

**Econ 385 International Economic Policy**  
**Summer 2019**

Instructor: Ka Man Ho

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Time: MTWR 8:15 am-10:20 am

Location: MTB1002

The primary objective of the course is to understand and analyze policy-related questions using economic principles and tools, while correctly articulating facts and patterns in long-term trends. The first two books I have assigned for this class, written by Easterly and Lomborg, exemplify how to show and analyze long-term facts and patterns. Easterly as an economist, in addition, has his comparative advantage in teaching you how to think like an economist. Topics in this class include trade, government policies, development, institution and inequality. Reinert's textbook is a standard account in international economics, which provides you details in the topics. We will begin with principles of microeconomic theory and a discussion of how to understand long-term trends. And then we will apply what we have discussed to questions that are related to international economic policy.

**Texts:**

Easterly, W. (2002). *The elusive quest for growth: economists' adventures and misadventures*

Lomborg, B. (2003). *The skeptical environmentalist: measuring the real state of the world* (Vol. 1). Cambridge: Cambridge University Press.

Reinert, K. A. (2012). *An introduction to international economics: new perspectives on the world economy*. Cambridge University Press, 2<sup>nd</sup> ed.

**Course Outline:**

- I. Principle of Economics
  - (i) Supply & demand, and market equilibrium
  - (ii) Cost-benefit analysis

- (iii) Incentives, efficiency, increasing/decreasing returns of scale and economic model
  
- II. Accessing long-term trends
  - (i) Brief discussion in statistics
  - (ii) Establishing a fact-based worldview
  
- III. Trade
  - (i) Comparative advantage
  - (ii) Trade policy analysis
  
- IV. Government Policies
  - (i) Monetary policies
  - (ii) Other policies
  - (iii) Public choice perspective
  
- V. Economic Development
  - (i) Development as a lifesaver to the poor
  - (ii) Development theories
  - (iii) Aid
  - (iv) Education
  - (v) Shocks and countries' responses to them
  
- VI. Institution
  - (i) Institutional economics
  - (ii) Heterogeneity in class and race
  - (iii) State capacity and legal system
  
- VII. Inequality
  - (i) Luck keeps us honest
  - (ii) Redistribution with growth

**Grade Weights:**

- Midterm (25%, scheduled for July 9)
- Final (35%, scheduled for July 25)
- Paper (40%, due on July 25,)

### **Alternative grade weights:**

- Paper (100%, due on July 25)

Your default grade weight is the first one. Let me know if you'd like your entire grade based on the paper before July 7. If no diversification in the alternative grade weight concerns you, you are very welcome to talk to me about your paper so you can get some feedbacks before it is due.

For the paper, it should be empirical and should not exceed 20 double-spaced pages. You can choose any topics that we have covered in the class, including development and policy-related topics from the perspectives of trade, public choice, institution and more. The paper can be a case study for one country, or you can do a cross-country analysis. It can be a piece of interpretation, analysis, policy recommendation or prediction (or any combinations of the above). You can use either qualitative or quantitative methods. Your argument will not be discounted if I disagreed with your conclusion, but I will evaluate your paper by the following: whether the economic principles are applied, how well are they applied, whether you have filled in the case with good anticipation of facts and patterns, and whether or not the evidence is valid and convincing. A curve may apply, depends on the distribution of grades.

### **Course Policies:**

- **Class Attendance and Participation:** Attendance and class participation are encouraged but not mandatory for grading purposes. Exams will not be made up, but adjustments made for students with a valid excuse.
- **Electronic Devices:** Regarding electronic devices (such as laptops, cell phones, etc.), please be respectful of your peers and your instructor and do not engage in activities that are unrelated to class. Such disruptions show a lack of professionalism. If disruptions are interrupting other students learning, you may be asked to leave the classroom.
- **Communication:** Students must use their MasonLive email account to receive important University information, including messages related to this class. See <http://masonlive.gmu.edu> for more information.
- **Honor Code:** 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 [honorcode.gmu.edu](http://honorcode.gmu.edu) for more detailed information.
- **Important Information:** No person should be denied educational access because of a disability. If you are a student with a disability and you need academic

accommodations, please see me and contact the Office of Disability Services (ODS) at 993-2474, <http://ods.gmu.edu>. All academic accommodations must be arranged through the ODS.