

'How to Gain Super Powers & Predict the Future'

(Well, not really, but why you ought to study economics anyway!)



John Calvin Young, '12

Newspapers and Coke Machines

☞ Introduction

- ☞ My name is John Calvin Young, and I am an economist
- ☞ I am not a glorified accountant, nor am I a Wall Street trader
- ☞ The 'Dismal Science'
- ☞ I am here today to show you that economics is neither dismal nor a science—and that you can and should enjoy studying it in high school!

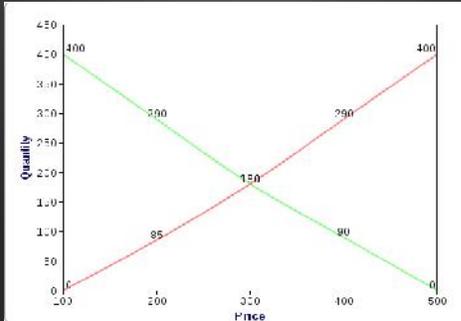
What is Economics?

- ☞ Economics = 'oikonomikos' = stewardship of house and family
- ☞ Modern economics = micro- and macro-economics
 - ☞ Microeconomics
 - ☞ Decisions made by individual people or firms, to buy and sell, produce and work, about cost and profit and utility.
 - ☞ Testable and provable
 - ☞ Macroeconomics
 - ☞ The summed decisions of millions of people, and the systems operating at a national or global level. Influenced by policy and politics.
 - ☞ Untestable and unprovable

The Story of the Invisible Hand

- ⊗ Myth: Economics is boring
- ⊗ Mystery: How are prices decided on? Why don't prices just stay the same?
- ⊗ The Story of The Invisible Hand
 - ⊗ The Market Compensates for Shortages
 - ⊗ No Human Manager Could Direct An Economy
 - ⊗ Money Versus Barter
 - ⊗ You can't eat if they don't need a website!

The Story of the Invisible Hand



The Story of Opportunity Cost

- ⊗ Myth: Economics is all about money
- ⊗ Mystery: How do buyers and sellers decide what to buy and how much?
 - ⊗ Scarcity
 - ⊗ Opportunity Cost
 - ⊗ Utility
 - ⊗ Marginal Utility and Marshmallows

The Story of Game Theory

- ⊗ Myth: Economics is all about math
- ⊗ Mystery: The Prisoner's Dilemma
 - ⊗ Neither confesses?
 - ⊗ If one confesses?
 - ⊗ If both confess? Nash Equilibrium.
 - ⊗ Price Wars and other Decision Systems
 - ⊗ Logic Puzzles, Human Psychology and Kids

The Story of Comparative Advantage

- ⊗ Myth: Economics isn't relevant for anyone not into politics or finance.
- ⊗ Mystery: How do we decide who does what, when we each have many skills?
 - ⊗ Dishes versus finances
 - ⊗ Kid's work is "cheaper."
 - ⊗ Comparative Advantage
 - ⊗ Countries as well as people

The Story of Capital

- ⊗ Myth: Economics is too specialized for a high school education
- ⊗ Mystery: Is profit and interest moral? Can a Christian loan out money?
 - ⊗ History, Theology and Usury
 - ⊗ Catholic Church, Interest and Money Lenders
 - ⊗ The Protestant Reformation & Capitalism

Economics Is Not A Science

- ⌘ Economics is not like biology or physics—it's nearly impossible to perform replicable experiments
- ⌘ Tastes and Preferences not quantifiable
- ⌘ Clean economic models are too abstracted
- ⌘ Economics = Philosophy and intuitive principles of human behavior, history and theology.
- ⌘ Economics used to be part of the same discipline as politics—they were one interrelated topic, 'political economy'.

Conclusion

- ⌘ I hope I've addressed the 'dismal' adjective, and piqued your interest in economics
- ⌘ Economics is far from being either 'dismal' or a 'science', and it is a core part of a well-rounded education.
- ⌘ It isn't hard to understand, and has concepts that will assist even the least-financial and unpolitical of adults.
- ⌘ And who doesn't want to understand how the world works around us?
