

Economics 150: The Economics of Bad Behavior

Fall 2016

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

Tyler 121

Professor Jennifer Mellor
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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 freshman seminar uses economic models and principles to study so-called “bad behaviors” -- the decisions that people make with harmful consequences for themselves and/or others around them. We will study the economics of various topics, including smoking, obesity, drug use, underage drinking, risky sex, crime, discrimination, and gambling, among others. Our goal is to illustrate how economic tools can be used to: 1) explain why individuals engage in these bad behaviors, 2) evaluate the consequences of these behaviors for society, and 3) evaluate proposed solutions to these problems. No prior coursework in economics is required.

Course Objectives

- To learn a set of economic models used to explain individual behaviors.
- To evaluate economic arguments for government interference with private behaviors.
- To understand how economic theories can be used to explain and 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 and analyze economic arguments in writing.

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.

Students are encouraged to make use of the Writing Resources Center, located on the first floor of Swem Library. Here you can meet with writing consultants who will give *free* individual assistance with writing assignments at any stage of the writing process. Scheduling appointments in advance is encouraged and you can do so online.

Course Requirements and Assignments

20%	In-class participation/attendance
20%	Toolkit test
20%	Short papers (2 total; ~2.5-3 pages in length each)
5%	Current events writing assignment (1.5 pages)
30%	Final paper (~8 pages) – includes topic proposal, skeleton, draft, peer reports, and final version
5%	Presentation of final paper (including 1 page handout)

Paper Revision Procedures

You will have the opportunity to “revise and resubmit” one of your short papers for a potentially higher grade. If you decide to use this opportunity, you must schedule a meeting with me no later than October 17th to discuss the paper you plan to revise. Within one week of that meeting, you must turn in both the revised paper and the original paper with my comments. The final grade for the assignment will be the average of the grades received for the original paper and the revised paper.

Course Policies

1. Attendance. Because having a good class discussion requires student participation, your presence in class is essential. I take attendance daily. Unexcused absences will lower your course grade. Excused absences include those accompanied by appropriate documentation (e.g., from a medical care provider or a representative from the Dean of Students’ Office).
2. Participation. By design, COLL 150 seminars emphasize and expect student discussion. Before you come to class, you should prepare to comment on the assigned readings, respond to any pre-assigned questions, or raise your own questions about the readings. A few class meetings early in the semester will follow a lecture-style format; on those days you should prepare by reading the assigned material, completing any assigned problems/quiz questions, and identifying questions that you have.
3. Due Dates. The attached schedule shows due dates for papers and the date of a test on basic economic principles used in this course. Except in cases of documented emergencies, late assignments will receive reductions in the grade and missed exams will not be rescheduled.
4. Student Accessibility Services. Any student who feels s/he may need an accommodation based on the impact of a learning, psychiatric, physical, or chronic health diagnosis should contact me privately to discuss your specific needs. Students will also need to contact Student Accessibility Services staff at 757-221-2509 or at sas@wm.edu to determine if accommodations are warranted and to obtain an official letter of accommodation. For more information, please see www.wm.edu/sas.

Course Readings

Required textbooks include *A Pocket Style Manual* (6th or 7th edition), by Diana Hacker and Nancy Sommers and *Microeconomics Demystified* by Craig Depken. Both items are available for purchase at the William and Mary bookstore. The other required readings are journal articles or book chapters that are available on the Blackboard website for this course. If you are interested in buying *Nudge*, it is available on Amazon for around \$10.

Laptops in the Classroom

There is a lot of discussion on college campuses about the pros and cons of allowing laptops to be used in the classroom. In this course, you may use your laptops provided that you have your WiFi turned off. At times during the semester, I may ask you to close your screens for activities and/or discussions. If at any time your laptop use appears unrelated to the course, I reserve the right to view your screen or prohibit your laptop use in class. Cell phone use is never permitted during class.

Useful Dates

- September 2: Add/drop period ends
- October 21: Last day to withdraw from a course with a W
- December 2: Last day of undergraduate classes

COURSE CALENDAR

August 24 – Introduction to Course

Syllabus content, reading list, course policies, introductions

August 29 – An Introduction to Economics and Rational Choice Theory

“Introducing the Logic Life.” Chapter 1 in *The Logic of Life* by Tim Harford.

“On the Definition of Economics,” by Roger E. Backhouse and Steven G. Medema. *Journal of Economic Perspectives*, 23 (1): 221-233.

August 31 – Demand and Supply

“The Language of Economics.” Chapter 1 in *Microeconomics Demystified* by Craig Depken.

“Demand and Supply,” pages 37-55 only. Chapter 4 in *Microeconomics Demystified* by Craig Depken; Answer quiz questions 1-7 and 11.

September 5 – Utility Maximization

“Utility.” Chapter 7 in *Microeconomics Demystified* by Craig Depken; Answer questions 1-8.

September 7 – Rational Choice and Obesity

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

September 12 – Rational Addiction

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

DUE TODAY: 1st Short Paper

September 14 – Competitive Markets and Efficiency

“Consumer and Producer Surplus.” Chapter 6 in *Microeconomics Demystified*, by Craig Depken.

September 19 – Market Failure and Government Intervention

“Market Failure and Government Interventions in Markets.” Chapter 13 in *Microeconomics Demystified* by Craig Depken.

“The Economic Effects of Climate Change” by Richard Tol. *Journal of Economic Perspectives*, 23 (2): 29-51.

September 21 – Is Obesity the Government’s Problem?

“Who Pays for Obesity?” by Jay Bhattacharya and Neeraj Sood. *Journal of Economic Perspectives*, 25 (1): 139-158.

“Critical Reading or How to Make Sense of Published Research” by Steven Greenlaw. Chapter 6 in *Doing Economics*.

September 26 – Using Public Media Campaigns to Change Bad Behavior

“Does Information Matter? The Effect of the Meth Project on Meth Use among Youths” by D. Mark Anderson. *Journal of Health Economics*, 29: 732-742.

DUE TODAY: 2nd Short Paper

September 28 – How Responsive Are Individuals to Policy Levers?

“Elasticity.” Chapter 5 in *Microeconomics Demystified* by Craig Depken; Answer quiz questions 3-10.

October 3 – Using Financial Incentives to Deter Bad Behavior

“Policy Watch: Alcohol and Cigarette Taxes” by Michael Grossman, Jody Sindelar, John Mullahy, and Richard Anderson. *Journal of Economic Perspectives*, 7 (4): 211-222.

“Why Soft Drink Taxes Will Not Work,” by J.T. Winkler. *British Journal of Nutrition*, 108: 395-396.

October 5 – SCHEDULED FOR TODAY: Toolkit Test

October 10 – Fall Break

October 12 – The Economics of Crime

“An Economic Model of Criminal Behavior.” Chapter 3 in *The Economics of Crime* by Neil Alper and Darryl Hellman.

“Where Have All the Criminals Gone?” Chapter 4 in *Freakonomics* by Steven Levitt and Stephen Dubner.

October 17 – Horrible Bosses: The Economics of Discrimination

“Labor Market Discrimination” pages 342-352 only. Chapter 10 in *Labor Economics* by George Borjas.

“The Dangers of Rational Racism.” Chapter 6 in *The Logic of Life* by Tim Harford.

October 19 – Government Controls on Alcohol Consumption: MLDA Laws

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

“Case Closed: Research Evidence on the Positive Public Health Impact of the Age 21 Minimum Legal Drinking Age in the United States,” by William DeJong and Jason Blanchette. *Journal of Studies on Alcohol and Drugs*, Supplement, (s17), 108–115.

October 24 – Class meets in Swem Library

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

October 26 – Bad Doctors and Litigious Patients?

“National Costs of the Medical Liability System,” by Michelle M. Mello, Amitabh Chandra, Atul A. Gawande and David M. Studdert. *Health Affairs*, 29 (9):1569-1577

“The Cost Conundrum: What a Texas town can teach us about health care,” by Atul Gawande, MD. *The New Yorker*, June 2009.

DUE TODAY: Term Paper Topic Proposal

October 31 – Legalizing It

“The Economic Case Against Drug Prohibition,” by Jeffrey A. Miron and Jeffery Zwiebel. *Journal of Economic Perspectives*, 9(4): 175-192

“The Cannabis Experiment,” by Daniel Cressley. *Nature*, 524: 280-283.

November 2 – Economics of Risky Sex

“Why is the Teen Birth Rate in the United States So High and Why Does it Matter?” by Melissa S. Kearney and Phillip B. Levine. *Journal of Economic Perspectives*, 26 (2): 141-166.

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

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.

DUE TODAY: Final Paper Skeleton

November 9 – Social Nudges and Research Paper Workshop

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

November 14 – Choice Architecture and America’s Savings Problem

“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.

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

November 16 – Economics of Gambling

“Economics of Gambling” by Robert Simmons, from *Economics Uncut*.

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

DUE TODAY: Paper draft for distribution to peer review group members

November 21 – Peer Review Group Discussions

DUE TODAY: Peer review reports

November 23 – Thanksgiving Break

November 28 and 30 – Oral presentations and course evaluations

DUE THIS WEEK: Oral Presentation and accompanying one-page handout

December 9 – Final paper due date

DUE TODAY: Final Paper

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