

Economic Problems and Public Policies

ECON 309-004 (3 credits)

Fall 2019

Tuesdays & Thursdays 3:00PM-4:15PM

Location: Enterprise Hall 274

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Office hours: Tuesdays 10:00AM-11:30AM or by appointment

Office location: James Buchanan Hall D121

“The art of economics consists of looking not merely at the immediate but at the longer effects of any act or policy; it consists in tracing the consequences of that policy not merely for one group but for all groups.”

-Henry Hazlitt, Economics in One Lesson

1) COURSE DESCRIPTION

COURSE OBJECTIVES

The objectives of this course are that you understand the economic way of thinking and that you are able to apply that way of thinking to the analysis of problems and the public policies crafted to solve these problems. These objectives will be met by first reviewing the tools of the economic way of thinking and then applying them to specific contemporary policy issues.

LEARNING OUTCOMES

1. Understand and apply the economic way of thinking.
2. Be able to identify common economic myths/fallacies.
3. Be able to use economics to analyze the creation/application of public policies.

REQUIRED MATERIALS

There are no required materials to purchase for this class. All readings are available free online, will be uploaded to the MyMason Portal, or will be handed out in class.

2) COURSE OUTLINE

- Week 1: August 27 & August 29—**What is Economics? Part 1**
Topics: Scarcity, Opportunity Cost, Trade-offs, Rationality
Roberts, Russell. "[Supply and Demand](#)"
Sections: SELF-INTEREST, NO FREE LUNCH, JUST SAY NO TO NEED
Roberts, Russell. "[Incentives Matter](#)"
- Week 2: September 3 & September 5—**What is Economics? Part 2**
Topics: Supply and Demand, The Emergence of Order
Roberts, Russell. "[Supply and Demand](#)"
Sections: SUPPLY AND DEMAND (skip elasticity)
Reed, Lenonard. "[I, Pencil](#)" (Audiobook included)
- Week 3: September 10 & September 12—**What is Economics? Part 3**
Topics: Applications of Supply and Demand
Roberts, Russell. "[Applications of Supply and Demand](#)"
Caplan, Bryan. "[Externalities](#)"
- Week 4: September 17 & September 19—**Institutions and Property Rights**
Topics: Institutions, Ownership, Control
Alchian, Armen A. "[Property Rights](#)"
Demsetz, Harold. "[The Exchange and Enforcement of Property Rights](#)"
Anderson, Terry and P.J. Hill. 1975. "[The Evolution of Property Rights: A Study of the American West](#)," Journal of Law and Economics 18(1): 163-179.
- Week 5: September 24 & September 26—**Knowledge and the Market Process**
Topics:
Boettke, Peter J. and Peter T. Leeson. 2003. "[The Austrian School of Economics, 1950-2000](#)," In Warren Samuels, Jeff Biddle and John Davis, eds. A Companion to the History of Economic Thought. Oxford: Blackwell.
Kirzner, Israel M. 1997. "[Entrepreneurial Discovery and the Competitive Market Process: An Austrian Approach](#)," Journal of Economic Literature 35(1): 60-85.
Roberts, Russell. "[The Reality of Markets](#)"
- Week 6: October 1 & October 3—**The Economics of Politics**
Topics:
Roberts, Russell. "[Pigs Don't Fly](#)"
Shughart, William. "[Public Choice](#)"

- Week 7: October 8 & October 10—**Policy without Politics**
 Topics: Norms, Informal Institutions and Self-Governance
 Leeson, Peter. "[Gypsy Law](#)"
 Ellickson, Robert. "A Hypothesis of Wealth-Maximizing Norms: Evidence from the Whaling Industry"
 Ault, Richard W., Robert B. Ekelund Jr., and Robert D. Tollison. "The Pope and the Price of Meat: A Public Choice Perspective"
- Week 8: October 15—**NO CLASS**
 October 17— **MIDTERM**
- Week 9: October 22 & 24— **International Trade Problems**
 Topics: Free Trade, Fair Trade, Comparative Advantage, Tariffs, Protectionism
 Roberts, Russell. "[Does the Trade Deficit Destroy American Jobs?](#)"
 Roberts, Russell. "[Comparative Advantage](#)"
 Bastiat, Frederic. "[The Candlemaker's Petition](#)"
 Topics: Free Trade, Fair Trade, Comparative Advantage, Tariffs
- Week 10: October 29 & October 31—**Environmental Problems**
 Topics: Natural Resources, Pollution, Population Growth
 Anderson, Terry. "[No One Washes a Rental Car](#)"
 Anderson, Terry. "[How Hunting Saves Animals](#)"
 Simon, Julian L. "[The Ultimate Resource 2, Ch 3](#)"
 Simon, Julian L. 1994. "[More People, Greater Wealth, More Resources, Healthier Environment](#)," *Economic Affairs*.
- Week 11: November 5 & November 7—**The Problem of Monopoly**
 Topics: Monopoly, Competition, Collusion
 Sennholz, Hans. "[The Phantom Called Monopoly](#)"
 Hayek, F.A. "[The Meaning of Competition](#)"
 CBC News. [Snow Removal Story](#)
- Week 12: November 12 & November 14—**The Problem of Growth and Aid**
 Topics: Technical vs. Economic Problems, Foreign Aid
 Acemoglu, Daron. "Theory, General Equilibrium and Political Economy in Development Economics"
 Sachs, Jeffrey. "[Aid Ironies](#)"
 Easterly, William. "[Sachs Ironies](#)"
 Skarbek, David & Leeson, Peter. "[What Can Aid Do?](#)"
- Week 13: November 19 & November 21—**Price Controls**
 Topics: Price Controls, Rent Ceilings, Wage Floors, Dynamics of Interventionism
 Hazlitt, Henry. "[How the Price System Works](#)"
 Hazlitt, Henry. "[Government Price-Fixing](#)"

Roberts, Russell. "[Applications of Supply and Demand](#)"
Sections: Price Controls

Week 14: November 26—**Price Controls, continued**
von Mises, Ludwig. "[Middle-of-the-Road Policy leads to Socialism](#)"
Rent Control Case Study (Uploaded to MyMason Portal)
November 28—**NO CLASS**

Week 15 December 3 & December 5—**Corporate Policies & Review**
Candela, Rosolino A. & Peter J. Jacobsen. "[Calculation and Corporate Tax Incentives](#)"
Raskin, Sam. "[Amazon's HQ2 Deal with New York, Explained](#)"
Review Class Notes

FINAL December 12, 1:30-4:15 PM

The October 15th Midterm and the University-determined Final Exam time are set in stone. I reserve the right to change the schedule and readings as needed with the exception of these exam times/dates.

3) GRADING

Final Grades Will be based upon the following breakdown:

Assignments	10%
Participation	15%
Quizzes	20%
Midterm	25%
<u>Final</u>	<u>30%</u>
Total	100%

Assignments:

Problem Sets will be utilized throughout the semester to gauge understanding of key concepts. Late assignments will not be accepted. The lowest assignment grade will be dropped. The due date of assignments will be included on the assignment. Assignments must be turned in by the beginning of class on the stated due date.

Participation:

Participation will be graded on weekly submissions of reading responses to the MyMason Portal. These submissions are due each Monday at 11:59 PM before the Tuesday class to which the readings are relevant. For example, the response to Week 3's readings are due Monday, September 9th at 11:59 PM. No response is due Week 1. Any week with no class on Tuesday or an exam will have responses due on Wednesday at 11:59 PM instead. Responses should

address insights or questions you have about specific readings from that week. Responses should be substantive as determined by the student.

Quizzes:

Students should be prepared for quizzes to take place on the first day of class each week (usually Tuesday) based on the assigned readings each week. No make-up quizzes will be offered. To account for emergencies, the lowest quiz grade will be dropped over the course of the semester.

Examinations:

The midterm and final examinations will be created based off both the readings and lectures. The final exam is cumulative. I will review the specifics of exam-related instructions in the week before each exam.

Grading Scale:

A+	100-97
A	96-94
A -	93-90
B+	89-87
B	86-84
B -	83-80
C+	79-77
C	76-74
C -	73-70
D	69-60
F	< 60

4) ADDITIONAL INFORMATION

Important Dates:

Last day to add classes: September 3

Last day to drop with no tuition penalty: September 9

Student Self-Withdrawal Period: September 18-September 30

Technology Policy:

Cell phones, pagers, and other communicative devices are not allowed in this class. Please keep them stowed away and out of sight. Laptops or tablets (e.g., iPads) may be permitted for the purpose of taking notes only, but you must submit a request in writing to do so. Engaging in activities not related to the course (e.g., gaming, email, chat, etc.) will result in a significant deduction in your participation grade.

Mason Honor Code:

Mason is an Honor Code university; please see the Office for Academic Integrity for a full description of the code and the honor committee process. The principle of academic integrity is taken very seriously and violations are treated gravely. What does academic integrity mean in this course? Essentially this: when you are responsible for a task, you will perform that task. When you rely on someone else's work in an aspect of the performance of that task, you will give full credit in the proper, accepted form. Another aspect of academic integrity is the free play of ideas. Vigorous discussion and debate are encouraged in this course, with the firm expectation that all aspects of the class will be conducted with civility and respect for differing ideas, perspectives, and traditions. When in doubt (of any kind) please ask for guidance and clarification.

Disability Services:

Disability Services at George Mason University is committed to providing equitable access to learning opportunities for all students by upholding the laws that ensure equal treatment of people with disabilities. If you are seeking accommodations for this class, please first visit <http://ds.gmu.edu/> for detailed information about the Disability Services registration process. Then please discuss your approved accommodations with me. Disability Services is located in Student Union Building I (SUB I), Suite 2500. Email:ods@gmu.edu | Phone: (703) 993-2474

Privacy

Students must use their MasonLive email account to receive important University information, including communications related to this class. I will not respond to messages sent from or send messages to a non-Mason email address.