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Reviewed work(s):

Source: The Journal of Economic Education, Vol. 34, No. 4 (Fall, 2003), pp. 326-332

Published by: Taylor & Francis, Ltd.

Stable URL: http://www.jstor.org/stable/30042560

Accessed: 08/12/2011 13:26

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Economics Goes to Hollywood: Using Classic Films and Documentaries to Create an Undergraduate Economics Course

Don Leet and Scott Houser

Abstract: The authors describe an interdisciplinary approach to teaching economics that uses a powerful contemporary medium, the motion picture, to establish the context for teaching elementary economics concepts. The plots and subplots in many films can be used to illustrate problems and issues that are amenable to economic analysis. They suggest how these films can be sequenced to create a general studies course for nonmajors.

Key words: economics, education, undergraduate
JEL code: A22

The results of empirical work continue to show that, compared with other disciplines, economics has been slow to adopt courses that rely on pedagogical techniques beyond the lecture method (Becker and Watts 1996). Even studies that have found some instructor-reported movement toward enhanced student participation note that lecture is still the predominant method of instruction (Benzinger and Christ 1997). Some researchers have even suggested that the decline in enrollments and majors experienced by economics departments may be related directly to the reticence to adopt a wider teaching repertoire (Becker 1997).

Partly as a reaction to these criticisms, alternative approaches to teaching economic concepts have received serious consideration by academic economists. In
his foreword to *Teaching Economics to Undergraduates: Alternatives to Chalk and Talk* (Becker and Watts 1998, ix), William Baumol argued that dismal scientists “are qualified to lay claim to insights in the educational process despite our reputation as excessively abstract theoreticians.” In fact, a growing list of works in economic education supports Baumol’s contention of innovative instruction.

Drama, poetry, novels, and music have all been suggested as ways to enhance economic instruction at the undergraduate level. For example, Watts (1998) explained how literature and drama can be used to increase undergraduate student understanding, and Hartley (2001) described an introductory economics course based on the Great Books of Western Civilization. Kish-Goodling (1998), building on Farnum (1931), described how she used Shakespeare’s *Merchant of Venice* to teach monetary economics, and Tinari and Khandke (2000) reported on how song lyrics can be used in introductory economics classes.

In another interdisciplinary approach to teaching economic concepts, we use films to establish the context for teaching economics. The plots and subplots in many films can be used to illustrate problems and issues that are often amenable to economic analysis. Through a combination of readings and films, we expect students to develop a set of skills that can be characterized as an economic way of thinking.

The course described in this article is designed for undergraduates with no economics prerequisites. It is offered as an interdisciplinary upper-division general education course that combines economics with film. As such, the course provides an avenue to teach economic concepts and economic analysis to students outside the economics major who might not otherwise enroll in a college economics class. This course is not meant to replace a traditional sequence of principles of economics, nor is the course targeted to economics majors.

In addition to a course that is built around films, films (or parts of films) could be used in a number of ways to enhance economics instruction in much the same way that Watts (1998) and Tinari and Khandke (2000) describe using literature and music, respectively. First, many instructors use particular sequences from films to illustrate economic concepts in ways that make these concepts more real to their students. For example, the character of George Bailey in *It’s a Wonderful Life* explains why depositors cannot withdraw all of their money from the building and loan during a run on the bank, which illustrates how the fractional reserve system allows banks to create money. Second, films can be assigned for viewing outside of class and followed with class discussion or written analysis. One of our reviewers suggested using *Mr. Smith Goes to Washington* or *A Beautiful Mind* as an extra-credit assignment for the principles of economics class. Finally, a number of authors discuss the use of individual films as case studies in university business and finance courses. Examples of how to use individual films to enhance instruction in finance courses can be found in articles on *Wall Street* (Dyl 1991; Belden 1992), *Other People’s Money* (Chan and Weber 1995), *Barbarians at the Gate* (Nofsinger 1995; and Peterson and Philpot 1997). A similar approach could be taken in economics courses. However, none of these suggestions replicates our approach that makes film the primary focus of the course.

Fall 2003
THE COURSE

The course has five components: readings, lectures, discussion, student papers and, of course, the films. The films and the associated economic topics are listed in Table 1.

The economic readings are taken from two books: Heilbroner and Milberg’s *Making of Economic Society* (1998) and Milton and Rose Friedman’s *Free to

<table>
<thead>
<tr>
<th>TABLE 1. Films and Related Economic Concepts</th>
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<tr>
<td>Film (year of release)</td>
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<tr>
<td>------------------------</td>
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<tr>
<td><em>Nanook of the North</em> (1922)</td>
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<tr>
<td><em>The Man of Aran</em> (1934)</td>
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<td><em>The Fountainhead</em> (1949)</td>
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<td><em>Boiler Room</em> (2000)</td>
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<td><em>Modern Times</em> (1936)</td>
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<td><em>Office Space</em> (1999)</td>
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<td><em>The Man in the White Suit</em> (1951)</td>
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<tr>
<td><em>The Grapes of Wrath</em> (1940)</td>
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<tr>
<td><em>It's a Wonderful Life</em> (1946)</td>
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<tr>
<td><em>Major Barbara</em> (1941)</td>
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<td><em>Salt of the Earth</em> (1954)</td>
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<td><em>Matewan</em> (1987)</td>
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<td><em>A Raisin in the Sun</em> (1961)</td>
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<td><em>Born Yesterday</em> (1950)</td>
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<td><em>The China Syndrome</em> (1979)</td>
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<td><em>A Civil Action</em> (1998)</td>
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<td><em>Erin Brockovich</em> (2000)</td>
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<td><em>Roger &amp; Me</em> (1989)</td>
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Choose (1990). Our selection of these books was quite deliberate—we wanted to give students two distinct points of view. Heilbroner and Milberg develop the theme of an imperfect market economy that can be improved through government intervention. The Friedmans see the market economy perfecting itself when unimpeded by government involvement. The tension between these two books helps students define their own views on economic issues.

In addition to the readings on economics, we also assign readings from an introductory film criticism textbook such as Corrigan’s A Short Guide to Writing about Film (2001). These readings give students a vocabulary and a set of tools to analyze the films. The film topics covered in the class include the literary aspects of film such as the plot, characterization, photography, editing, sound, and major schools of film criticism.

The class meets weekly in the evening for four hours. Under most semester systems, this qualifies as a three-unit class because the actual viewing of the film is considered a laboratory where two hours of lab time equals one hour of lecture. Class meetings are divided between two hours of lecture with some discussion and, generally, two hours for viewing the film. We begin class with a lecture that highlights the relevant economic concepts that are illustrated in the film and provides some continuity between the assigned readings and the film. We also present a brief overview of some element of film criticism during the lecture and occasionally introduce clips of other classic films as examples. The film is then viewed in class, followed by discussion of the film and the economic concepts.

Our course is structured to view the film together in class for several reasons. First, viewing the film as a group focuses the students’ attention on the film in a way that is not possible usually when viewing a film at home or in the library. This focused viewing is essential for developing the skill of seeing the film analytically. A number of students have commented that although they had previously seen one of the films, they had not really understood the film until they viewed it in class. Second, we have found that viewing the film together enhances class discussion and student understanding in ways that may be superior to the standard lecture-discussion format. These observations on the effectiveness of film are similar to those reported by Serey (1992), Belden (1992), and Nofsinger (1995) for undergraduate management and finance courses. Finally, the setup in our classroom allows the films to be shown on a large screen, approximating the experience of seeing the film in a theatre.

We require students to write a short paper biweekly that demonstrates their understanding of the economic theme presented in the previous week’s film and that presents some assessment of the film. Each student is also required to complete a term paper in which he or she argues for the inclusion of a new film in the course next semester. This project allows students to demonstrate their ability to synthesize their economic understanding with their newfound appreciation for film. Student understanding of economics is also assessed with a midterm and a final examination in addition to a grade for their participation in class discussions.

The rapid decline in the price of videocassettes and digital videodiscs has allowed us to present a wide array of movies in this class. We use a lab setting where we can use either of these two major formats and where the large screen
and stereo system give the students a theater-like setting. One important point that we have investigated is the copyright enforcement issue. Although we had some initial concerns about purchasing videos that were clearly marked for home use, a specific exemption, Section 110.1, in the Federal Copyright Act, Public Law 94-553, Title 17 of the United States Code that allows instructors to show films in “face-to-face teaching activities.”

THE FILMS

We selected the films to illustrate specific economics topics and to follow a general chain of the development of economic reasoning. The first film listed next to the concept cluster in Table 1 is the one we have used most often; the others are alternates. For example, the film we usually use to illustrate scarcity is Nanook of the North, the classic documentary by Robert Flaherty about the life of an Eskimo living near the Arctic Circle. The alternative film, The Man of Aran, illustrates the struggles of the residents of an Irish fishing village and leads to insights that are similar to those found in Nanook.

Tucker: The Man and His Dream, follows Nanook and offers a view of an American entrepreneur caught in the vicissitudes of the imperfectly competitive market for automobiles in the postwar period when the federal government played a major role in reallocating scarce resources. The film adaptation of Ayn Rand’s Fountainhead is an alternative selection.

We follow Tucker with Wall Street, another film that highlights the corporate world, but one that emphasizes how unusual and consistent success in a competitive market structure such as the stock market may depend on asymmetric information. Boiler Room is the alternate.

Germinal is a film adaptation of Emile Zola’s 1884 novel about a 19th-century coal mining community. It illustrates the inextricable link between the state of commodity prices and the conditions of the work force. The film also provides a vivid portrayal of Heilbomer and Milberg’s discussion of how the capital necessary for the industrial revolution was accumulated at the expense of workers.

The classic Charlie Chaplin film, Modern Times, moves us from tragedy to comedy with a story about life in early industrial America; it shows both the economic and psychological effects of industrial technology. Office Space is a more recent comedy with a similar theme.

The Man in the White Suit is a British film about an inventor (played by Alec Guinness) who creates a fabric that cannot be soiled and will never wear out. The reaction of the oligopolistic textile firms and their labor unions shows the importance of self-interest in the link between market structure and innovation.

Up to this point, the films are aimed at microeconomic concepts, but we turn our attention to macroeconomics by examining the Great Depression. The necessity of large-scale government intervention during the Great Depression seems to be the lesson in the Grapes of Wrath, whereas George Bernard Shaw’s Major Barbara focuses on the inability of others to improve our lives and instead extols the virtues of pure capitalism over paternalism. The bank panic scene in It’s a Wonderful Life presents the perils of fractional reserve banking to students in a very dramatic fashion.
We return to the microeconomic issues of labor unions, income distribution, and discrimination in our next two films, Salt of the Earth and Raisin in the Sun. Both are powerful, black and white films that most students have never seen.

Just when students are about to think that government intervention is the answer to most economic problems, we introduce public choice economics by showing Born Yesterday. This 1950 drama about a scrap iron tycoon who goes to Washington to influence legislation is still quite accurate regarding the importance of business lobbying and subsequent government action.

After reviewing the causes of government failure, we return to the case of market failure and show The China Syndrome, a drama about the dangers of nuclear power plants. The concept of negative externalities has more alternative film titles than any other concept. Both Erin Brockovich and A Civil Action fall into this category. Perhaps there are so many films of this type because movie producers like a good story with innocent bystanders and a large corporate villain. In a recently published review of movies with economic themes, one economist argues that the reason for the large number of films with antibusiness themes is that Hollywood is generally “anti-capitalist” (Formaini 2001). In our view, movie producers are more concerned with sales than with political economy, but even if they abhor capitalism, there are powerful economic themes in many of their motion pictures.

We conclude the course with Michael Moore’s documentary, Roger & Me, which documents the decline of Flint, Michigan, after General Motors chose to close its Buick assembly plant there. The cinema verite approach underscores the painful reality of dynamic economic adjustment.

CONCLUSION

Music, drama, and classic literature have all been used to reinforce economic learning. Instructors of these humanities-enriched courses report enhanced learning experiences for their students. We propose that a modern art form, the motion picture, can also promote enhanced economic understanding. Film is a powerful medium that has been underutilized in the economics curriculum. We have developed a course that uses films as a context for teaching economics. The course is designed as a complement to more traditional introductions to economics and should appeal to a different audience. In our view, the course is an especially attractive economics course for undergraduate students because participation is open to all students, regardless of their quantitative background.

In future work, we plan to test the hypothesis that students can learn the economic way of thinking as well from this film course as from a traditional one-semester survey course. Some preliminary results from a survey designed to measure students’ ability to employ the economic way of thinking indicate that students in the film class make better progress than do students in a control class.¹ The small sample did not allow us to control for student characteristics; therefore, these results are only suggestive of how effectively films can be used to teach the economic way of thinking. We plan to refine our survey of economic opinions to measure better the economic way of thinking. We have
recently repeated the survey with a larger sample size and are currently analyzing the data.

NOTE

1. The analysis of these preliminary data was presented at the 2001 Allied Social Science Association annual meetings in Atlanta, Georgia, and are available from the authors upon request.

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