Bringing Theory to Life

Incorporating Economics Riddles and Popular Podcasts into Theoretical Material

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Sparking Interest

- Repetition

- Applications of theory
  - Long-term retention

- Maintaining rigor and coverage

- Riddles and podcasts
Why do real estate agents often show clients two nearly identical houses, even though one is both cheaper and in better condition than the other?

- Introduction of irrelevant alternatives can make a difference in a person’s choice.

- A product that is clearly superior will create a “halo effect”.

- Not rational behavior → “behavioral economics”
Why do producers sometimes put the phrase, “As Seen on TV” in print ads and on some product packages?

- Producers do a lot of focus group testing prior to bringing a product on the market.

- Buyers assume that producers would not spend millions of $ on TV ads if the product did not receive positive feedback.
  - Labeling a product “As Seen on TV” is a signal to buyers.
Implementing Riddles: Where to Look
Riddles: Student Creations

• Why are you more likely to find empty beer cans on the ground in suburban Knoxville than in downtown Knoxville?

• Why are arrests for crack possession notoriously punished more severely than arrests for cocaine possession, despite the fact that crack is a less pure, less expensive version of cocaine?

• Why do hotels rent by the night instead of by the hour?

• Why do the prices of football games and Broadway shows fluctuate based on popularity, whereas movie theaters charge the same price for a flop and a hit?

• Why is diesel fuel more expensive than gasoline, even though diesel is cheaper to refine?

• Why do calculator keypads have “7, 8 and 9” on the top, whereas telephone keypads have “1, 2 and 3” in the top row?
Implementing Riddles

• Create a catalogue

• Use a platform with easy transition capability

• Test knowledge / creativity?
Podcasts

• Many, many available topics
  • Supply and demand, opportunity cost, public goods, elasticity, price discrimination, collusion, etc.

• Engaging, funny, educational

• You can’t help but listen!
Implementing Podcasts: Where to Look
Podcasts: An Example

- Regulation and Antitrust Course
- Government-supported collusion in the Swiss Cheese Cartel
Implementing Podcasts: Does it work?

• Spring 2015: Intro to Micro (160 students)
  • NPR Planet Money: Lighthouses, Autopsies, and the Federal Budget
  • Exam questions
    • Specific to podcast
    • Public goods in general

• Student Evaluation: “The... podcast was so interesting and I would love to see more [podcasts] incorporated”
Bring Theory to Life!

• Utilize resources that are already available

• Examples, examples, examples

• Long-term retention
Thank you.

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