

Economics & Policy Analysis II (ECON 695 – 003)

Spring 2017

Tuesday, 1:30 pm – 4:10 pm

Arlington Campus Founder's Hall Room 481

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Course Description & Objectives

The goals of this course are twofold. The first goal is to deepen your appreciation of the use of political economy to evaluate and critique the efficacy and efficiency of public policies. As such, it is a course in applied microeconomics that builds on the Economic & Policy Analysis I course. The second goal is to promote the writing and rhetorical skills needed to create a compelling brief for or against a particular economic policy. In addition to being graded on class participation, students will be graded on multiple presentations and drafts of a policy essay that offers a novel application of a well-defined economic theoretical framework to an under-explored topic in policy.

Course Readings & Required Books

You are expected to do all of the readings prior to the class where they will be discussed. All of the required readings can be obtained through GMU's e-library or e-reserves (<http://library.gmu.edu/>) or via the links that are provided below.

Course Grading & Structure

Grades for this class will be based on a presentations and drafts of your policy essay (75%) as well as class participation (25%). Regarding your policy essay, you will be expected to:

- Discuss current progress/issues with research on February 21, 2017.
- Present a draft of your policy essay on April 25 or May 2, 2017.
- Submit the final draft of your policy essay by May 16, 2017.

Class participation involves occasionally leading and frequently participating in weekly in-class discussions. Class participation grades will also factor in the quality of the advice that you offer your colleagues (online and in class) as they develop their policy essays. It will be impossible to receive a high mark in this class without writing a high quality policy essay and participating in classroom and online discussions.

It is expected that you will be actively working on your policy essays during the weeks when

the class is not scheduled to formally meet. It is also expected that you schedule regular appointments throughout the semester to discuss your policy essay.

Course Outline

❖ **January 24, 2017 – Introductions, Course Overview, and Discussion on the Current Status of Policy Essays**

❖ **January 31, 2017 – *Wealth of Nations I***

Smith, Adam, *An Inquiry in the Nature and Causes of the Wealth of Nations*, Edited by R. H. Campbell and A. S. Skinner, Indianapolis: Liberty Fund, Inc., 1982.

- Book I
 - Chapter 4, “Of the Origin and Use of Money” (pages 37-46).
 - Chapter 7, “Of the natural and market Price of Commodities” (pages 72-81).
 - Chapter 8, “Of the Wages of Labour,” Paragraphs 1-23 (pages 82-88) and Paragraphs 36-48 (pages 96-101).
 - Chapter 10, “Of Wages and Profit in the different Employments of Labour and Stock”: Introduction (page 116); Part I, “Inequalities arising from the Nature of the Employments themselves,” Paragraphs 1-29 (pages 116-126); Part II, “Inequalities occasioned by the Policy of Europe” (pages 135-159).
- Book II
 - Chapter 1, “Of the Division of Stock” (pages 279-285).
 - Chapter 2, “Of Money considered as a particular Branch of the general Stock of the Society, or of the Expence of maintaining the National Capital,” Paragraphs 12-41 (pages 288-297) and Paragraphs 86-106 (pages 320-329).
 - Chapter 3, “Of the Accumulation of Capital, or of productive and unproductive Labour,” Paragraphs 1-2 (pages 330-331) and Paragraphs 15-41 (pages 337-349).

❖ **February 7, 2017 – *Wealth of Nations II***

Smith, Adam, *An Inquiry in the Nature and Causes of the Wealth of Nations*, Edited by R. H. Campbell and A. S. Skinner, Indianapolis: Liberty Fund, Inc., 1982.

- Book III
 - Chapter 1, “Of the natural Progress of Opulence” (pages 376-380).
 - Chapter 4, “How the Commerce of the Towns contributed to the Improvement of the Country” (pages 411-427).
- Book IV
 - Introduction (page 428).
 - Chapter 1, “Of the Principle of the commercial, or mercantile System,” Paragraphs 1-9 (pages 429-434).
 - Chapter 7, “Of Colonies”: Part 1, “Of the Motives for establishing new Colonies” (pages 556-564); Part 2, “Causes of the Prosperity of new Colonies,” Paragraphs

1-25 (pages 564-577) and Paragraphs 50-54 (pages 584-587); Part 3 “Of the advantages which Europe has derived from the Discovery of America and from that of a Passage to the East Indies by the Cape of Good Hope,” Paragraphs 47-67 (pages 607-618) and Paragraphs 77-81 (pages 624-627).

- Chapter 8, “Conclusion of the Mercantile System,” Paragraphs 47-54 (pages 660-662).
- Chapter 9, “Of the agricultural Systems, or of those Systems of political Economy, which represent the Produce of Land as either the sole of the principal Source of the Revenue and Wealth of every Country”: Paragraphs 50-52 (pages 687-688).

❖ **February 14, 2017 – *Wealth of Nations III***

Smith, Adam, *An Inquiry in the Nature and Causes of the Wealth of Nations*, Edited by R. H. Campbell and A. S. Skinner, Indianapolis: Liberty Fund, Inc., 1982.

- Book V
 - Chapter 1, “Of the Expences of the Sovereign or Commonwealth”: Part 1, “Of the Expence of Defence,” Paragraphs 1-18 (pages 689-698); Part 2, “Of the Expence of Justice,” (pages 708-723); Part 3, “Of the Expence of publick Works and publick Institutions,” Article II “Of the Expence of the Institutions for the Education of Youth,” Paragraphs 1-61 (pages 758-788).
 - Chapter 3, “Of publick Debts”: Paragraphs 1-12 (pages 907-912); Paragraphs 37-41 (pages 919-921).

❖ **February 21, 2017 – Discussions on Current Progress/Issues with Research**

❖ **February 28, 2017 – No Class**

❖ **March 7, 2017 – No Class**

❖ **March 14, 2016 – Spring Break; No Class**

❖ **March 21, 2017 – *Lectures on Jurisprudence***

Smith, Adam, *Lectures on Jurisprudence*, Edited by R. L. Meek, D. D. Raphael, and P. G. Stein, Indianapolis: Liberty Fund, Inc., 1982.

- Report Dated 1766, Paragraphs 1-224 (pages 397-495).

❖ **March 28, 2017 – *The Theory of Moral Sentiments***

Smith, Adam, *The Theory of Moral Sentiments*, Edited by D. D. Raphael and A. L. Macfie, Indianapolis: Liberty Fund, 1982.

- Part I, “Of the Propriety of Action” (pages 9-66).

- Part II, “Of Merit and Demerit; or, of the Objects of Reward and Punishment” (pages 67-108).
- Part III, “Of the Foundation of our Judgments concerning our own Sentiments and Conduct, and of the Sense of Duty” (pages 109-178).
- Part IV, “Of the Effect of Utility upon the Sentiment of Approbation” (pages 179-193)
- Part VI, “Of the Character of Virtue” (pages 212-264).

❖ **April 4, 2017 – No Class**

❖ **April 11, 2017 – No Class**

❖ **April 18, 2016 – No Class**

❖ **April 25, 2016 – Presentations (half the class)**

❖ **May 2, 2016 – Presentations (half the class)**

❖ **May 9, 2017 – Reading Days; No Class**

❖ **May 16, 2017 – Paper Due (submit via email by midnight)**