

Prof. Bryan Caplan
bcaplan@gmu.edu
<http://www.bcaplan.com>
Econ 309

HW #1 (*please type*)

Answer any FOUR questions (*answers should be 1 page, double-spaced*)

1. "The status quo is always optimal from the point of view of CBA." Critique.
2. Discuss two compelling examples where "Actions speak louder than words."
3. How would non-economists defend giving away scarce goods for free? How would an economist doing Cost-Benefit Analysis (CBA) respond?
4. "A vigorous Covid response was obviously a good idea, because contagious disease causes negative externalities." Critique.
5. Suppose you value an average 40-year-old life at \$10M. How much should you value an average newborn life? An average 90-year-old life? Explain your reasoning. If you think all lives are equally valuable, answer a different question!
6. Imagine you thought that old lives were *more* valuable than young lives. How would this change Caplan's CBA of Covid policy? Use actual numbers from the notes.
7. How many years of normal life would you have given for a year of Covid life in China in 2021? Explain your answer.
8. "Focused protection is a bad idea because so many high-risk people live with low-risk people." What does CBA say?
9. Pick a policy area you know well. How Pigovian is policy, really?
10. Give an example of SDB you recently encountered. Carefully explain why it is literally false.
11. Find a speech of a politician you admire. How much SDB is in the speech? Be specific. Be harsh.
12. Pick a trendy complaint about society. Appeal to Action Bias to argue in favor of ignoring the complaint.