Economics for Everyone
(Econ 19000)
Spring 2018

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Overview of the Class:

The field of economics has generated a powerful set of insights which have fundamentally shaped the modern world. Because modern economics puts such a heavy stress on mathematical rigor, the most interesting economic ideas often get pushed to the background. In this course, we will explore these big economic ideas, without the math. Our goal is to make the beauty and power of economic thinking available to everyone. We will discuss what it means to think like an economist, how you can use economic thinking to make the world a better place (or to take advantage of your friends and enemies, if you prefer), and also how sometimes thinking like an economist can get you into trouble.

Logistics:

The class meets Tuesdays and Thursdays from 2:00 PM to 3:20 PM in Kent 107. There is no discussion section.

TA Office Hours - All held in Booth Winter Garden

Anya Marchenko (amarchenko@uchicago.edu) - Wednesdays 11am - 12:30pm
Margaret Decker (margaretdecker@uchicago.edu) - Tuesdays 3:30 - 4:30pm
Riddhi Gupta (riddhi@uchicago.edu) - Thursdays 3:30 - 4:30pm
Ankit Agarwal (aagarwal26@uchicago.edu) - Mondays 3:30 - 4:30

Formal Requirements:

This class will include four problem sets, one midterm exam, one final exam, and several in-class quizzes. We understand that many of our students will pursue summer internships, some of which may conflict with the final exam in this class. In this case, the student may take the senior final instead of the final exam, which will be held at a date to be determined during reading period. In order to qualify for the senior final, the student must submit a letter from their internship which includes the date it begins. At the first class, we will decide the weights for each of the components (in-class quizzes are locked in at 10% of grade).
Required Texts:

The reading material for this course will be in the form of articles and excerpts from popular economics books. The articles and excerpts from books we have written (Freakonomics, Think Like a Freak, The Why Axis, and Economics) will all be linked on the online version of the syllabus. Some other books we think are incredibly useful are The Armchair Economist, by Steven E. Lansburg, The Undercover Economist, by Tim Harford, and Nudge: Improving Decisions about Health, Wealth, and Happiness by Richard Thaler and Cass Sunstein. These are available on Canvas under Files → Readings. You may purchase these if you wish, but it is not required.
Outline of Course Lectures

LECTURE 1: WHY MARKETS ARE GREAT

Lecture 1 (March 27): Course logistics, overview of why markets are great and how economics has played a role in making the world great (Steve & John)

Supplemental readings:


  Chapter 8 from The Armchair Economist

  Chapter 12 from The Armchair Economist

LECTURES 2-3: PRINCIPLES AND ECONOMIC WORLDVIEW

Lecture 2 (March 29): The Principles and Practice of Economics - opportunity cost, comparative advantage, incentives, marginal thinking, information, and preferences (John)

Required readings:

  Chapter 1, Chapter 2, and Chapter 3 from The Why Axis

  Chapter 1 and Chapter 3 from Economics

Relevant podcast: https://www.npr.org/sections/money/2012/12/25/167976196/episode-238-making-christmas-more-joyful-and-more-efficient

Supplemental readings:


development


Lecture 3 (April 3): The Economic Worldview (Steve) - **P-Set 1 posted**

Markets, market structure, market failures, incentives, trade/comparative advantage

Required readings:

Chapter 1 from *Think Like a Freak*

Thomas Thwaites’ Toaster Ted Talk: [https://www.youtube.com/watch?v=5ODzO7Lz_pw](https://www.youtube.com/watch?v=5ODzO7Lz_pw)

Supplemental readings:


Chapters 6, 8, and 9 from *Think Like a Freak*

**LECTURES 4-6: BASICS OF ECONOMICS**

Lecture 4 (April 5) - (John)
Lecture 5 (April 10) - (John) - **P-Set 1 DUE, P-Set 2 posted on Canvas**
Lecture 6 (April 12) - (John)

Required readings:

*Chapter 4* and **Chapter 8** from *Economics*


Uber’s consumer surplus:

Supplemental readings:

Chapters 7 and 16 from *The Armchair Economist*

Chapter 3 from *The Undercover Economist*


[http://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.23.3.3](http://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.23.3.3)


“MP3 player “sale” exposes Amazon’s flexible prices.” *CNet.*
LECTURE 7: HOW ECONOMISTS USE DATA TO UNDERSTAND THE WORLD

Lecture 7 (April 17) (Steve)

Supplemental readings:

Chapter 2 from Economics

Chapter 4 from Freakonomics - Where have all the criminals gone?

Relevant podcast on big data: http://freakonomics.com/podcast/big-penis-things-ask-google/

https://www.bloomberg.com/view/articles/2016-08-25/data-geeks-are-taking-over-economics

http://www.forbes.com/sites/quora/2016/04/05/how-do-academic-economists-use-ab-testing/#787f6e8b3282

LECTURES 8-9: BEHAVIORAL ECONOMICS

Lecture 8 (April 19): How to get people to do what you want: incentives, mandates, education, persuasion, nudges (Steve) - P-Set 2 DUE

Required “readings”:


Supplemental readings:

Introduction and Chapter 17 of Nudge


Harford, Tim. “The odds are you won’t know when to quit.” Financial Times. 6 May
Chapter 8 from The Why Axis

Lecture 9 (April 24): How to take advantage of people (for better or for worse): (Steve)

Supplemental readings:

Harford, Tim. “Raising the stakes on life’s big choices”. *The Financial Times*. 8 February 2013. https://www.ft.com/content/ab5a6c96-6ff1-11e2-8785-00144feab49a#axzz2KPlsR9wA


**MIDTERM - APRIL 26**

**LECTURES 10-11: GAME THEORY AND STRATEGIC BEHAVIOR**: Information, lemons, auctions, bargains, game theory

Lecture 10 (May 1) - (Steve) - **P-Set 3 Posted**
Lecture 11 (May 3) - (Steve)

Supplemental readings:


Chapter 7 from Think Like a Freak

Chapter 3 from The Armchair Economist

Chapter 5 from The Undercover Economist

LECTURE 12: WHEN THE FREE MARKET ISN’T ENOUGH

Lecture 12 (May 8): public goods, rule of law, property rights, government intervention, market structure, externalities - (John)

Supplemental readings:


LECTURE 13: CHARITY AND SOCIAL PREFERENCE

Lecture 13 (May 10): Charity and Social Preference (John)

Required readings:

Chapter 9 and Chapter 10 from The Why Axis


Supplemental readings:


LECTURES 14-18: APPLICATIONS

Lecture 14 (May 15): Crime (Steve) P-Set 3 DUE, P-Set 4 Posted

Required readings:

Chapter 4 from Freakonomics - Impact of Legalized Abortion on Crime


Supplemental readings:


Agan, Amanda, “Sex Offender Registries: Fear without Function?” Journal of Law and


Lecture 15 (May 17): Investing and Finance (Steve)

Required readings:


Supplemental readings:

Chapter 19 from *The Armchair Economist*

Flood, Chris. “Monkey beats man on stock market picks,” *Financial Times*, 30 Mar 2013. [https://www.ft.com/content/abd15744-9793-11e2-b7ef-00144feabdc0](https://www.ft.com/content/abd15744-9793-11e2-b7ef-00144feabdc0)


Lecture 16 (May 22): Gender and Diversity (John)

Supplemental readings:


Lecture 17 (May 24): Discrimination (John) - P-Set 4 DUE

Required readings:

Chapter 6 and Chapter 7 from The Why Axis

Relevant podcast: http://freakonomics.com/podcast/gender-barriers/

Supplemental readings:

“No names, no bias?” The Economist. 29 Oct 2015


Lecture 18 (May 29): Education (John)

Required readings:


Supplemental readings:

- [Chapter 4](#) from *The Why Axis*

**SENIOR EXAM - DATE TBD**

**FINAL EXAM - Monday, June 4th, 6:30 - 8:30pm (per Registrar)**