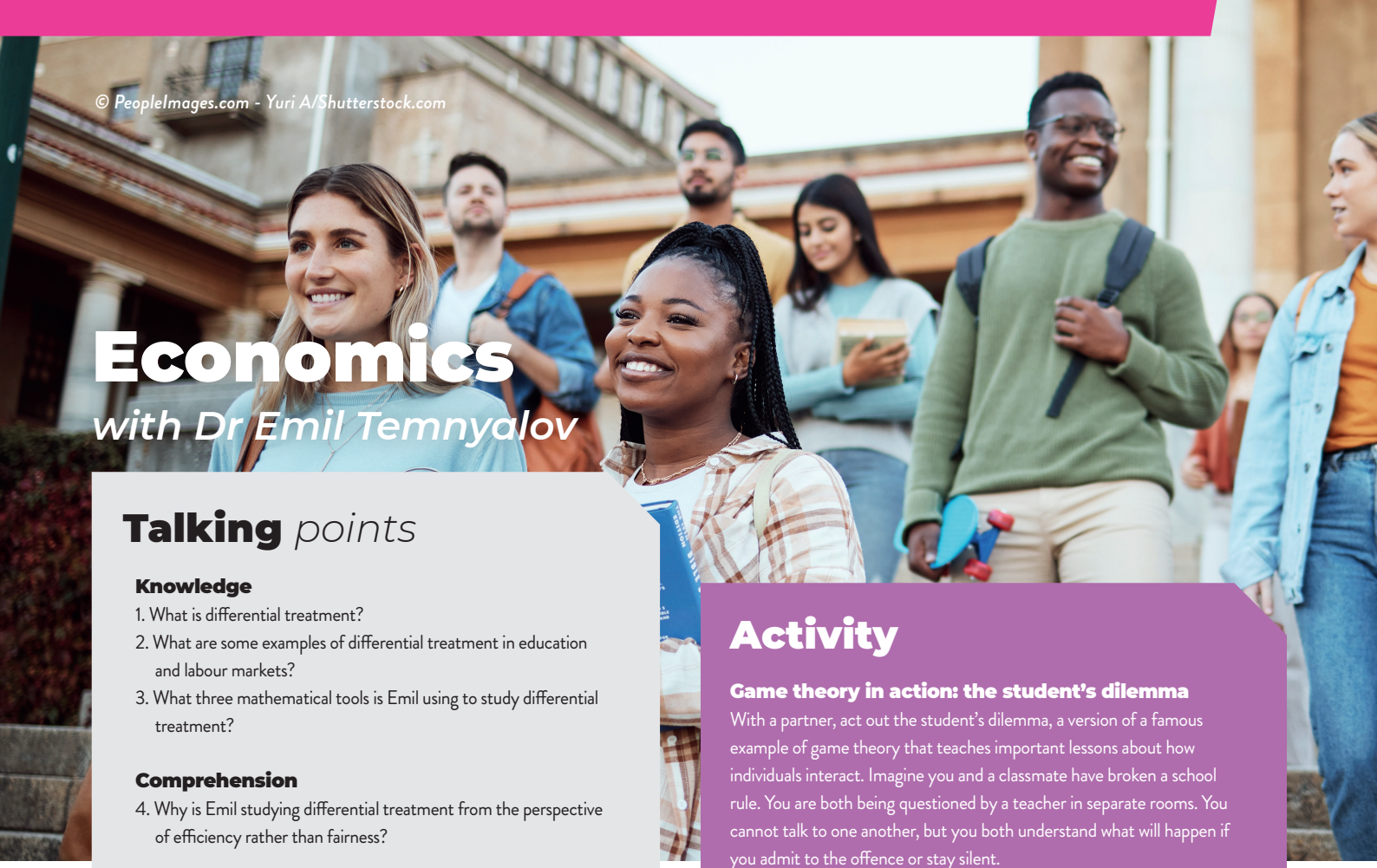

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Economics

with Dr Emil Temnyalov

Talking *points*

Knowledge

1. What is differential treatment?
2. What are some examples of differential treatment in education and labour markets?
3. What three mathematical tools is Emil using to study differential treatment?

Comprehension

4. Why is Emil studying differential treatment from the perspective of efficiency rather than fairness?

Application

5. If someone has not received a university place or promotion because a differential treatment policy meant the opportunity was given to another candidate, how would you explain to the disappointed (and possibly angry) person why the policy is in place?

Analysis

6. How can socio-economic factors affect someone's educational outcomes?
7. Why do you think differential treatment policies are controversial?
8. When the US Supreme Court banned universities from using affirmative action for admissions, what arguments do you think people on each side of the debate used?

Evaluation

9. To what extent do you agree that differential treatment should be used when assigning educational or employment opportunities?
10. How would you feel if you benefitted from a differential treatment policy? And how would you feel if you lost out on an opportunity because a differential treatment policy meant it was given to someone else?

More *resources*

- This blog from the Economic Policy Institute discusses the problems expected to arise following the US ban on affirmative action: **www.epi.org/blog/the-supreme-courts-ban-on-affirmative-action-means-colleges-will-struggle-to-meet-goals-of-diversity-and-equal-opportunity**

Activity

Game theory in action: the student's dilemma

With a partner, act out the student's dilemma, a version of a famous example of game theory that teaches important lessons about how individuals interact. Imagine you and a classmate have broken a school rule. You are both being questioned by a teacher in separate rooms. You cannot talk to one another, but you both understand what will happen if you admit to the offence or stay silent.

If you both admit to the offence, you will each receive an after-school detention. If you both stay silent, you will each get a lunchtime detention. However, if one of you confesses but the other stays silent, then the person who confesses will get no punishment for cooperating, while the other will receive 3 after-school detentions. "Situations like this, where each individual acts in their own best interest but everybody still somehow loses, are surprisingly common in life," says Emil.

Play the game by writing down your decision to confess or stay silent and revealing it at the same time as your partner. What punishment will you each receive? Then repeat the game, but this time you each get 3 after-school detentions if you both confess, you will both get no punishment if you both stay silent, and you will get two weeks of after-school detentions if you stay silent but your partner confesses, while they will get a lunchtime detention (and vice versa).

Consider the following:

- How does it feel to make a decision when you don't know how your partner's actions will influence the outcome of your decision?
- Did you adjust your strategy when the stakes of the game were changed? Why, or why not?
- From a mathematical perspective, what is the best course of action to take in this situation? (see link below for the answer)

This game is an adaptation of 'the prisoner's dilemma', an extremely famous model of game theory that has been used to study everything from nuclear arms races to doping in sports. In this article, Emil discusses how the prisoner's dilemma can be applied to the issue of big tech companies controlling media coverage (and reveals the best strategy to take when playing the game): **www.theconversation.com/getting-news-from-facebook-and-google-is-convenient-but-it-comes-at-great-collective-cost-155720**