

Economics 150: The Economics of Bad Behavior

Fall 2019

TR 12:30-1:50 p.m.

Tyler 121

Professor Jennifer Mellor
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Office hours: TR 2-3 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, intended for students with no background in economics, 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.

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.

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).

Course Assignments/Due Dates

25%	Exams (September 26 and October 29)
20%	Short papers (September 17, October 10)
5%	Article summary (November 19)
5%	Topic proposal (October 22)
5%	Partial draft (November 21)
5%	Presentation (December 3 or December 5)
20%	Final version of term paper (December 12)
15%	In-class participation

Other Useful Dates: September 6: Add/drop period ends; October 25: Withdrawal period ends.

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. Be prepared to comment on other aspects of the readings and respond to comments from other students and 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. Revise & Resubmit policy. You have the opportunity to revise one of the 2 short papers for a potentially higher grade. To use this opportunity, schedule a meeting with me no later than October 24rd to discuss the paper you plan to revise. Within one week of that meeting, turn in both the revised paper and the original paper with my comments. The final grade will be the average of the grades received for the original paper and the revised paper
5. Accepted Technology Use policy. Cell phone use is never permitted during class. Laptop use requires my advance permission.
6. W&M 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 to determine if accommodations are warranted and to obtain an official letter of accommodation. For more information, please visit www.wm.edu/sas.
7. Academic integrity is at the heart of W&M, 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) 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 (8th 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
- *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.

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 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, *The Atlantic*, April 15, 2016.

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

September 26 – *1st Exam*

October 1 – *Competitive Markets and Efficiency*

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

October 3 – *Market Failure*

Sections 15.1 and 15.2 of “Chapter 15: Public Finance and Public Choice” in *Principles of Microeconomics*, v. 2.0.

October 8 – *Economics of 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.

“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.

October 10 – *Economics and the Opioid Epidemic*

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

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

“Evidence for addressing the opioid epidemic: Rounding out the picture,” by Colleen Barry and Richard Frank, *Brookings Institution*, February 6, 2019.

October 15 – *FALL BREAK*

October 17 - *Elasticity*

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

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*.

“Should We Tax Sugar-Sweetened Beverages? An Overview of Theory and Evidence,” By Hunt Allcott, Benjamin B. Lockwood, and Dmitry Taubinsky. *Journal of Economic Perspectives*, 33(3), Summer 2019.

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.

October 29 – 2nd Exam

October 31 – *Library Research Orientation*

Class meets in Swem Library’s Kyle Classroom on the ground floor.

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

November 5 – *Economics of Risky Sex*

“Teen Births Are Falling: What’s Going On?” by Melissa Kearney and Phillip Levine. *Brookings Institution Policy Brief*, Summer 2014.

“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.

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 – *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 26 - *Peer Review Group Discussions*

November 28 – *Thanksgiving Break*

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

December 12 – *Final paper due by noon.*

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