Wealth and Happiness*, by Richard H. Thaler and Cass R. Sunstein. ISBN-10: 014311526X; ISBN-13: 978-0143115267.

Other required readings will be available on Blackboard. I reserve the right to make changes to the reading list as needed. You are responsible for learning about these changes should you miss a class.

**Accepted Technology Use:** Cell phone use is never permitted during class. Laptop use during class requires my advance permission.

**Useful Dates:** September 7: Add/drop period ends; October 26: Withdrawal period ends.

## COURSE CALENDAR

### August 29 – Course Introduction/Overview

“The Case for Banning Laptops in the Classroom.” By Dan Rockmore. From *The New Yorker*, June 6, 2014.

“Why I’m Asking You Not to Use Laptops.” By Anne Curzan. From *The Chronicle of Higher Education*, August 25, 2014.

“Banning Laptops in the Classroom.” By Dennis Baron. *The Web of Language* blog, January 14, 2013.

### September 3 – What is Economics? What is Rational Choice Theory?

“Introducing the Logic Life.” Chapter 1 in *The Logic of Life: The Rational Economics of an Irrational World*. By Tim Harford. Published by Random House, New York, 2008.

“Chapter 1: Economics: The Study of Choice” in *Principles of Microeconomics*, v. 2.0.

### September 5 – The Supply and Demand model, part 1

“Chapter 3: Demand and Supply” in *Principles of Microeconomics*, v. 2.0.

### September 10 – The Supply and Demand model, part 2

“Chapter 4: Applications of Demand and Supply” in *Principles of Microeconomics*, v. 2.0.

### September 12 – The Model of Consumer Choice

“Chapter 7: The Analysis of Consumer Choice” in *Principles of Microeconomics*, v. 2.0.

### September 17 – Economic Explanations for Obesity

“Why Are Americans So Obese?” By David Cutler, Edward Glaeser, and Jesse Shapiro. Published in the *Journal of Economic Perspectives*, 17 (3): 93-118.

“So Where Else Can We Lay the Blame?” By Eric A. Finkelstein and Laurie Zuckerman. In *The Fattening of America: How the Economy Makes Us Fat, If It Matters, and What to Do About It*.

### September 19 – Economic Explanations for Addiction

“Defining Addiction: A Battleground of Opinions.” In *The Biology of Disease: Why Addiction is Not a Disease*, by Marc Lewis.

“Rationality, Irrationality and Addiction.” In *Getting Hooked: Rationality and Addiction* by Ole-Jorgen Skog.

### September 24 – *Economic Explanations for Discrimination*

“The Dangers of Rational Racism.” In *The Logic of Life: The Rational Economics of an Irrational World*. By Tim Harford. Published by Random House, New York, 2008.

“Personal Prejudice Models: Employer Discrimination.” Pages 413-417 in *Modern Labor Economics*. By Ronald G. Ehrenberg and Robert S. Smith.

“Is There a ‘Taste for Discrimination’?” by Alex Bryon and Arnaud Chevalier. In *Vox CEPR Policy Portal*, August 15, 2014.

“Can Temporary Affirmative Action Policies Have Lasting Effects?” by Tim Hyde, *American Economic Association Research Highlights*, July 17, 2017.

### September 26 – *Economic Explanations for Crime*

“An Economic Model of Criminal Behavior.” In *The Economics of Crime: Theory and Practice* by Daryl A. Hellman and Neil O. Alper.

“What Caused the Great Crime Decline in the U.S.?” by Matt Ford. In *The Atlantic*, April 15, 2016.

“Lowering the Cost of Crime and Punishment: An Economist's Vision,” by Alana Semuels. In *The Atlantic*, December 10, 2014.

### October 1 – *1<sup>st</sup> Exam*

### October 3 – *Competitive Markets and Efficiency*

“Chapter 6: Markets, Maximizers, and Efficiency” in *Principles of Microeconomics*, v. 2.0. Section 6.1 and 6.2.

### October 8 – *Market Failure*

“Chapter 6: Markets, Maximizers, and Efficiency” in *Principles of Microeconomics*, v. 2.0. Section 6.3.

### October 10 - *Elasticity*

“Chapter 5: Elasticity: A Measure of Response” in *Principles of Microeconomics*, v. 2.0.

### October 15 – *FALL BREAK*

### October 17 – *Economics and the Opioid Epidemic*

“Why the White Middle Class is Dying Faster, Explained in 6 Charts,” by Julia Belluz. In *Vox*, March 23, 2017.

“Why a Better Economy Won’t Stop the Opioid Epidemic,” by German Lopez. In *Vox*, January 12, 2018.

“Why a Study on Opioids Ignited a Twitter Firestorm,” by Olga Khazan. In *The Atlantic*, March 14, 2018.

“Does Naloxone Availability Increase Opioid Abuse? The Case for Skepticism,” by Richard G. Frank, Keith Humphreys, and Harold A. Pollack. *Health Affairs Blog*, March 19, 2018.

### October 22 – *Economics and the Obesity Epidemic*

“Is Obesity a Market Failure?” By Eric A. Finkelstein and Laurie Zuckerman. In *The Fattening of America: How the Economy Makes Us Fat, If It Matters, and What to Do About It*.

“Stopping slurping: Taxes on fizzy drinks seem to work as intended,” In *The Economist*, November 26, 2016.

“Tax a Cola, Spend More Money without Meaningful Benefits,” by Jayson Lusk. In *The Huffington Post Blog*. March 28, 2014.

### October 24 – *Economic Solutions to Alcohol Abuse*

“Youths as a Special Case,” Chapter 12 from *Paying the Tab: The Economics of Alcohol Policy*, by Philip Cook.

“The Minimum Legal Drinking Age and Public Health” by Christopher Carpenter and Carlos Dobkin. *Journal of Economic Perspectives*, 2011; 25 (2): 133-156. Selected pages will be assigned.

“No Amount of Alcohol Is Good For Your Health, Global Study Says,” on *npr.org*, August 24, 2018.

### October 29 – 2<sup>nd</sup> Exam

### October 31 – *Library Research Orientation*

Class meets in the Dulin Learning Center at Swem Library.

“Surveying the Literature on a Topic in Economics.” Chapter 3 from *Doing Economics* by Steven Greenlaw.

### November 5 – *Economics of Risky Sex*

“Study: Schools That Give Away Condoms See More Teen Births, Not Fewer,” by Sarah Kliff, *Vox*, June 15, 2016.

“The Influence of Arousal,” Chapter 5 in *Predictably Irrational: The Hidden Forces that Shape our Decisions* by Dan Ariely.

“Science Proves that Bikinis Turn Men Into Boobs,” by Brian Alexander, *mcnbcnews.com*, June 20, 2008.

“The \$20 Pack: Why Smokers Are Happier When Cigarettes Cost More,” by Tim Harford, *Slate Magazine*, May 17, 2008.

### November 7 – *Psychological Influences on Decision Making*

“Introduction” to *Nudge: Improving Decisions about Health, Wealth and Happiness*, by Richard Thaler and Cass Sunstein.

“Biases and Blunders,” Chapter 1 from *Nudge: Improving Decisions about Health, Wealth and Happiness*, by Richard Thaler and Cass Sunstein.

“Resisting Temptation,” Chapter 2 from *Nudge: Improving Decisions about Health, Wealth and Happiness*, by Richard Thaler and Cass Sunstein.

### November 12 – *Social Nudges*

“Following the Herd,” Chapter 3 from *Nudge: Improving Decisions about Health, Wealth and Happiness*, by Richard Thaler and Cass Sunstein.

### November 14 – *Boundedly Rational Choice: The Economics of Savings*

“Choice Architecture,” Chapter 5 from *Nudge: Improving Decisions about Health, Wealth and Happiness*, by Richard Thaler and Cass Sunstein.

“Save More Tomorrow,” Chapter 6 from *Nudge: Improving Decisions about Health, Wealth and Happiness*, by Richard Thaler and Cass Sunstein.

### November 19 – *Behavioral Economics and Public Policy*

“Behavioral Economics and Public Policy,” by Tim Harford. *Financial Times*, March 21, 2014.

“When Behavioural Economics Meets Randomised Control Trials: Examples From Canadian Public Policy,” by Robert French and Philip Oreopoulos, In *Vox CEPR Policy Portal*, December 5, 2016.

November 21 – *Thanksgiving Break*

November 26 – *Economics of Gambling*

“Economics of Gambling” (pages 367-376, or Sections 1 and 2 only). By Robert Simmons,  
Published in *Economics Uncut*.

“Lotteries: America's \$70 Billion Shame,” by Derek Thompson. *The Atlantic*, May 1, 2015.

“Subjective Relative Income and Lottery Ticket Purchases,” by Emily Hainsley, Romel Mustafa,  
and George Loewenstein. *Journal of Behavioral Decision Making* 21 (3): 283-295.

November 28 - *Peer Review Group Discussions*

December 3 and 5 – *Oral presentations and course evaluations*

December 14 – *Final paper due by 2 pm*

Please email an electronic copy to me and deliver a hard copy by 2 pm. The paper can be dropped  
off in my Tyler Hall mailbox (on the 3<sup>rd</sup> floor) or at my office (Tyler 433).