

Econ 385-003: International Economic Policy

T,Th 3:00 PM – 4:15 PM, East Building 122, Fall 2010

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"The curious task of economics is to demonstrate to men how little they really know about what they imagine they can design."

-F.A. Hayek

"It is no crime to be ignorant of economics, which is, after all, a specialized discipline and one that most people consider to be a 'dismal science.' But it is totally irresponsible to have a loud and vociferous opinion on economic subjects while remaining in this state of ignorance."

-Murray N. Rothbard

Course Introduction

This course is designed to introduce students to the economic way of thinking in order to prepare them to analyze international trade and development policy issues. Economics provides a way of thinking about policies that will equip students with the training to not only look at the immediate and intended consequences of a policy, but to also look at the long run and unintended consequences of a policy. Course lectures, discussions and readings will emphasize the role of market institutions in fostering international trade and development, and explore the motivational and cognitive barriers that governments face in forming and implementing international trade and development policies.

Grading

Final Paper	45%
Quizzes	45%
Participation	10%

Grading Scale

A+	97-100
A	93.1-96.9
A-	90-93
B+	87-89.9
B	83.1-86.9
B-	80-83
C+	77-79.9
C	73.1-76.9
C-	70-73.0
D+	67-69.9
D	63.1-66.9
D-	60-63
F	0-59.9

Participation

Due to the nature of the material lectures will largely be discussion based. I expect students to come to class having carefully read the assigned material in order to engage in discussions about the material.

Quizzes

An unspecified number of quizzes will be administered without advanced notice throughout the course. The quizzes will be limited to material covered in the current lecture, material covered in the previous class's lecture and the assigned readings for the day. These quizzes are designed to encourage students to thoroughly read the assigned material and to take and review lecture notes.

Attendance

I do not take attendance; however, in order to participate and take the quizzes, you must be present and on time. There are no makeup quizzes. If you miss a class you are expected to read the material on your own, and copy notes from the missed class from a classmate.

Final Paper

Students will research a developing nation and use the concepts they have learned in this course to analyze one to five of the nation's current economic policies (or policies implemented by other nations that affect the developing nation's economic development such as trade barriers, immigration controls, military operations and foreign aid) and analyze the policies for economic soundness. The paper should demonstrate the student's command of the material covered in this class and their ability to apply the economic way of thinking to international trade and development policies in an original way.

The paper must be turned in by December 14th at 4:15 PM. Late papers will not be accepted.

The paper must conform to these specifications:

Six pages minimum
Double-spaced
12-pt Times New Roman font
1-inch margins
Separate title page
APA formatting for references
Microsoft Word document or PDF

Extra Credit

There is no extra credit.

Academic Integrity

George Mason University has an Honor Code, which requires all members of this community to maintain the highest standards of academic honesty and integrity. Cheating, plagiarism, lying, and stealing are all prohibited. All violations of the Honor Code will be reported to the Honor Committee. See <http://www.gmu.edu/academics/catalog/9798/honorcod.html> for more detailed information.

GMU Email Accounts

Students must activate their GMU email accounts to receive important University information, including messages related to this class.

Office of Disability Services

If you are a student with a disability and you need academic accommodations, please see me and contact the Office of Disability Services (<http://ods.gmu.edu>) at 703-993-2474. All academic accommodations must be arranged through that office.

Enrollment

Students are responsible for verifying their enrollment in this class. Schedule adjustments should be made by the deadlines published in the Schedule of Classes (Deadlines each semester are published in the Schedule of Classes available from the Registrar's Website www.registrar.gmu.edu)
Last day to add: September 14
Last day to drop without tuition penalty: October 1
Last day to drop with tuition penalty: September 14
After the last day to drop a class, withdrawing from this class requires the approval of the dean and is only allowed for nonacademic reasons.
Undergraduate students may choose to exercise a selective withdrawal. See the Schedule of Classes for selective withdrawal procedures.

Other Useful Campus Resources

Writing Center

A114 Robinson Hall; (703) 993-1200

<http://writingcenter.gmu.edu>

University Libraries "Ask a Librarian"

<http://library.gmu.edu/mudge/IM/IMRef.html>

Counseling and Psychological Services
(703) 993-2380;
<http://caps.gmu.edu>

University Policies

The University Catalog, <http://catalog.gmu.edu> is the central resource for university policies affecting student, faculty, and staff conduct in university affairs.

Textbooks

These books are available in the GMU bookstore as well as through online sites such as Amazon (the pages and chapters correspond to the editions available in the bookstore).

Required

Coyne, Christopher (2008). *After War: The Political Economy of Exporting Democracy*. Stanford, CA: Stanford University Press.

Gwartney, James, Richard L. Stroup, and Dwight R. Lee (2005). *Common Sense Economics*. New York: St. Martin's Press.

Norberg, Johan (2003). *In Defense of Global Capitalism*. Washington, DC: Cato Institute.

Roberts, Russell (2007). *The Choice: A Fable of Free Trade and Protectionism*. Upper Saddle River, New Jersey: Pearson Education, Inc.

Not Required to Purchase (Available Online)

Hazlitt, Henry (1979). *Economics in One Lesson*. New York: Three Rivers Press.
Available from <http://fee.org/library/books/economics-in-one-lesson/>

Recommended

Leeson, Peter T. (2009). *The Invisible Hook: The Hidden Economics of Pirates*. Princeton, New Jersey: Princeton University Press.

Easterly, William (2006). *The White Man's Burden: Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good*. New York: The Penguin Press.

Supplemental Readings

I provide additional readings for those students interested in pursuing a deeper understanding of the topics covered in a lecture. These books are not required, and the information not covered in the assigned readings or lectures will not be on quizzes or be expected to be reflected in the final paper.

Other Economic Resources

I maintain a list of links to various economic topics on my blog:
<http://danieljosephsmith.wordpress.com/>

The *New Palgrave Dictionary of Economics* is available electronically through the GMU Library. It is an excellent source for more information on topics covered in this class.

The Library of Economics and Liberty maintains an online encyclopedia of economics at: <http://www.econlib.org/library/CEE.html>

EconTalk hosted by Russell Roberts offers podcasts on economics subjects at: <http://www.econtalk.org/archives.html#category>

Lecture Schedule and Assigned Readings

The reading assignments should be read *prior* to the class lecture. This is a tentative schedule and is subject to change depending on the flow of the class. This course is reading intensive because I need you to acquire a basic level of understanding to facilitate classroom discussion.

August 31

Introduction & Syllabus

September 2

Economics, Economic Way of Thinking, Invisible Hand, Incentives, Marginal Cost & Marginal Benefit

Readings

Common Sense Economics – Pages 1-15

Economics in One Lesson – Chapter 1

Supplemental Reading

Leeson, Peter T. (2009). *Invisible Hook*. New Jersey Pres: Princeton University Press.

Landsburg, Steven E. (1993). *The Armchair Economist*. New York: The Free Press.

Landsburg, Steven E. (1997). *Fair Play*. New York: The Free Press.

Hazlitt, Henry (1979[1946]). *Economics in One Lesson*. New York: Three Rivers Press.

September 7

No Class

September 9

Supply & Demand, Price Floors, Price Ceilings, Profit and Loss System & Knowledge Problems Part II

Readings

Common Sense Economics – Pages 15-32

Economics in One Lesson – Chapters 17, 18 & 19

Supplemental Reading

- Friedman, Milton (1990[1980]). *Free to Choose*. Orlando, FL: Harcourt Inc.
- Kleiner, Morris (2006). *Licensing Occupations: Ensuring Quality or Restricting Competition*. Kalamazoo, MI: W.E. Upjohn Institute.
- Roberts, Russell (2008, June 23). McKenzie on prices [podcasts]. *EconTalk*. Available online: http://www.econtalk.org/archives/2008/06/mckenzie_on_pri.html
- Roberts, Russell (2007, October 27). Munger on middlemen [podcast]. *EconTalk*. Available online: http://www.econtalk.org/archives/2006/12/caplan_on_discr.html
- Roberts, Russell (2007, January 8). EconTalk. Munger on price gouging [podcast]. Available online: http://www.econtalk.org/archives/2007/01/munger_on_price_1.html
- Roberts, Russell (2006, December 4). Caplan on discrimination and labor markets [podcast]. *EconTalk*. Available online: http://www.econtalk.org/archives/2008/10/munger_on_middl.html
- Sowell, Thomas (1996[1980]). *Knowledge and Decisions*. New York: Basic Books.
- Wilson, William (1996). *When Work Disappears*. New York: Vintage Books.

September 14

Supply & Demand, Price Floors, Price Ceilings, Profit and Loss System & Knowledge Problems Part II

September 16

Free Trade, Comparative Advantage, Tariffs, Quotas & Creative Destruction Part I

Readings

The Choice – Chapters 2, 3 & 4

Supplemental Reading

- Bhagwati, Jagdish (2004). *In Defense of Globalization*. New York: Oxford University Press.
- Bovard, James (1991). *The Fair Trade Fraud: How Congress Pillages the Consumer and Decimates American Competitiveness*. New York, St. Martin's Press Inc.
- Buchanan, James M. (1999). Generalized increasing returns, euler's theorem, and competitive equilibrium. *History of Political Economy* 31(3): 512-523
- Irwin, Douglas (2002). *Free Trade Under Fire*. New Jersey: Princeton University Press.
- Leeson, Peter T. (2010). Two cheers for capitalism. *Society* 47(3): 227-233.
Available online: http://www.peterleeson.com/Two_Cheers_for_Capitalism.pdf
- Norberg, Johan (2003). *In Defense of Global Capitalism*. Washington D.C.: Cato Institute.
- Roberts, Russell (2010, February 8). Roberts on Smith, Ricardo, and trade [podcast]. *EconTalk*. Available online: http://www.econtalk.org/archives/2010/02/roberts_on_smit.html
- Roberts, Russell (2007, April 16). Boudreaux on the Economics of "Buy Local" [podcast]. *EconTalk*. Available online: http://www.econtalk.org/archives/2007/04/boudreaux_on_th.html
- Roberts, Russell (2007, December 3). Munger on fair trade and free trade [podcast].

EconTalk. Available online:
http://www.econtalk.org/archives/2007/12/munger_on_fair.html
Shleifer, Andrei (2009). The age of Milton Friedman. *Journal of Economic Literature* 47(1): 123-35. Available online:
http://www.economics.harvard.edu/faculty/shleifer/files/JEL_2009_final.pdf

September 21

Free Trade, Comparative Advantage, Tariffs, Quotas & Creative Destruction Part II

Readings

The Choice – Chapters 6,7 & 8

September 23

Globalization, Sweatshops, Multinational Corporations, Opportunity Costs & Immigration

Readings

The Choice – Chapters 10 & 12
Defense of Global Capitalism 210-223

Supplemental Reading

Powell, Benjamin and David Skarbek (2004). Sweatshops and third world living standards: Are the jobs worth the sweat? *Journal of Labor Research* 27(2): 263-274. Available online:
http://www.independent.org/pdf/working_papers/53_sweatshop.pdf
Roberts, Russell (2008, January 21). Don Boudreaux on globalization and trade deficits [podcast]. *EconTalk*. Available online:
http://www.econtalk.org/archives/2008/01/don_boudreaux_o.html
Roberts, Russell (2007, July 9). Leamer on outsourcing and globalization [podcast]. *EconTalk*. Available online:
http://www.econtalk.org/archives/2007/07/leamer_on_outso.html

September 28

Tragedy of the Commons, Luddites & Environmental Policy Part I

Readings

The Choice – Chapters 13 & 14

Supplemental Reading

Anderson, Terry and Donald Leal (2001). *Free Market Environmentalism*. New York: Palgrave.
Fleck, Robert K. and F. Andrew Hanssen (2007). Do profits promote pollution? *PERC Policy Series*: PS-4 Available online: <http://www.perc.org/articles/article898.php>
Lomborg, Bjorn (2007). *Cool It: The Skeptical Environmentalist's Guide to Global Warming*. New York: Alfred A. Knopf.
Lomborg, Bjorn (2001). *The Skeptical Environmentalist: Measuring the Real State of the*

- World*. New York: Cambridge University Press.
http://www.econtalk.org/archives/2007/09/grab_bag_munger.html
- Roberts, Russell (2007, July 2). Munger on recycling [podcast]. *EconTalk*. Available online: http://www.econtalk.org/archives/2007/07/munger_on_recyc.html
- Roberts, Russell (2007, October 29). Yandle on the tragedy of the commons and the implications for environmental regulation [podcast]. *EconTalk*. Available online: http://www.econtalk.org/archives/2007/10/yandle_on_the_t.html
- Roberts, Russell (2007, September 24). Grab bag: Munger and Roberts on recycling, peak oil and steroids [podcast]. *EconTalk*. Available online:
- Simon, Julian L. (1996). *The Ultimate Resource 2*. New Jersey, Princeton University Press.
- Stroup, Richard L. (2003). *Eco-nomics: What Everyone Should Know About Economics and the Environment*. Washington, D.C.: Cato Institute.

September 30

Tragedy of the Commons, Luddites & Environmental Policy Part II

Readings

- Benjamin, Daniel (2010). Recycling myths revisited. *PERC Policy Series*: PS-4.
 Available online: <http://www.perc.org/articles/article1282.php> (only read pages 6-31).

October 5

Interventionism, Law of Unintended Consequences, Regulation, Taxation, Licensing & Subsidies Part I

Readings

- Djankov, Simeon, Rafael La Porta, Florencio Lopez-De-Silanes and Andrei Shleifer (2002). Regulation of entry. *Quarterly Journal of Economics* 117(1): 1-37.
 Available online: <http://www.doingbusiness.org/documents/551.pdf>

Supplemental Reading

- Acemoglu, Daren and Joshua D. Angrist (2001). Consequences of employment protection? The case of the Americans with Disabilities Act. *Journal of Political Economy* 109(5): 915-957. Available online: <http://econ-www.mit.edu/files/273>
- Buchanan, James M. (1970). In defense of caveat emptor. *University of Chicago Law Review* 38(3): 64-73
- de Soto, Hernando de (1989). *The Other Path: The Economic Answer to terrorism*. New York: Basic Books.
- Epstein, Richard (1992). *Forbidden Grounds: The Case Against Employment Discrimination Laws*. Cambridge, Harvard University Press.
- Greg, Perry (2004). *Disabling America: The unintended consequences of government's protection of the handicapped*. Nashville, TN: Thomas Nelson.
- Hall, Joshua and Peter Leeson (2007). Good for the goose, bad for the gander. *Journal of Labor Research* 28(4): 658-676. Available online: http://www.peterleeson.com/Good_for_the_Goose_Bad_for_the_Gander.pdf

- Hasnas, John (2009). The mirage of product safety, forthcoming. *Oxford Handbook of Business Ethics*. Ed. Brenkert, G.; Beauchamp. T. Oxford.
- Higgs, Robert (1995). *Hazardous to Our Health? FDA Regulation of Health Care Products*. Oakland, CA: The Independent Institute.
- Holcombe, Randall and Benjamin Powell (2009). *Housing America: Building Out of a Crisis*. Oakland, CA: Independent Institute.
- Meiners, Roger and Bruce Yandle (1989). *Regulation and Regan Era*. New York: Holmes & Meier Publishers, Inc.
- Mises, Ludwig (1977[1929]). *A Critique of Interventionism*. New York: Arlington House Publishers. Available online: <http://mises.org/etexts/mises/critique/contents.asp>
- Roberts, Russell (2008, March 24). Munger on subsidies and externalities [podcast]. *EconTalk*. Available online: http://www.econtalk.org/archives/2008/03/munger_on_subsi.html
- Roberts, Russell (2008, December 28). Winston on market failure and government Failure [podcast]. *EconTalk*. Available online: http://www.econtalk.org/archives/2009/12/winston_on_mark.html
- Roberts, Russell (2006, November 13). Peltzman on regulation [podcast]. *EconTalk*. Available online: http://www.econtalk.org/archives/2006/11/peltzman_on_reg.html
- Stigler, George (1975). *The Citizen and the State: Essays on Regulation*. Chicago: University of Chicago Press.

October 7

Interventionism, Law of Unintended Consequences, Regulation, Taxation, Licensing & Subsidies Part II

Readings

DGC – Pages 64-98

October 12

Health Care, Welfare

Readings

Rothbard, Murray (1956). *Towards a reconstruction of utility and welfare economics*. The Mises Institute. Available online: <http://mises.org/rothbard/toward.pdf> (pages 21-end).

Supplemental Reading

Dranove, David (2000). *The Economic Evolution of American Health Care*. New Jersey: Princeton University Press.

Feldman, Roger (2000). *American Health Care: Government, Market Processes, and the Public Interest*. Oakland, CA: Independent Institute.

Hazlitt, Henry (2007[1969]). *Man vs. the Welfare State*. Auburn, AL: The Ludwig von Mises Institute.

Kling, Arnold (2006). *Crisis of Abundance: Rethinking How We Pay for Health Care*. Washington, D.C.: Cato Institute.

- Roberts, Russell (2009, October 19). Munger on shortages, prices, and competition [podcast]. *EconTalk*. Available at: http://www.econtalk.org/archives/2009/10/munger_on_short.html
- Roberts, Russell (2008, June 30). Kling on hospitals and health care [podcast]. *EconTalk*. Available online: http://www.econtalk.org/archives/2008/06/kling_on_hospit.html
- Roberts, Russell (2007, November 5). Arnold Kling on the Economics of Health Care and the Crisis of Abundance [podcast]. *EconTalk*. Available online: http://www.econtalk.org/archives/2007/11/arnold_kling_on.html
- Roberts, Russell (2006, June 6). The economics of organ donations [podcast]. *EconTalk*. Available online: http://www.econtalk.org/archives/2006/06/the_economics_o_4.html
- Shapiro, Daniel (2007). *Is the Welfare State Justified?* New York: Cambridge University Press.
- Tanner, Michael (1995). The work versus welfare trade-off: Analysis of the total level of welfare benefits by state. *Cato Policy Analysis* No. 240. Available online: <http://www.cato.org/pubs/pas/pa-240.html>
- Tanner, Michael (2003). *The Poverty of Welfare: Helping Others in Civil Society*. Washington, D.C.: Cato Institute.

October 14

Causes of Growth, Institutions, Legal Systems, Transparency & Freedom of the Press

Readings

- Coyne, Christopher and Peter Leeson (2004). The plight of underdeveloped nations. *Cato Journal* 24(3): 235-249. Available at: <http://www.cato.org/pubs/journal/cj24n3/cj24n3-3.pdf>

Supplemental Reading

- Acemoglu, Daren, Simon Johnson and James Robinson. Institutions as the fundamental cause of long-run growth. *Handbook of Economic Growth*. Eds. Philippe Aghion and Steve Durlauf. Available online: <http://elsa.berkeley.edu/~chad/handbook9sj.pdf>
- Boettke, Peter, Christopher Coyne and Peter Leeson (2008). Institutional stickiness and the new development economics. *American Journal of Economics and Sociology* 67(2): 331-358. Available online: <http://www.peterleeson.com/stickiness.pdf>
- Coyne, Christopher and Peter Leeson (2009). *Media, Development, and Institutional Change*. Edward Elgar Publishing. Northampton, MA: Edward Elgar Publishing.
- Coyne, Christopher and Peter Leeson (2009). Media as a mechanism of institutional change and reinforcement. *Kyklos* 62(1): 1-14. Available online: http://www.peterleeson.com/Media_and_Inst_Change.pdf
- Coyne, Christopher and Peter Leeson (2007). The reformers' dilemma: media, policy ownership, and reform. *European Journal of Law and Economics* 23(3): 237-250. Available online: http://www.peterleeson.com/Reformers_Dilemma.pdf
- Coyne, Christopher and Peter Leeson (2005). Manipulating the media. *Institutions and Economic Development* 1(2): 67-92 Available online: http://www.peterleeson.com/Manipulating_the_Media.pdf

- Coyne, Christopher and Peter Leeson (2004). Read all about it! Understanding the role of the media in economic development. *Kyklos* 57(1): 21-44. Available online: <http://www.peterleeson.com/Kyklos--Media.pdf>
- Grief, Avner (2006). *Institutions and the Path to the Modern Economy: Lessons from Medieval Trade*. New York: Cambridge University Press.
- Holcombe, Randall (1998). Entrepreneurship and economic growth. *Quarterly Journal of Austrian Economics* 1(2).
- Kremer, Michael (1993). Population growth and technological change. *Quarterly Journal of Economics* 108(3): 681-716. Available online at: <http://www.fcs.edu.uy/multi/phes/Kremer%201993.pdf>
- Leeson, Peter (2008). Media freedom, political knowledge, and participation. *Journal of Economic Perspectives* 22(2): 155-169. Available online: http://www.peterleeson.com/ig_and_ap.pdf
- North, Douglas C. (1990). *Institutions, Institutional Change and Economic Performance*. New York: Cambridge University Press.
- Olson, Mancur Jr. (1996). Big bills left on the sidewalk: Why some nations are rich, and other poor. *Journal of Economic Perspectives* 10(2): 3-24 http://www.fbird.com/assets/MancurOlson_on_Transition_Econ_732003152238.pdf
- Powell, Benjamin ed. (2008). *Making Poor Nations Rich: Entrepreneurship and the Process of Economic Development*. Stanford, CA: Stanford University Press.
- Roberts, Russell (2008, February 11). Easterly on Growth, Poverty and Aid [podcast]. *EconTalk*. Available online: http://www.econtalk.org/archives/2008/02/easterly_on_gro.html
- Rosenberg, Nathan and L.E. Birdzell, Jr. (1986). *How the West Grew Rich: The Economic Transformation of the Industrial World*. New York: Basic Books.
- Smith, Adam (1776[1776]). *An Inquiry Into the Nature and Causes of the Wealth of Nations*. Indianapolis, IN: Liberty Fund, Inc.

October 19

Public Choice, Democracy, Voting & Concentrated Benefits and Dispersed Cost Part I

Readings

- Shughart II, William F. Public choice. *The Concise Encyclopedia of Economics*. Available online: <http://www.econlib.org/library/Enc/PublicChoice.html>

Supplemental Reading

- Buchanan, James M. and Gordon Tullock (1999[1962]). *The Calculus of Consent: Logical Foundations of Constitutional Democracy*. The Collected Works of James M. Buchanan. Indianapolis, IN: Liberty Fund Inc.
- McLean, Iain (1987). *Public Choice: An Introduction*. New York: Basil Blackwell Inc.
- Roberts, Russell (2010, March 15). Don Boudreaux on public choice. *EconTalk*. Available online: http://www.econtalk.org/archives/2010/03/don_boudreaux_o_3.html
- Tullock, Gordon (2002). *Government Failure: A Primer in Public Choice*. Washington,

D.C.: Cato Institute.
Tullock, Gordon (1998). *On Voting: A Public Choice Approach*. Northampton, MA:
Edward Elgar Publishing.

October 21

Public Choice, Democracy, Voting & Concentrated Benefits and Dispersed Cost Part II

Readings

Common Sense Economics – Pages 75-102

October 26

Public Choice, Democracy, Voting & Concentrated Benefits and Dispersed Cost Part III

Readings

Common Sense Economics – Pages 103-119

In Defense of Global Capitalism – Pages 156-162 & 192-197

October 28

Foreign Aid, Development Planning & Developing Nations Part I

Readings

Easterly, William (2009). “Can the west save Africa?” *Journal of Economic Literature*
XLVII (2): 373-447 (Read 373-410)

Supplemental Reading

Bauer, P.T. (2000). *From Subsistence to Exchange and Other Essays*. Princeton, New
Jersey: Princeton University Press.

Bauer, P.T. (1971). *Dissent on Development*. Princeton, New Jersey: Princeton
University Press.

Boettke, Peter J. ed. (1994). *The Collapse of Development Planning*. New York: New
York University Press.

Easterly, William (2001). *The Elusive Quest for Growth: Economists’ Adventures and
Misadventures in the Tropics*. Cambridge, MA: Massachusetts Institute of
Technology.

Easterly, William (2006). *The White Man’s Burden: Why the West’s Efforts to Aid the
Rest Have Done so Much Ill and So Little Good*. New York: Penguin Press.

Leeson, Peter T. (2008). Escaping poverty: Foreign aid, private property, and economic
development. *Journal of Private Enterprise* 23(2): 39-64

Leeson, Peter T. and David Skarbek (2009). *What can aid do?* Cato Journal 29(3): 391-
397.

Moyo, Dambisa (2009). *Dead Aid: Why Aid is Not Working and How There is a Better
Way for Africa*. New York: Farrar, Straus and Giroux.

Roberts, Russell (2008, February 11). Easterly on Growth, Poverty and Aid [podcast].
EconTalk. Available online:

http://www.econtalk.org/archives/2008/02/easterly_on_gro.html

November 2

Foreign Aid, Development Planning & Developing Nations Part II

Readings

Easterly, William (2009). Can the west save Africa? *Journal of Economic Literature* XLVII (2): 373-447 (Read 410-447)

November 4

Socialism and Capitalism, Shock Doctrine, Michael Moore's *Capitalism: A Love Story*, Market Failures, Robber Barons & Corporations Part I

Readings

Hayek, F.A. "The Use of Knowledge in Society," *American Economic Review* XXXV (4): 519-30

Supplemental Reading

Cowen, Tyler ed. (1999[1992]). *Public Goods & Market Failures: A Critical Examination*. New Brunswick, New Jersey: Transaction Publishers.

Cowen, Tyler and Eric Crampton eds. (2002). *Market Failure or Success: The New Debate*. Northhampton, MA: Edward Elgar Publishing Limited.

Friedman, Milton (2002[1962]). *Capitalism and Freedom*. Chicago: University of Chicago Press.

Fulson, Burton (1996). *The Myth of the Robber Barons: A New Look at the Rise of Big Business in America*. Herndon, VA: Young American's Foundation.

Hayek, F.A. (1994[1944]). *The Road to Serfdom*. Chicago: Chicago University Press.

Hayek, F.A. (1980[1948]). *Individualism and Economic Order*. Chicago: University of Chicago Press.

Hayek, F.A. ed. (1954). *Capitalism and the Historians*. Chicago: University of Chicago Press.

McCloskey, Deidre (1993). *Second Thoughts: Myths and Morals of U.S. Economic History*. New York: Oxford University Press.

Mises, Ludwig (1981[1922]). *Socialism*. Indianapolis, IN: Liberty Fund, Inc.

Roberts, Russell (2007, October 1). Boudreaux on market failure, government failure and the economics of antitrust regulation [podcast]. *EconTalk*. Available online:

http://www.econtalk.org/archives/2007/10/boudreaux_on_ma.html

November 9

Socialism and Capitalism, Shock Doctrine, Michael Moore's *Capitalism: A Love Story*, Market Failures, Robber Barons & Corporations Part II

November 11

Capital-Based Macroeconomics, Great Depression & Regime Uncertainty

Reading

Higgs, Robert (1997). Regime uncertainty: Why the Great Depression happened and

why prosperity resumed after the war. *Independent Review* 1(4): 561-590.
Available online: http://www.independent.org/pdf/tir/tir_01_4_higgs.pdf

Supplemental Reading

Garrison, Roger (2001). *Time and Money*. New York: Routledge.

Horwitz, Steven (2009[2000]). *Microfoundations and Macroeconomics*. New York: Routledge.

Roberts, Russell (2010, February 1). Larry White on Hayek and money [podcast]. *EconTalk*. Available online:

http://www.econtalk.org/archives/2010/02/larry_white_on.html

Roberts, Russell (2010, January 4). Rustici on Smoot-Hawley and the Great Depression [podcast]. *EconTalk*. Available online:

http://www.econtalk.org/archives/2010/01/rustici_on_smoo.html

Roberts, Russell (2009, April 13). Don Boudreaux on macroeconomics and Austrian Business Cycle Theory [podcast]. *EconTalk*.

Available online:

http://www.econtalk.org/archives/2009/04/don_boudreaux_o_2.html

Roberts, Russell (2009, January 5). Boettke on the Austrian perspective on business cycles and monetary policy [podcast]. *EconTalk*. Available online:

http://www.econtalk.org/archives/2009/01/boettke_on_the.html

Roberts, Russell (2008, December 15). Higgs on the Great Depression [podcast]. *EconTalk*. Available online:

http://www.econtalk.org/archives/2008/12/higgs_on_the_gr.html

Roberts, Russell (2007, June 4). Shlaes on the Great Depression [podcast]. *EconTalk*. Available online:

http://www.econtalk.org/archives/2007/06/shlaes_on_the_g.html

November 16

Current Financial Crisis

Readings

Boettke, Peter J., Daniel J. Smith and Nicholas A. Snow. *Been There Done That: The Political Economy of Déjà vu, 1950 and 2010*.

Supplemental Reading

Roberts, Russell (2010, May 17). Roberts on the crisis [podcast]. *EconTalk*. Available online: http://www.econtalk.org/archives/2010/05/roberts_on_the_2.html

Roberts, Russell (2008, September 29). Kling on Freddie and Fannie and the recent history of the U.S. housing market [podcast]. *EconTalk*. Available online:

http://www.econtalk.org/archives/2008/09/kling_on_freddie.html

November 18

Exporting Democracy, War & Terrorism Part I

Readings

After War – Chapter 1

Supplemental Reading

Roberts, Russell (2008, April 8). Coyne on exporting democracy after war [podcast]. *EconTalk*. Available online:

http://www.econtalk.org/archives/2008/04/coyne_on_export.html

Roberts, Russell (2007, February 12). C Bruce Bueno de Mesquita on democracies and dictatorships [podcast]. *EconTalk*. Available online:

http://www.econtalk.org/archives/2007/02/bruce_bueno_de.html

Williamson, Claudia (2009). Informal institutions rule: Institutional arrangements and economic performance. *Public Choice* 139(3): 371-387. Available online:

<http://sites.google.com/site/claudiawilliamson/publicchoice.pdf%3Fattredirects%3D0>

November 23

No Class

November 25

No class

November 30

Exporting Democracy, War, & Terrorism Part II

Readings

After War – Chapters 2 & 3

December 2

Polycentrism

Readings

Rajan, Raghuram (2004). Assume Anarchy. *Finance and Development*. Available online:

<http://www.imf.org/external/pubs/ft/fandd/2004/09/pdf/straight.pdf>

Leeson, Peter T. and Claudia Williamson (2009). Anarchy and development: An application of the theory of second best. *Law and Development Review* 2(1): 77-96. Available online:

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Supplemental Reading

Friedman, David (1995[1973]). *The Machinery of Freedom: A Guide to Radical Capitalism*. Chicago: Open Court Publishing Company. Available online:

http://www.daviddfriedman.com/The_Machinery_of_Freedom_.pdf

Hasnas, John (2008). The obviousness of anarchy. *Anarchism/Minarchism: Is a Government Part of a Free Country?* Ed. Roderick Long & Tibor Machan. Ashgate Press, 2008. Available online:

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Hasnas, John (1995). The myth of the rule of law. *Wisconsin Law Review*.

Leeson, Peter T. (2007). Better off stateless: Somalia before and after government

- collapse. *Journal of Comparative Economics* 35(4): 689-710. Available online: http://www.peterleeson.com/Better_Off_Stateless.pdf
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- Stringham, Edward ed. (2007). *Anarchy and the Law: The Political Economy of Choice*. Oakland, CA: Independent Institute.
- Stringham, Edward (1999). Market chosen law. *Journal of Libertarian Studies* 14(1): 53-77. Available online: http://mises.org/journals/jls/14_1/14_1_3.pdf

December 7

Review / Paper Assistance

December 9

Review / Paper Assistance

December 14

Final paper due by 4:15pm. No late papers will be accepted. Email to Smith.dan.j@gmail.com I will respond in a timely fashion to verify that I have received your email. Late papers will not be accepted.