

**Economics 3710
Economic Analysis of Canadian Public Issues
Spring 2012**

Tuesday, January 17, 2012

Readings: *Freakonomics*, Introduction, Chapters 1 and 2

Discussion Questions #1

Introduction

1. What is the difference between correlation and causation? Why is this distinction important in public policy debates?
2. Hypothesize as to why the price of coffins has come down with the widespread use of the Internet.
3. Why do the authors say that “economics is primarily a set of tools, as opposed to a subject matter”?
4. What’s the difference between a moralist and an economist?

Chapter 1

5. What type of incentives do the authors discuss? Which of these is easiest to measure?
6. What conditions are necessary for cheating to occur?
7. Given these different incentives, hypothesize why US sprinter Marion Jones has confessed to using steroids during her career?
8. How do economists carry out “controlled” experiments (e.g., Chicago public school teachers)?
9. Who do you think would be more likely to cheat: a Chicago school teacher or a sumo wrestler? Why?
10. Why is cheating to win less disgraceful than cheating to lose?

Chapter 2

11. Why is information considered so important in economics? What is information asymmetry? How has the Internet changed information?
12. How did information result in the downfall of the KKK?
13. Are there parallels between the membership in the KKK in the early-20th century and terrorism today? What are these parallels?
14. Why did the Internet work to reduce the premiums of life insurance but not other types such as auto insurance?