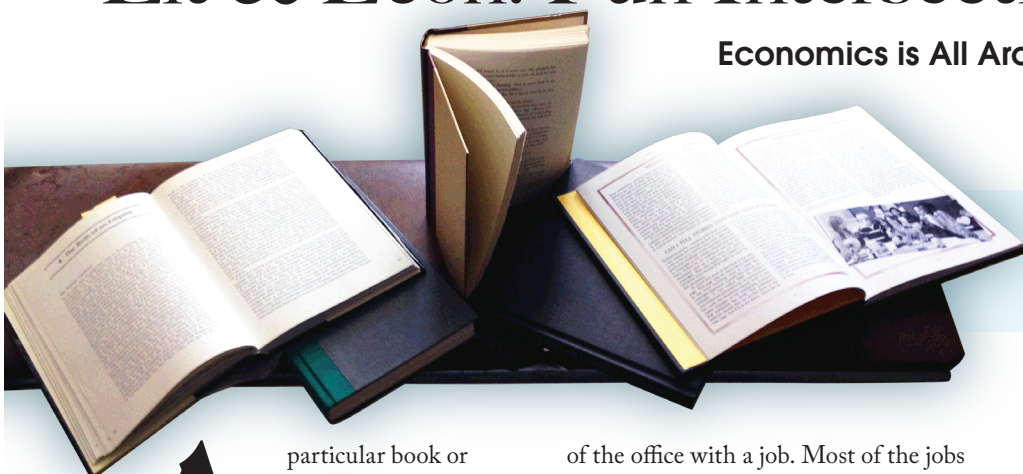


# Lit & Econ: Fun Intersections

## Economics is All Around Us



A particular book or movie may be all about economics. On purpose. *The Big Short* and *Wall Street* come to mind. But occasionally an author might be “doing economics” without even realizing it. This makes for good lecture fodder and exam questions. Five literary illustrations:

**1** While in Athens, popular author and traveler Eric Weiner reflected on the evening’s fare in *The Geography of Genius* (p. 47):

“We try to take our minds off the lack-luster food with conversation. Now that I think about it, perhaps that is why the Greeks were so eloquent—it was a coping mechanism, something to take their minds off the god awful food. As I pick at my salad, I wonder, if ancient Greek cuisine had been better, maybe they wouldn’t have invented democracy or philosophy or any other of their other accomplishments?”

**BY ALLEN R. SANDERSON**

“It’s not as far-fetched as it sounds. We only have so much creative energy; we can channel it into philosophy or soufflés, sculpture or truffles.”

This delightful passage reflects the economist’s bread and butter: scarcity, opportunity cost, choice, and tradeoffs.

**2** In Daniel James Brown’s *The Boys in the Boat*, an account of depression-era working-class youths, rowing, and the quest for gold in the 1936 Olympics, he explains one crew-team member’s summer job hunt (p. 194):

“Thirty minutes later, he walked out

of the office with a job. Most of the jobs remaining at the dam sight, he had been told, were for common laborers, paying fifty cents an hour. But studying the application form, Joe had noticed that there were higher pay grades for certain jobs—especially for the men whose job it was to dangle from cliff faces in harnesses and pound away at the reluctant rock with jackhammers. The jackhammer job paid seventy-five cents an hour, so Joe had put a check next to that box and stepped into the examination room for his physical.”

Joe’s observations illustrate how “compensating differentials” are inherent in market pay structures—dangerous or unpleasant work pays better than easier, more attractive alternatives.

**3** In *The Billion-Dollar Game*, about the financial behemoth the Super Bowl has become, Allen St. John explains (p. 54) some protocols for the Thursday night Playboy-sponsored VIP party:

“The American Airlines guards weren’t particularly subtle in dealing with delicate situations: *Do you have a ticket? Okay, you’re in. No ticket? Go away.* Their emphasis was making sure that the wrong person didn’t get in. While that’s a consideration for Playboy, an even bigger problem is when the right person gets turned away or has- sled unnecessarily.”

The applicability here is to Type I or Type II errors—false negatives and false positives, in the efficacy of a new medical product, airport passenger screenings, drug testing for athletes, which applicant to hire, or whom to marry.

**4** In *Our Kind of Traitor* (p.65), best-selling British espionage novelist, writing under the pen name

of John le Carré, demonstrates that while cooperation, cultural norms, or even negotiations could in theory be counted on to resolve conflicts (or address environmental “externality” problems), often the heavy hand of an external body—the landlord, boss or government – might be necessary:

“The carpet on the four narrow flights of stairs leading to her front door was in its last stages of decay, but the ground-floor tenant didn’t see why he should pay anything and the other two wouldn’t pay till he did and Gail as the unpaid in-house lawyer was supposed to come up with a compromise, but since none of the parties would budge from their entrenched positions, where the hell was compromise?”

**5** From *The Mice in Council*, one of the Greek storyteller Aesop’s well-known fables, we learn about “public goods”, “free riders,” and why NATO nations lean on the U.S. military to protect them, rather than spending their own money on defense.

“Once upon a time the mice, being sadly distressed by the persecution of the cat, called a meeting to decide upon the best means of getting rid of their continual annoyance. Many plans were discussed and rejected. At last a young mouse got up and proposed that a bell should be hung round the cat’s neck, that they might for the future always have notice of her coming, and so be able to escape. This proposition was hailed with the greatest applause, and was agreed to at once unanimously. Upon which an old mouse, who had sat silent all the while, got up and said that he considered the contrivance most ingenious and that it would, no doubt, be quite successful. But he had only one short question: ‘Who is going to bell the cat?’ □