

Syllabus for International Economic Policy (Econ 385)

Professor: Clara E. Jace

Email: cjace@gmu.edu

Office hours: 4:30-6:30pm on Thursdays (or by appointment)

Office location: Mercatus suite (second floor) in Buchanan Hall

The purpose of this course is for you to learn the economic way of thinking, as applied to international economic policy. If I succeed, you will be able to understand a policy proposal better than any given policy journalist, politician, or political consultant.¹ This material will be challenging but rewarding for each of you, since the most pressing economic problems can be understood by only applying a little good detective-work:

Between a good and a bad economist this constitutes the whole difference — the one takes account of the visible effect; the other takes account both of the effects which are seen, and also of those which it is necessary to foresee (Frédéric Bastiat, 1850).

Books

1. Simon, Julian L. 1996. *The Ultimate Resource 2*. Princeton, N.J: Princeton University Press.
 - a. Why? We need to understand how healthy economic systems work before diagnosing the unhealthy ones. This excellent book covers the foundations of economic growth, the increasing abundance of natural resources, and the value of immigration—all of which are explained by human ingenuity.
 - b. For success in the policy world (or any other, for that matter), it is essential to hone the skill of deep analysis. Our readings will be kept purposefully short to allow for a close reading of this text.
2. Irwin, Douglas A. 2015. *Free Trade Under Fire, 4th edition*. Princeton, N.J: Princeton University Press.
 - a. Why? The existing consensus amongst economists is that free trade generates the highest amount of value for everyone involved. This book covers the current state of global trade, theoretical and practical arguments for free trade, and the arguments for trade barriers.
 - b. The policy world moves fast, so learning to skim for important information is also an essential skill. This book is full of useful statistics and quick arguments, so our readings will be longer, but you'll only need to retain the big ideas.

Professionalism

I remember how tedious it was to attend all my undergrad classes each week. However, I also remember how particular teachers made it more than worth it—my aim is to be one of those teachers. For this to be achieved, I expect a few specific things in exchange:

¹ Or, as the great economic educator Ken Elzinga writes on his syllabus: “If you receive an A in Econ [385], you should be able to run the economy of a small country. These claims are void in states where prohibited by law.”

1. Your presence: Attendance is mandatory, and your active participation is highly valued. School is your job right now, and I encourage you to embrace it as such. I will allow one “opportunity-cost-was-too-high” absence. (Of course, emergencies are emergencies.)
2. Your full attention: Checking your cellphone or visiting unrelated websites is unacceptable in class.² A good question to ask yourself before doing something in this class is whether or not you would do the same thing during a diplomacy meeting with world leaders. If the answer is no, it’s probably not a good idea. (Again, emergencies are exceptions.)
3. Your hard work: Readings and homework must be done on time. I have worked to distill our material so you can see the importance of each topic. I know you will be balancing other classes, family concerns, friendships, etc. during our time together, but I ask you to recall that a college education is a privilege so few of our ancestors enjoyed!

Lastly, I hope our short time together can be viewed as an opportunity to not only learn the hard tools of economics but to practice the soft skills you will need to succeed in the real world: focus, patience, politeness, and good humor.

Grade Components:

- Weekly quizzes (30%): Every Thursday, I will post a quiz on Blackboard at the beginning of class. The questions on the quizzes will be from the assigned readings of the week. I will drop the two lowest scores on these quizzes.
- Midterm (30%): On October 31st (Halloween), we will have our single exam for this class. Half of the points will be from a multiple choice section, and half of the points will come from an essay section. You will be given the essay prompts ahead of time.
- Final project (30%): I will assign teams for these projects which will take place *instead of a final exam*. I encourage you to embrace this experience of teamwork (but certainly, come talk to me if there are problems). The project has two parts: a 10-page paper and a 10-minute presentation. The topic of both will be the trade policy of a country of your team’s choice. I will provide a document with more details after your midterm.
- Participation/effort (10%): These points will be awarded subjectively, before I submit final grades. A kind demeanor could be the difference between a B+ and an A!

University Policies

Mason is an Honor Code university, which means the principle of academic integrity is taken very seriously and violations are treated gravely. What does academic integrity mean in this course? 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

² Again, to paraphrase Elzinga: “Please turn off all electric razors, boom boxes, cell phones and other audio equipment during the lectures. Pacemakers, Fitbits and electronic tracking devices (if you are out on parole) may be left on.”

that all aspects of the class will be conducted with civility and respect for differing ideas, perspectives, and traditions. When in doubt, please ask for guidance and clarification.

Disability Services at Mason 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 I would be happy to discuss your approved accommodations. Disability Services is located in Student Union Building I (SUB I), Suite 2500. They can also be reached via email (ods@gmu.edu) or by phone: (703) 993-2474.

Schedule of lectures:

Please watch the following (very short) videos before the first day of class:

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](#)

Excellent! Now you will ace the quiz on the first day. Our entire semester together will follow this schedule:

1. **August 27th**: Introductions and economic literacy quiz (not graded)
 - a. Homework: Bastiat's "[What is Seen and What is Not Seen](#)," Part 1: The Broken Window
2. **August 29th**: The Economic Way of Thinking: Part I
 - a. Homework: Hayek's "[The Use of Knowledge in Society](#)"
3. **September 3rd**: The Economic Way of Thinking: Part II and assignment of teams
 - a. Homework: Simon's Preface and Introduction
4. **September 5th**: [Quiz on readings](#) and Lecture 1 on Simon
 - a. Homework: Simon's Ch.1, "The Amazing Theory of Raw-Material Scarcity"
5. **September 10th**: Lecture 2 on Simon
 - a. Homework: Simon's Ch. 4, "The Grand Theory"
6. **September 12th**: [Quiz on readings](#) and Lecture 3 on Simon
 - a. Homework: Simon's Ch. 25, "Population Growth and the Stock of Capital"
7. **September 17th**: Lecture 4 on Simon
 - a. Homework: Simon's Ch. 26, "Population's Effects on Technology and Productivity"
8. **September 19th**: [Quiz on readings](#) and Lecture 5 on Simon
 - a. Homework: Simon's Ch. 27, "Economies of Scope and Education"
9. **September 24th**: Lecture 6 on Simon

- a. Homework: Simon's Ch. 28, "Population Growth, Natural Resources..."
- 10. **September 26th**: Quiz on readings and watch Poverty Inc.
 - a. Homework: Simon's Ch. 33, "The Big Economic Picture: Population Growth and Living Standards in MDCs"
- 11. **October 1st**: Lecture 7 on Simon
 - a. Homework: Simon's Ch. 34, "The Big Picture II: LDCs"
- 12. **October 3rd**: Quiz on readings and Lecture 8 on Simon
 - a. Homework: Simon's Conclusion, first half
- 13. **October 8th**: Lecture 9 on Simon
 - a. Homework: Simon's Conclusion, second half
- 14. **October 10th**: Quiz on readings and Lecture 10 on Simon
 - a. Homework: Irwin's Introduction
- 15. **October 15th**: Lecture 1 on Irwin
 - a. Homework: Irwin's Ch. 1, "The United States in a New Global Economy?"
- 16. **October 17th**: Quiz on readings and Lecture 2 on Irwin
 - a. Homework: Irwin's Ch. 2, "The Case for Free Trade: Old Theories, New Evidence"
- 17. **October 22nd**: Lecture 3 on Irwin
 - a. Homework: Irwin's Ch. 7, "The World Trading System"
- 18. **October 24th**: Quiz on readings and Lecture 4 on Irwin
- 19. **October 29th**: Optional review session
- 20. **October 31st**: Midterm Exam
- 21. **November 5th**: Lecture on "Why economic theory cannot tell us what to do about policy"
 - a. Homework: Hayek's [Nobel Lecture](#) and Whitman and Rizzo's "[The Problematic Welfare Standards of Behavioral Paternalism](#)"
- 22. **November 7th**: Quiz on readings and lecture on "Why empirical data cannot tell us what to do about policy"
 - a. Homework: Simon's Ch. 39, "The Key Values"
- 23. **November 12th**: Lecture on "Why fairness cannot tell us what to do about policy"
 - a. Homework: Bastiat's "[A Petition](#)" and Arrow's "[A Difficulty in the Concept of Social Welfare](#)"
- 24. **November 14th**: Quiz on readings and lecture on "Why democracies cannot tell us what to do about policy"
 - a. Homework: Ratha's [TEDtalk on remittances](#) and "[How Food Banks Use Markets to Feed the Poor](#)"
- 25. **November 19th**: Lecture on "Doing business in the global economy from home"
 - a. Homework: Wells Fargo "[10 tips for doing business overseas](#)" and "[Topics to consider before taking your business global](#)"
- 26. **November 21st**: Quiz on readings and guest speaker on "Running a Global Business"

27. **November 26th**: Mandatory meeting with presentation teams
28. **November 28th**: Happy Thanksgiving! (no class)
29. **December 3rd**: Presentations
30. **December 5th**: Presentations
31. **December 10th**: Presentations
32. **December 12th**: Presentations, voting, and announcement of winners