

Economics 3710
Economic Analysis of Canadian Public Issues
Spring 2012

Tuesday, January 24, 2012

Readings: *Freakonomics*, Chapters 5 and 6 and Epilogue.

Discussion Questions #3

Chapter 5

1. Why are people often unable to accurately assess the risks that they face?
2. What is the point of the equation $\text{risk} = \text{hazard} + \text{outrage}$? Can you think of any good examples of this?
3. The book discusses the lottery that the CPS system instituted. What is the significance of this lottery system for researchers?
4. What group of students in Chicago saw a significant increase in their performance and graduation rates following the changes that allowed students and parents to pick their schools?
5. What is regression analysis? Why is it so important in economic analysis?
6. What is the difference between the good-school/bad-school gap compared to the white/black gap? Why are these two often confused?
7. Are you surprised by any of the significant or insignificant correlates of test scores to the 16 factors outlined in this chapter?
8. What can studies which use adopted children tell us about the nature-nurture debate?

Chapter 6

9. What is the main problem in studies which try to uncover racism by sending fake resumes to potential employers?
10. Why are the California data used for studying racial discrimination superior to the resume data?
11. A child's name is likely correlated with what? Why is this important?

Epilogue

12. What is the statistical lesson that we should learn from the experiences of the two people outlined in this part of the book?