

International Economic Policy

ECON 385

George Mason University

Spring 2019

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Meeting Time: Thursdays 3:00 pm to 5:30 pm

Office Hours: By appointment or Skype anytime

COURSE OVERVIEW

This course focuses on international economic policy using the standard tools of economic analysis and case studies. We will examine how economic institutions, property rights, and the operation of markets differ across countries and why these differences emerge. Why do some countries experience more economic progress and prosperity than others? What can our theory help us understand in our quest for greater income mobility, sustainable and free political institutions and sound international political relationships?

Our focus is on the wealth of economic and political changes that have occurred in Africa, Asia, Eastern Europe, and the United States during the past 40 years. We will explain the reasons why some economic policies encourage trade and growth between countries and other policies reduce economic activity. In general terms, we will compare the incentives of leaders, businesses and consumers across alternative economic institutions found in different countries. We will draw on numerous cases and historical examples to illustrate these different incentives and how they affect income, specifically poverty, trade between countries, and political stability. We will also examine the barriers faced by governments in the use of international policy, particularly trade policies.

A significant component of economic analysis is the search for all of the consequences of a policy, both in the short term and the long run. As such, part one of the course will be spent understanding the institutions that develop in market-oriented economies and describing the effects of these institutions

and laws on behavior. We will show how such institutions and laws promote trade by offering relatively low-cost access to goods and services via a market price system.

GRADING: Your grade will be determined based on quizzes, tests, and final project (which will include a research paper, policy summary, oral presentation and poster). The project will be discussed during the first week. The date of these exams and projects are noted below on the course outline. Reading questions will be given each week to help you focus on the material. These will help you prepare for each class and the quizzes.

Academic Freedom: “You have the right to engage in reasoned disagreement with me without any penalty to your grade. I have the right to challenge any belief, ideology, worldview, or attitude you have, including those beliefs you hold sacred. Students likewise have this right against each other and me. Everyone has the right to express his or her views without fear of bullying or reprisal. The classroom and the university are forums for the pursuit of truth. I intend for this class to aid in the pursuit of responsible ideology. Responsible ideology means putting in the hard work to be justified in one’s political views. It requires a synthesis of humanistic and social scientific methods. It requires that one understand and, in a sense, can “get inside the head” of views entirely foreign to one’s own. Finally, it requires that one experience and overcome, rather than flee from, serious intellectual discomfort.”
(From Jason Brennan)

Attendance: I do not take formal attendance. I know that your internships will often ask you to skip class for events. This class is important and more importantly, your performance on the project and the quizzes is determined by your attendance. That said, I leave it to you to decide what classes you attend. There is a quiz every day and I drop the lowest quiz, so that is your way to determine what class you want to miss based on other requests for your time. On the first day of class, please raise your hand and say “I love economics” for one extra credit percentage point.

Exam (Large Celebration of Learning): 20%

Quizzes (Small Celebrations of Learning): 30% THERE WILL BE A QUIZ ON THE MATERIAL EVERY DAY

Discussion Lead: 15% You will be assigned to lead the discussion on a specific topic. You will give an overall presentation of the material and field questions.

Final Project: 35%

Your letter grade will be assigned based on the weighted value of your exams and final project as follows:

A+ 97-100;	A 93-96;	A- 90-92
B+ 87-89;	B 83-86;	B- 80-82
C+ 77-79;	C 73-76;	C- 70-72
D 60-69;		
F <60		

Required Texts:

1. Christopher Coyne, “After War: The Political Economy of Exporting Democracy”
2. Tyler Cowen, “The Great Stagnation: How America Ate all the Low-Hanging Fruit of Modern History, Got Sick, and Will (Eventually) Feel Better
3. Douglas Irwin, “Free Trade Under Fire” 4th Ed.

Readings and Class Lecture Schedule: NOTE: You are required to read all assigned articles/books before the class date in which we will discuss them!! Your quizzes will reflect what we will discuss that day and you coming prepared. **BRING READING MATERIALS TO CLASS EACH WEEK. WE WILL REFERENCE THE CONTENT AND YOU WILL BE CALLED ON TO READ CERTAIN PASSAGES FOR DISCUSSION.**

READ ALL MATERIALS BEFORE CLASS EVERY WEEK

Class 1: Thursday, January 17 “Introduction”

WATCH THE FOLLOWING VIDEOS BEFORE THE FIRST DAY OF CLASSES:

1. [The Demand Curve](#)
2. [The Supply Curve](#)
3. [The Equilibrium Price and Quantity](#)
4. [A Deeper Look at the Demand Curve](#)
5. [The Demand Curve Shifts](#)
6. [A Deeper Look at the Supply Curve](#)
7. [The Supply Curve Shifts](#)

Class 2: Thursday, January 24 “Markets as Emergent Orders”

1. Leonard Reed, “I, Pencil” <http://www.econlib.org/library/Essays/rdPnc1.html>
2. Free Trade Under Fire: Preface and Introduction
3. Russ Roberts, “Treasure Island, The Power of Trade, Part I and II
<http://www.econlib.org/library/Columns/y2006/Robertscomparativeadvantage.html>
<http://www.econlib.org/library/Columns/y2006/Robertsstandardofliving.html>
4. Nobel Laureate Angus Deaton Podcast
http://www.econtalk.org/archives/2013/11/deaton_on_healt.html

Class 3: Thursday, January 31 “Knowledge and Prices”

1. F.A. Hayek, “The Use of Knowledge in Society”
<http://www.econlib.org/library/Essays/hykKw1.html>
2. Russ Roberts, “Where do Prices Come From?”
<http://www.econlib.org/library/Columns/y2007/Robertsprices.html>

Class 4: Thursday, February 7 “Institutions”

1. Adam Smith, “The Wealth of Nations” 1.1 – 1.4
<http://www.econlib.org/library/Smith/smWN.html>
2. “Free Trade Under Fire” Chapter 1 and 2
3. Douglass North, “Institutions” Journal of Economic Perspectives — Volume 5, Number 1 — Winter 1991 — [\(Go to Library.gmu.edu\)](#)

4. VIDEO: [The Great Economic Problem](#)

Class 5: Thursday, February 14 “Public Choice: The Economics of Political Exchange”

1. William Shugart, “Public Choice” <http://www.econlib.org/library/Enc/PublicChoice.html>
2. James Buchanan Nobel Prize Lecture http://www.nobelprize.org/nobel_prizes/economic-sciences/laureates/1986/buchanan-lecture.htm
3. [Public Goods and Asteroid Defense](#)

Class 6: Thursday, February 21 : “Economic and Political Freedom”

Review each of these indexes and read the Executive Summary for each:

1. Economic Freedom of the World Report
<https://www.fraserinstitute.org/sites/default/files/economic-freedom-of-the-world-2016-exec-summary.pdf>
2. The Human Freedom Index <https://object.cato.org/sites/cato.org/files/human-freedom-index-files/2017-human-freedom-index-2.pdf>
3. Freedom House Index: <https://freedomhouse.org/report/freedom-world/freedom-world-2018>
4. Robert A. Lawson and Jeff Clark “Examining the Hayek-Friedman Hypothesis on Economic and Political Freedom” **GO TO:** Library.gmu.edu

Class 7: Thursday, February 28

*****MIDTERM*****

Class 8: Thursday, March 7

*****Guest Lecture by Professor Christopher Coyne*****

1. Christopher Coyne, “After War: The Political Economy of Exporting Democracy” Chapters 1-4,5, 7
2. “Violence Vanished” by Steven Pinker
<http://www.wsj.com/articles/SB10001424053111904106704576583203589408180>

Class 9: Thursday, March 14 **SPRING BREAK******

Class 10: Thursday, March 21 “How do we Measure Economic Progress?”

1. Brad DeLong, “Estimates of World GDP, One Million B.C. to Present”
http://delong.typepad.com/print/20061012_LRWGDP.pdf
2. Don Boudreaux, “Free Trade and Globalization: More than “Just Stuff””<http://www.econlib.org/library/Colums/y2010/Boudreauxglobalization.html>
3. “Free Trade Under Fire” Chapters 3 and 4
4. VIDEO: [Growth Miracles and Growth Disasters](#)
5. VIDEO: [Introduction to the Solow Growth Model](#)

Class 11: Thursday, March 28: Policy Question: Open or Closed Trade: When Is Protectionism a Good Idea?

*****IN CLASS DEBATE*******

1. Free Trade Under Fire Chapter 5, 6
2. Economics in One Lesson Chapters pages 59-73 found here:
[file:///C:/Users/abradley/Downloads/Henry%20Hazlitt%20Economics%20in%20One%20Lesson%20\(5\).pdf](file:///C:/Users/abradley/Downloads/Henry%20Hazlitt%20Economics%20in%20One%20Lesson%20(5).pdf)

Class 12: Thursday, April 4: "Foreign Aid and Economic Development"

1. Documentary: "Poverty, Inc" (watch in class)
2. William Easterly: Institutions: Top Down or Bottom Up?
<https://www.aeaweb.org/articles.php?doi=10.1257/aer.98.2.95>
3. Peter Boettke and Rosolino Candella "Property Rights, Exchange, and the Production of Economic Development" http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2478167
4. Jeffrey Sachs: "The End of Poverty: Economic Possibilities for Our Time"
<https://pdfs.semanticscholar.org/48db/ee2ad9212391a652901f3ee3e09c2fe111c3.pdf> pages 51-89

Class 13: April 11, 2018: Immigration and Economic Growth

*****Guest Lecture by Dr. Alex Nowrasteh*****

1. Ten Economic Facts about Immigration, The Brookings Institute
http://www.brookings.edu/~media/research/files/reports/2010/9/immigration-greenstone-looney/09_immigration.pdf
2. Paul Krugman, "Suffer the Children" <https://www.nytimes.com/2014/11/21/opinion/paul-krugman-immigration-children.html>
3. Alex Nowrasteh "Cato Handbook for Policymakers" <https://www.cato.org/cato-handbook-policymakers/cato-handbook-policy-makers-8th-edition-2017/immigration>

Class 14: Thursday, April 18: US Impact on Global Trends

1. "The Great Stagnation" by Tyler Cowen Pages 1-85
2. "The Industrial Revolution Past and Present" Nobel Laureate Robert Lucas
<https://www.minneapolisfed.org/publications/the-region/the-industrial-revolution-past-and-future>

Class 15: Thursday, April 25: In Class Final Presentations

