Economic Problems and Public Policies

ECON 309-004 (3 credits)
Fall 2019
Tuesdays & Thursdays 3:00PM-4:15PM
Location: Enterprise Hall 274

Peter J. Jacobsen
Department of Economics
Pjacobs6@gmu.edu

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”

Week 5: September 24 & September 26—Knowledge and the Market Process
Topics:

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”

Week 8:
October 15—**MIDTERM**
October 17—**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”

Week 9:
October 22—**NO CLASS**
October 24—**International Trade Problems continued**
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”
Simon, Julian L. “The Ultimate Resource 2, Ch 3”

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
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)

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”

**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:

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<thead>
<tr>
<th>Category</th>
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<tbody>
<tr>
<td>Assignments</td>
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<tr>
<td>Participation</td>
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<td>Quizzes</td>
<td>20%</td>
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<tr>
<td>Midterm</td>
<td>25%</td>
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<td>Final</td>
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<td><strong>Total</strong></td>
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**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 and the lectures from the last 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 such as layout in the week before each exam. Exams cannot be rescheduled/made up except for with documentation of medical emergency or funeral. Rescheduled tests will be different than the original.

Grading Scale:

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<th>Grade</th>
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<tr>
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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.