MODULE 3: **Theories of Economic Success (income and earnings), Misperceptions, 10,000 hours, Grit, Resilience, Talent, Failure, Human Capital, Meritocracy, and Money ball**

Assignments for 10/14 Lecture: Broadening Economic Success/Failure

1. **Read:** Malcolm Gladwell's Outliers Chapter 1 (The Matthew Effect)
2. **Read:** Malcolm Gladwell's Outliers Chapter 2 (10,000 Hour Rule)
3. **View:** Gates video clip on 10,000 hours (3:01)
4. **View:** Michael Lewis Commencement Speech (13:42)
5. **Read:** Gladwell's 10,000 hours and Complexity

Learning Objectives

- I**dentify** at least three variables introduced in the Gladwell chapters that expand the purview of the current theories of poverty - factors that might explain varying degrees of economic success.
- **Choose** one of these factors and **relate** it to theory or theories of poverty discussed in class. Keep in mind that these theories tend to focus on character, circumstances, or culture.
- **Identify** any **new** information introduced by Bill Gates and **connect** it to the conversation? How does his thinking on the subject deepen or broaden our understanding of economics outcomes?
- **Identify** and **connect** the novel information introduced by Michael Lewis. How does this information deepen or broaden our understanding of economics success/failure?

Resources 10/14:

- Gladwell Chapters (attached)
- Gates Video https://youtube.googleapis.com/v/CsGihiSE6sM
- Michael Lewis https://youtube.googleapis.com/v/CiQ_T5C3hIM

Assignments for 10/16 Lecture: Rethinking Character, Hard Work, and Motivation

1. **Take:** *Brief Strengths Test*
2. **Take:** *Grit Survey*
3. **View:** Drive: *Surprising Truth About What Motivates Us*
4. **View***:* Duckworth*, True Grit: Can Perseverance be Taught?*
5. **Read:** Tough, *What if the Key to Success is Failure*
6. **View:** *Money on the Mind* (this is the research that Lewis references in video)

Learning Objectives

- **Explain** what Duckworth means by grit. **Mull over** her claim that that grit *unlocks* people's talent or *enables* one to achieve at very high levels.
- **Link** Duckworth's notion of deliberate practice and her 10-year rule to Gladwell's 10,000 hours and Gates' idea that it must be 10,000 hours sprinkled with fanaticism & talent.
- **Define** and **explain** Pink's concept of drive. Is there overlap between drive and grit? Between drive and 10,000 hours? Fanaticism? Explain.

Resources 10/16:

- Brief Strengths Test (This is a reliable UPenn site. You will have to sign up with name and email address. Then click on Brief Strengths Test under Questionnaires) http://www.authentichappiness.sas.upenn.edu/default.aspx
- Grit Survey (Use email address and password from above and take Grit Survey under Questionnaires) http://www.authentichappiness.sas.upenn.edu/default.aspx
- Daniel Pink's Drive http://www.youtube.com/watch?v=u6XAPnuFjJc
- Duckworth's Grit http://www.youtube.com/watch?v=qaeFnxSfSC4
- Tough's Key to Success *http://www.nytimes.com/2011/09/18/magazine/what-if-the-secret-to-success-is-failure.html?_r=2&pagewanted=all&*
- Money on the Mind http://www.youtube.com/watch?v=IuqGrz-Y_Lc

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Assignments for Lecture 10/21: Merit & Meritocracy

1. **Read:** McNamee & Miller, Meritocracy Myth
2. **Read:** Guinier, Myth of Meritocracy
3. **Read:** Forbes, Paradox of Meritocracy
4. **View:** Miller, Virtues of Meritocracy (4:13 minutes)
5. **View:** Hayes, The Lie of Meritocracy (5:56 minutes)
6. **View:** Bernanke's Commencement Speech (12:10 minutes)
7. **Read:** Wages of Luck
8. **View:** Gladwell, Squandering Human Potential (11:31 minutes)

Learning Objectives:
- **Define** and **explain** the concepts of merit and meritocracy
- **Briefly summarize** the major claims presented by the authors in readings 1-3. Focus on what you believe is their primary argument and don't get lost in details. Of course, these arguments will be related to merit or meritocracy.
- **Contrast** the arguments in the 3 readings. Think through the differences between the positions presented on merit and meritocracy in Guinier, M&M, and Forbes. The authors do not have to "disagree" in order for the arguments to be distinct; they might simply focus on a different aspect of the issue.
- **Link** Gladwell's notion of constraints and low cap rates with M&M's notion of social gravity. In their views, why might one not realize returns to hard work, talent, or skill?
- **Estimate** your capitalization rate? How percentage of your potential to you use
- **Relate** Gladwell's notion of constraints and cap rates to Duckworth's idea that grit may unlock peoples' talent or enable them to achieve at higher levels.
- **Integrate** Friedman's notion of the birth lottery in *Wages of Luck* with M&M's understanding of inheritance as an aspect of social gravity and also with Gladwell and Lewis' concepts of luck.
- **Contemplate** your position on meritocracy. Do you believe it is the dominant way that income and wealth are distributed in the US or the dominant way that economic success is determined?

Resources 10/21
- McNamee & Miller, Meritocracy Myth
- Guinier, Myth of Meritocracy
- Forbes, Paradox of Meritocracy
- Miller, Virtues of Meritocracy http://www.youtube.com/watch?v=huClarhoD4g
- Hayes, The Lie of Meritocracy http://www.youtube.com/watch?v=bsD5qat1Jh8
- Bernanke's Commencement Speech http://www.youtube.com/watch?v=D86yg0EQnzs
- Gladwell's Squandering Human Potential https://youtube.googleapis.com/v/kspphGOjApk
- Intro Human Capital
- MM PPT: Meritocracy or Not PPT? (taking a position)
- MHCPP: Merit, Human Capital, Productivity and Pay

In-class Thinking:

- **Pondering:** Guinier, M&M, and Lewis (in *Money Ball)* all argue that when factors associated with merit are used to explain income, merit turns out to be ***not*** so uniquely individual. Guinier argues that measures of merit is mis-measured, and actually reflects inheritance. M&M argue that inheritance mediates merit. Lewis also suggests that individual productivity is mis-measured. How else could we explain overvalued and undervalued players?
- **Stretching:** Duckworth argues that community college graduates are grittier that 4 year grads because they operate in an environment that is much less conducive to success. Is it possible that Lewis is making a similar argument – that hitters have a much greater chance of being successful if they are surrounded by other successful players like those with a high on-base-percentage? If so, do you think we can consider using Easterly's "match effects" to frame this discussion?
- **Taking a Position:** First, prepare your individual responses to questions in the MM-PPT. Second, discuss the SF Fed addition in your groups and edit individual responses if desired (cross out or add but do not erase … you might change your mind again). Third, reconcile the slide on the distribution of talent with the slides on the distribution of income (MHCPP-PPT) using any of the readings thus far.