

Homer Economicus: Using *The Simpsons* to Teach Economics

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Getting students to understand the economic way of thinking might be the most difficult aspect of a teaching economist's job. The counterintuitive nature of economics often makes it difficult to get the average student to think "like an economist." To this end, the need to keep students engaged and interested is essential when teaching economic principles and interdisciplinary approaches to engaging students are becoming increasingly common. For example, Leet and Houser (2003) build an entire principles class around classic films and documentaries while Watts (1999) discusses how literary passages can be used to teach a typical undergraduate course more effectively. I further extend this interdisciplinary approach to economic education by providing examples from the long-running animated television show *The Simpsons* that can be used to stimulate student discussion and engagement in an introductory course in microeconomics.

Using *The Simpsons* in the classroom

The bulk of this paper describes scenes from *The Simpsons* that illustrate basic economic concepts. While the examples are pretty straightforward, the difficulty in using *The Simpsons* lies in deciding: where to place the examples into the lecture and the best way to present the scene to the students.

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One difficult feature of using any popular culture in the classroom, even a show that has been on the air for fifteen seasons and 300-plus episodes, is that students do not all have the same frame of reference, even in the most homogenous of classrooms. For that reason, it is often best to use the examples given in this paper as either an introduction to a discussion of a particular topic or additional reinforcement of points already introduced in a more conventional way. For an example of the latter, I introduce the idea that economic actions often generate secondary effects with the real world example of automobile safety regulation. The direct effect of automobile safety regulation is a decrease in the risk of death from an automobile accident. The secondary effect is an increase in risky driving, since the “price” of risky driving has been reduced by increased safety regulation (Peltzman 1976). I then follow that up by discussing with students Homer Simpson’s dissection of a proposed 55 mile-per-hour speed limit (“Millions will be late!”). This reinforces the importance of (correctly) thinking through the direct and secondary effects of economic actions.

In other cases, it is more appropriate to present a scene as an introduction to a topic. Scenes containing economic fallacies make good introductions to topics. A good introductory scene described in detail later in the paper comes from the episode “Trash of the Titans.” Corporations are depicted as being able to create huge demand (at least among the Simpsons family) for their products merely through advertising and promotion. The scene leads nicely into a series of questions for students related to the role of advertising in a market economy, some of which are given below.

The method of presenting the scenes to students I recommend is PowerPoint slides containing a description of the scene with the dialogue. While it is possible to capture and integrate short movie clips into a PowerPoint presentation, concern about fair use and quality of captured video have prevented me from doing so. It has been my experience, however, that most students know enough about the show

and its characters that they have little difficulty understanding the situation being described.

Incentives, cooperation, and the nature of the firm

When discussing the important role that incentives play in the organization and structure of the firm, I use the following example from the episode “You Only Move Twice.” In the episode, Homer Simpson is hired away from his job as a nuclear safety engineer at the Springfield Nuclear Power Plant by the Globex Corporation to help build a nuclear generator. Unbeknownst to Homer, Globex is building the generator to help achieve CEO Hank Scorpio’s dream of world domination. Homer finds the career move quite rewarding, and in a rare moment of lucidity explains to Marge how he imposed a cheap incentive structure that motivated his employees and minimized any possible shirking: “Mr. Scorpio says productivity is up two percent, and it’s all because of my motivational techniques. Like, donuts. And a possibility of more donuts to come.”¹

Economic actions often generate secondary effects

One of the more difficult concepts for those new to economics to put into action is the idea that economic actions generate secondary effects. A good economist, to paraphrase Bastiat, sees the invisible effect of a policy as well as the visible. An example I use from *The Simpsons* comes from Homer’s ill-advised foray into the world of organized debate in the episode “The Way We Was.” Homer is back in high school trying to get his future wife, Marge Bouvier, to notice him. Acting on the advice of the school guidance counselor, he becomes involved in the same school activities as Marge – including the debate

¹All episode titles and quotations are taken from the extremely comprehensive fan website, “The Simpsons Archive” at <http://www.snpp.com>.

team. When told that the topic for the upcoming debate was “Resolved: The national speed limit should be lowered to 55 miles per hour,” Homer replied: “55? That’s ridiculous! Sure it’ll save a few lives, but millions will be late!” Homer’s response, while not exactly the answer Sam Peltzman (1975) might have given, shows that he was at least thinking of the possibility that there would be secondary effects.

Resources are scarce, thus tradeoffs have to be made

In the episode “Marge Gets A Job,” circumstances force Marge Simpson to leave the home in order to supplement the family income. After a failed attempt at going back to her last job – attendant at a carhop – she gets a job at the Springfield Nuclear Power Plant. This begins to cause problems for Homer when Marge is promoted ahead of him.

Homer: I’m used to seeing people promoted ahead of me. Friends, co-workers, Tibor... I never thought it’d be my own wife.

Marge: Well, maybe you’d get promoted if you worked a little harder.

Homer: Are you kidding? I work like a Japanese beaver!

Marge: Oh, really? I came to see you three times today. Twice you were sleeping, and once you were kicking that ball of electrical tape around!

Homer: Well! I won’t sleep in the same bed with a woman who thinks I’m lazy. I’m going to go right downstairs, unfold the couch, unroll the sleeping ba... [gets into bed] Eh, goodnight. [falls asleep]

Bureaucrats and bureaucracy

As Gwartney, Stroup, Sobel and Macpherson (2003, 135) state, “Economic analysis suggests a strong tendency for bureaucrats and public-sector employees to favor expanding their budgets beyond what would be considered economically efficient.” *The Simpsons* episode titled “Trash of the Titans,” provides a great example of this tendency. After getting into an argument with the garbage men and refusing to apologize, Homer decides to run for Sanitation Commissioner. Running on the slogan “Can’t someone else do it?” Homer wins and institutes a sanitation program that does just about everything for the residents of Springfield, from collecting diapers inside the house to cleaning their ties. This excessive spending leads to the following exchange between Homer and Mayor Quimby.

Quimby: Simpson, you idiot! You spent your entire year’s budget in a month! Your department’s broke!

Homer: [panics] Uh...oh no! Wait! I think I’ve got the perfect solution.

Quimby: You’d better! ‘Cause those garbage men won’t work for free!

Homer: D’oh!

Later, Homer and Marge are going over the sanitation department’s expenses to figure out how he could have spent so much in such a short period of time.

Homer: Oh...[the previous commissioner] was right! I’m crashing and burning! Crashing and burning!

Marge: How could you spend 4.6 million dollars in a month?

Homer: They let me sign checks with a stamp, Marge! A stamp!

Although a bit over the top in that few (if any) bureaucrats are as stupid as Homer is portrayed to be, this episode of *The Simpsons* does provide a humorous beginning to a discussion of the incentives facing bureaucrats and bureaucracies.

The role of advertising in a market economy

Non-economists (and even some economists) tend to view most, if not all advertising as wasteful, misleading, manipulative, or a combination of all three. The previously mentioned episode of *The Simpsons* called "Trash of the Titans" provides a scene that ascribes to this viewpoint and can be used to begin discussion of the role that advertising plays in the market process.

The scene begins with a stereotypical cigar-smoking businessman in a dark room discussing with his staff the importance of finding a new holiday to exploit.

Businessman: Okay, people. We need to cook up a new holiday for the summer. Something with gifts, cards, assorted gougables.

Woman: How about something religious? We had great penetration last spring with "Christmas II"!

Man: Ooh, I know, Spendover - like Passover but less talk, more presents!

The company then creates "Love Day" and we cut to the Simpsons celebrating the holiday by exchanging presents. Homer receives a talking toy bear dressed in a suit of armor.

Bear: I'm Sir Loves-A-Lot! The bear who loves to love.

Homer: They didn't have Lord Huggington?

Marge: It's the same basic bear, Homey.

Homer: [dejected] I guess.

I use this exchange to introduce a discussion of advertising in a market economy. Is it manipulative? Does it make us pay more for products that are functionally the same as other, cheaper products? What, exactly, are we paying for when we pay for a brand name?

Monopoly

The Springfield Nuclear Power Plant where Homer works provides an excellent opportunity to liven up discussions of monopoly. For example, when discussing why entry barriers are sometimes high, the Springfield Nuclear Power Plant provides a nice illustration of a case where monopolies exist because of economies of scale.²

The power plant also provides a good opportunity for discussion of the factors that make some monopolies stronger than other monopolies. After all, it takes two conditions to make a market a monopoly (Gwartney et. al., 255). The first, as we just discussed, is high barriers to entry such as economies of scale. The second condition is a well-defined product for which there are no close substitutes. Even products provided by a single seller have substitutes, however, even if that substitute is nothing. The degree of monopoly power, and hence

²Although never explicitly stated, presumably Mr. Burns' monopoly power derives from owning the "last mile," not merely from the generation of power.

the ability to take advantage of one's monopoly status, therefore depends heavily on the number and appropriateness of substitutes.

In the episode titled "Who Shot Mr. Burns, Part 1," C. Montgomery Burns, the owner of Springfield Nuclear Power Plant, apparently felt that one of the known substitutes to electrical lighting was eroding too much of his monopoly power and resolved to take out the competition.

Smithers: Well, Sir, you've certainly vanquished all your enemies: the elementary school, the local tavern, the old age home...you must be very proud.

Burns: [stuffing money into his wallet] No, not while my greatest nemesis still provides our customers with free light, heat and energy. I call this enemy...the sun. Since the beginning of time man has yearned to destroy the sun. I will do the next best thing...block it out!

Smithers: Good God!

Burns: Imagine it, Smithers: electrical lights and heaters running all day long!

Smithers: But Sir! Every plant and tree will die, owls will deafen us with incessant hooting...the town's sundial will be useless. I don't want any part of this project; it's unconscionably fiendish.

In addition to being reminiscent of Bastiat's "A Petition" (1964), this episode provides an excellent opportunity to discuss what will happen to the short-run price and output of Mr. Burns' power plant, if his "fiendish" plan were to have worked.

The role of the entrepreneur

Entrepreneurship is a key ingredient of economic progress that is often overlooked or glossed over in textbook treatments of supply, demand, and equilibrium. An exception is Gwartney, Stroup, Sobel and Macpherson (2003), which has a good discussion of why entrepreneurship is so important, even if it is difficult or impossible to incorporate it into economic models.

The Simpsons provides many examples of business failures (mostly Homer's). These failures provide a good opportunity to discuss what makes successful entrepreneurs so special. For example, one special skill of the entrepreneur is the ability to spot a profit opportunity and to then act upon it. Homer Simpson clearly does not possess this ability, as the following exchange from the episode "Bart Gets an Elephant" demonstrates. To set the scene, Bart has won an elephant on a local radio station and they are keeping it in their back yard. Two neighborhood kids have just rung the doorbell.

Girl: Can we see the elephant?

Boy: We'll pay you money.

Homer: For the ninth time, no!
[slams door; doorbell rings again]
Wait a minute...this gives me an idea.
[hammers a "Go away" sign into the ground outside]

Bart: Uh, here's a better sign, Dad.
[Holds up a sign that says, "See the elephant, \$1 Ride the elephant, \$2"]

Homer: I don't have time to read it. Just give me the gist of it, son.

This scene can also be used as an example of how private property rights ensure that individuals bear the opportunity cost of ignoring the wishes of others. If Homer had continued to ignore the kids and Bart, he would have borne the opportunity cost of the foregone income associated with his inaction.

The role of profits and losses

Profits and losses convey information. Businesses that make money flourish, while those that lose money go out of business. In the previously mentioned episode, “Bart Gets an Elephant,” Marge confronts Homer with the fact that he’s losing money.

Homer: Look at this, Marge: \$58 and all of it profit! I’m the smartest businessman in the world.

Marge: [The elephant’s] food bill today was \$300.

Homer: Marge, please, don’t humiliate me in front of the money.

Unfortunately, Marge’s humiliation of Homer causes him to up the prices to \$100 for a view and \$500 for a ride. His revenues immediately fall to zero and he goes out of business, demonstrating the important role that losses play in punishing those who reduce or waste scarce resources.

Profits also send a signal for competitors to enter into a market. Consider when Homer Simpson correctly jumped on a profit opportunity to operate his own snow plowing company (“Mr. Plow”). Homer profits from his new business both financially and in terms of reputation. He is given the key to Springfield for, in the words of Mayor Quimby, “...making it possible for people to get where they’re going without resorting to public transportation or carpooling” Unfortunately for Homer, but fortunate for the citizens of Springfield,

Homer's increase in profits and reputation entices Barney Gumble to enter into the market. His superior service and successful commercials starring Linda Rondstadt soon put Homer out of business.³

Conclusion

Paul Cantor begins *The Simpsons* chapter of his 2001 book *Gilligan Unbound: Pop Culture in the Age of Globalization* with an incident involving Senator Charles Schumer and a high school student regarding gun control legislation. Cantor states:

Speaking on the timely subject of school violence, Senator Schumer praised the Brady Bill, which he helped sponsor, for its role in preventing crime. Rising to question the effectiveness of this effort at gun control, a student named Kevin Davis cited an example no doubt familiar to his classmates but unknown to the Senator from New York: "It reminds me of a *Simpsons* episode. Homer wanted to get a gun but he had been in jail twice and in a mental institution. They label him as 'potentially dangerous.' So Homer asks what that means and the gun dealer says: 'It means you need an extra week before you get the gun.'" (Cantor, 67)

Cantor uses this event to demonstrate how *The Simpsons* has shaped the way the younger generation thinks. However, I think it also demonstrates the importance of trying to use *The Simpsons* and other popular television shows to teach students economics so that students will be able to analyze the *economics* of gun control legislation as well as the absurdities.

³Not all of Barney's competition is of the healthy variety. At one point he does pull out a shotgun and shoot out Homer's tires.

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