

Econ 385-A01: International Economic Policy

M,W,F 7:00 PM – 10:05 PM, Science and Tech II 7, May 17th – June 18th 2010

Instructor: Daniel J. Smith

Office Hours: By request Email: Smith.dan.j@gmail.com Webpage: www.DanielJosephSmith.com

“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

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	90-100
B	89-80
C	79-70
D	69-60
F	<60

Participation

Due to the nature of the material and the structure of the summer session, 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, but at the end of the semester, I will drop your two lowest quiz scores.

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 effect the developing nation's economic development such as trade barriers, immigration controls 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 June 18th at 7:00 PM. Late papers will not be accepted.

The paper must conform to these specifications:

Six pages minimum

12-pt Times New Roman font

1-inch margins

Separate title page

APA formatting

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> or 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 registrar.gmu.edu)

Last day to add: May 21

Last day to drop without tuition penalty: May 21

Last day to drop with tuition penalty: May 28

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

Bauer, Peter T. (2000). *From Subsistence to Exchange and Other Essays*. Princeton: Princeton University Press. (SE)
Coyne, Christopher (2008). *The Political Economy of Exporting Democracy*. Stanford, CA: Stanford University Press (AW)
Easterly, William (2002). *The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics*. Cambridge: MIT Press. (EQG)
Gwartney, James, Richard L. Stroup, and Dwight R. Lee (2005). *Common Sense Economics*. New York: St. Martin's Press. (CS)
Norberg, Johan (2003). *In Defense of Global Capitalism*. Washington, DC: Cato Institute. (DGC)

Not Required to Purchase (Available Online)

Hazlitt, Henry (1979). *Economics in One Lesson*. New York: Three Rivers Press.
Available from <http://jim.com/econ/> (EOL)
Mises, Ludwig (2005). *Liberalism*. Indianapolis: Liberty Fund Inc. Available from <http://mises.org/liberal.asp> (L)

Recommended

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. (2009). *The Invisible Hook: The Hidden Economics of Pirates*. Princeton, New Jersey: Princeton University 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 tests.

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.

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

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. The readings are heavy at the beginning of the course because I need you to acquire a basic level of understanding to facilitate classroom discussion and this is difficult in the summer class format.

May 17

Topics

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

Readings

None

May 19

Topics

Supply & Demand, Price Floors, Price Ceilings, Profit and Loss System, Creative Destruction, Knowledge Problems

Readings

CS (pages 5-31)

EOL (Chapters 17, 18 & 19)

Supplemental Reading

Knowledge and Decisions by Thomas Sowell

When Work Disappears by William Wilson

Licensing Occupations by Morris Kleiner

Economics in One Lesson by Henry Hazlitt

Free to Choose by Milton Friedman

May 21

Topics

Sweatshops, Opportunity Costs, Free Trade, Tariffs, Quotas, Globalization, Multinational Corporations, Immigration, Comparative Advantage, Tragedy of the Commons, Luddites

Readings

CS (pages 63-70)

DGC (pages 113-150 & 210-222 & 224-238)

SE (Chapter I)

Supplemental Reading

Free Trade Under Fire by Douglas Irwin

Free Market Environmentalism, by Terry Anderson and Donald Leal

The Ultimate Resource 2 by Julian Simon
Cool It by Bjorn Lomborg
The Skeptical Environmentalist by Bjorn Lomborg
In Defense of Globalization by Jagdish Bhagwati

May 24

Topics

Interventionism, Law of Unintended Consequences, Regulation, Taxation, Health Care, Welfare, Licensing, Subsidies

Readings

DGC (pages 64-98)

EQG (Chapter 11)

Supplemental Reading

A Critique of Interventionism by Ludwig von Mises

Housing America by Randall Holcombe and Benjamin Powell

Forbidden Grounds: The Case Against Employment Discrimination Laws by Richard Epstein

Regulation and the Regan Era edited by Roger Meiners and Bruce Yandle

The Citizen and the State: Essays on Regulation by George Stigler

Is the Welfare State Justified? by Daniel Shapiro

The Poverty of Welfare by Michael Tanner

Man vs. the Welfare State by Henry Hazlitt

Hazardous to Our Health?: FDA Regulation of Health Care Products edited by Robert Higgs

Crisis of Abundance: Rethinking How We Pay for Health Care by Arnold Kling

American Health Care by Roger Feldman

The Economic Evolution of American Health Care by David Dranove

May 26

Topics

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

Readings

SE (Chapter III & IV)

EQG (Chapter I)

Supplemental Reading

Wealth of Nations by Adam Smith

Institutions, Institutional Change and Economic Performance by Doug North

Making Poor Nations Rich edited by Benjamin Powell

Institutions as Fundamental Cause of Long-Run Growth by Acemoglu, Johnson and Robinson (<http://elsa.berkeley.edu/~chad/handbook9sj.pdf>)

Media, Development, and Institutional Change by Christopher Coyne and Peter Leeson

May 28

NO CLASS PER UNIVERSITY SUMMER SESSION A CALANDER

May 31

NO CLASS PER UNIVERSITY SUMMER SESSION A CALANDER

June 2

Topics

Foreign Aid, Development Planning, Developing Nations

Readings

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

SE (Chapters V & VI)

Supplemental Reading

White Man's Burden by William Easterly

Dead Aid by Dambisa Moyo

The Collapse of Development Planning by Peter Boettke

June 4

Topics

Public Choice, Democracy, Voting, Concentrated Benefits & Dispersed Cost

Readings

CS (pages 75-119)

EQG (Chapter 12)

DGC (pages 156-162 & 192-197)

L (Chapters 4.2, 4.4 & 4.5)

Supplemental Reading

Government Failure: A Primer in Public Choice by Gordon Tullock

Public Goods & Market Failures by Tyler Cowen

On Voting by Gordon Tullock

Calculus of Consent by James Buchanan and Gordon Tullock

June 7

Topics

Capitalism and Socialism

Readings

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

Supplemental Reading

Socialism by Ludwig von Mises

Individualism and Economic Order by F.A. Hayek

Road to Serfdom by F.A. Hayek

June 9

Topics

Market Failures and Robber Barons

Readings

DGC (20 - 59)

L (Chapters 2.4 & 2.6)

Supplemental Reading

Capitalism and Freedom by Milton Friedman

Myth of the Robber Barons by Burton Fulsom

Capitalism and the Historians by F.A. Hayek

Second Thoughts: Myths and Morals of U.S. Economic History by Deidre McCloskey

June 11

Topics

Global Financial Markets, Current Financial Crisis, Regime Uncertainty

Readings

EOL (Chapters 23 & 24)

Supplemental Reading

Microfoundations and Macroeconomics by Steve Horwitz

Time and Money Roger Garrison

Regime Uncertainty by Robert Higgs

(http://www.independent.org/pdf/tir/tir_01_4_higgs.pdf)

June 14

Topics

War, Terrorism, Exporting Democracy, Polycentrism

Readings

AW (Chapter 1 & 8)

Supplemental Reading

Anarchy and the Law edited by Edward Stringham

Nation, State and Economy, by Ludwig von Mises

Death by Government by R.J. Rummel

Machinery of Freedom by David Friedman

Better Off Stateless: Somalia Before and After Government Collapse by Peter Leeson (http://www.peterleeson.com/Better_Off_Stateless.pdf)

Somalia After State Collapse: Chaos or Improvement by Benjamin Powell (http://www.observatori.org/paises/pais_74/documentos/64_somalia.pdf)

Efficient Anarchy by Peter Leeson

(http://www.peterleeson.com/Efficient_Anarchy.pdf)

Assume Anarchy by Raghuram Rajan

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

June 16

Paper Help

June 18

Paper due by 7:00 PM via 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.