Seinfeld: A Show about Economics and Irrationality

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Abstract
The show Seinfeld is much more than a show about nothing. In each episode, unnoticed by the average viewer, common principles of economics are being presented. However, these principles are being presented in a way that differs from the typical neoclassical economic view, which is every person makes rational decisions. This paper questions the view of the writers, Jerry Seinfeld and Larry David, on their understanding of human behavior. More importantly, by focusing on two episodes, this paper argues that people do not always make rational decisions and as a result, questions neoclassical economics as a whole.
Seinfeld: A Show about Economics and Irrationality

Josh Sufilka

Economics can be found in the most unlikely of places. For instance, after dinner you sit down to relax and absorb some quality television. After many minutes of channel surfing, you ultimately decide to watch the show Seinfeld. Although the show is known for its comedy, there may be something hidden in the show unnoticed by the common viewer. Unknowingly you are being presented with principles of economics. However, those economic principles are being presented in a way that may be different than the typical neoclassical economics principles which supports the theory that all human beings make rational decisions. The show was primarily written by Jerry Seinfeld and Larry David, meaning the show was highly influenced by their view and understanding of the world. Thus, the economics presented in the show may reflect their understanding of the economic principles and may be different than the typical neoclassical understanding. Two economic principles the show consistently contained throughout the series are cost-benefit analysis and opportunity cost. However, those principles are not presented the way a neoclassical economist would present them since they believe all humans are naturally rational and will always make the rational choice. Because Seinfeld is influenced by the opinions of the writers, the show presents views of economics differently than typical economic understanding by having the characters make irrational decisions and choices where the costs outweigh the benefits.

An economic principle that people use every day without realizing it is cost-benefit analysis. Cost-benefit analysis is defined as “a process used to determine whether the benefits of providing a public good outweigh the costs” (Mateer 216). This definition does not need to be applied to large scale decisions that affect huge populations, meaning this definition can apply to individual decisions. For example, if a person is deciding to drink alcohol with his friends one night, he has to decide if the benefits outweigh the costs. The benefits could be the enjoyment of spending time with his friends and the costs could be a hangover or negative externalities resulting from the drinking. Based on the principle, the rational decision an individual makes should consist of the benefits outweighing the costs; otherwise the decision would be irrational. This is where Seinfeld differs because the show’s characters tend to make decisions where the costs outweigh the benefits.

Economic principles were present throughout all nine seasons of Seinfeld and numerous episodes would be great examples of those principles. “The Engagement” episode is a perfect demonstration of cost-benefit analysis. In the episode, a dog living in the courtyard across the street from Elaine’s apartment keeps her up all night barking and causing problems. She decides to take measures into her own hands, with help from Kramer and Newman, by kidnapping the dog and releasing it far from the courtyard in the country. As a result, the dog returns home and Elaine, Kramer, and Newman are caught by the police for dognapping.

The cost-benefit analysis principle applies to Elaine’s situation. Elaine was presented with a situation where she had to make an important decision. The dog was causing many negative externalities which means society was being affected by the dog’s actions and the removal of the dog would make everything better. Elaine’s
decision to kidnap the dog presented many costs and benefits. The costs of kidnapping the dog would be guilt, the possibility of being arrested, and the possibility of being injured during the process of kidnapping the dog. On the other hand, the benefits of removing the dog would be health benefits, such as more sleep. Based on those facts, the costs outweighed the benefits, and the rational thing would have been to not kidnap the dog and to figure out another solution. This means that the economic principle in the episode differs from traditional neoclassical economic principles because Elaine would have made the rational decision based on cost-benefit analysis. If this situation presented itself to a neoclassical economist, he would have dealt with it differently. After performing the cost-benefit analysis, he would have realized that the costs outweighed the benefits and would not have kidnapped the dog. He would have gone with a more rational decision, such as purchasing ear plugs or continuing to complain to the police. Based on Elaine’s situation, Seinfeld does not present the economic principle like a neoclassical economist would present it and possibly shows a flaw in regards to neoclassical economics: humans do not always make the rational decision.

In the same episode, Jerry and George are presented with cost-benefit analysis in regard to marriage. The two characters consider the costs and benefits of marriage, but Jerry does not have the same analysis as George. For Jerry, the costs of marriage are plentiful, such as not being able to do what he wants because of his wife. Conversely, the benefits would be caring for someone, considering himself a “man,” and all the great additions that result from marriage. However, Jerry ultimately decides to remain single, which is irrational because the benefits outweigh the costs. For George, the costs and benefits of marriage are the same as Jerry’s, but he makes a different decision. He believes the benefits outweigh the costs and asks Susan, his girlfriend, to marry him. Although he makes a more rational decision than Jerry, he quickly regrets it and becomes jealous of Jerry’s singleness. Since he regrets getting married, George ultimately is doing the same thing as Jerry by wanting to remain single. The desire to remain single does not make sense based on their reasons and cost-benefit analysis, so this is another example how Seinfeld’s principles stray from the neoclassical viewpoint. A neoclassical economist would have approached this differently as well. He would have noticed more benefits (using the same reasons as George and Jerry) and would have decided that marriage was a better decision than remaining single. The neoclassical view clearly differs from the view presented in Seinfeld.

Decision making plays an important part in Seinfeld and there are always many factors and variables that come into play when making a decision. The most difficult aspect about making a decision is that you are ultimately giving up something to do another thing. The thing you finally decide not to do will become your opportunity cost. Opportunity cost is defined as “the highest valued alternative that must be sacrificed in order to get something else” (Mateer 13). Although most people do not know the principle, it actually plays a huge part in their lives. When a decision is being made, the biggest question the individual should ask himself is which choice will give him the greatest benefit. The choice that provides the least amount of benefit should become the opportunity cost. For example, you are trying to decide if you should watch the football game on the television or cut the grass in your yard. If you decide that cutting the grass is more important, the opportunity cost would be watching the football game.
Seinfeld relates to this principle because throughout the show the characters are always making decisions which would result in opportunity costs. However, the characters tend to make irrational decisions and the rational decision actually becomes the opportunity cost which conflicts with the neoclassical economics system.

Opportunity cost, the other economic principle heavily presented throughout Seinfeld, is represented extremely well in the episode “The Chinese Restaurant.” Once again, the interpretation in the show conflicts with neoclassical economic principles. In the episode, Jerry, Elaine, and George go to a Chinese restaurant before going to a movie. Soon after arriving at the restaurant, they discover that getting a table may be more difficult than they thought. Eventually, they begin to think of alternatives instead of waiting for a table at this restaurant such as eating at the movie theater or grabbing a quick fast food burger. At the end of the episode, they finally leave and go do the activities they were going to do if they did not see the movie, since they wasted too much time at the restaurant and could not see the movie anymore.

Opportunity cost is present throughout the episode since the whole episode revolves around decisions. Elaine, Jerry, and George all make decisions throughout the episode that showcase opportunity costs. All three characters have their own opinion about what they should do since the wait for the table is taking too long. Elaine is more worried about eating than anything else. She believes that they should leave the Chinese restaurant and go somewhere else before the movie. George is supposed to be contacting his girlfriend, but he has difficulty contacting her since he chose to go out to eat and see a movie. He leaves her a message and tells her to contact the restaurant to reach him, but ultimately, that does not work out. Jerry’s primary concern is the movie, and he suggests they just go to the theater and eat food there. Jerry was also supposed to go visit his sick uncle instead of seeing the movie. All of these examples have opportunity costs; however, they make irrational decisions and the opportunity costs would actually have been better choices. For instance, a neoclassical economist would have made different choices. In Jerry’s position, he would not have gone to the restaurant or movie at all and would have gone to see his uncle. That would have been more beneficial and the movie would have become the opportunity cost. In Elaine’s position, he would have gone somewhere without a wait since eating was his primary concern. His opportunity cost for that would have specifically been Chinese food. In George’s position, he would not have gone out at all and would have gone to see his girlfriend. He was more worried about her and the opportunity cost would have been Chinese food. All the characters made the opposite decisions that they should have. Their opportunity costs would have been better choices. As a result, the economic principles in Seinfeld differ from neoclassical economics and this episode suggests that the theory is flawed.

Seinfeld and neoclassical economics disagree very often. Based on that information, the conclusion that neoclassical economics is flawed can be made. Although Seinfeld is a comedy, the scenarios represented in the episodes could happen and represent the choices most people would make. This means that most people would consider the choices rational even though neoclassical economics would disagree. Since the show represents what the majority of individuals would do, the flaws of neoclassical economics become obvious. The flaw would then imply that behavioral economics is the more accurate system since it believes the supposedly “irrational”
choices people make are actually rational. This system is heavily present throughout *Seinfeld* which may not represent neoclassical economics well, but it demonstrates the strength of behavioral economics.

*Seinfeld* has economic principles present in almost every episode. Although Jerry Seinfeld and Larry David most likely did not do it consciously, they are still great tools for demonstrating the principles. Even though the principles are not always presented accurately or rationally, they are very helpful for showing how they differ from neoclassical economics and how the principles do not always hold up.

**References**

