ECON2091
The Economy, Politics and the State
2017

<table>
<thead>
<tr>
<th>Mode of Delivery</th>
<th>On campus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prerequisites</td>
<td>Completion of or concurrent enrolment in Microeconomics 2(P) ECON2101 or Microeconomics 2(H) ECON2111</td>
</tr>
<tr>
<td>Course Convener:</td>
<td>Dr William Coleman</td>
</tr>
<tr>
<td>Phone:</td>
<td>6125 2226</td>
</tr>
<tr>
<td>Email:</td>
<td><a href="mailto:William.coleman@anu.edu">William.coleman@anu.edu</a></td>
</tr>
<tr>
<td>Office hours for student consultation:</td>
<td>By appointment</td>
</tr>
<tr>
<td>Administrator</td>
<td>Finola Weinberg</td>
</tr>
<tr>
<td>Email:</td>
<td><a href="mailto:Finola.Weinberg@anu.edu.au">Finola.Weinberg@anu.edu.au</a></td>
</tr>
<tr>
<td>Tutors</td>
<td>William Coleman</td>
</tr>
</tbody>
</table>

**LECTURES AND TUTORIALS**

Lectures:

Wednesday 2.00, Arndt LT1
Thursday 12.00, Arndt LT1
Thursday 2.00, Arndt LT1

The Wednesday lecture is a reinforcement lecture; it will rework the material presented on the previous Thursday, so to make it better understood. The Wednesday lecture will also be used for mid-term tests.

Tutorials

TBA.
Please enrol through Wattle.

COURSE OVERVIEW

In most of the economics government decisions are inadequately explained. They are either treated as exogenous, or (sometimes) as determined by considerations of ‘optimality’. The course explores how government economic policies and actions are actually determined. It thereby throws a new light of how policy issues should be approached.

ASSESSMENT SUMMARY

<table>
<thead>
<tr>
<th>Assessment Task</th>
<th>Value, per cent</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Essay</td>
<td>20</td>
<td>By 6pm Friday 9 June</td>
</tr>
<tr>
<td>2. MidTerm Test 1</td>
<td>10</td>
<td>2pm Wed 29 March</td>
</tr>
<tr>
<td>3. MidTerm Test 2</td>
<td>10</td>
<td>2pm Wed 17 May</td>
</tr>
<tr>
<td>3. Examination</td>
<td>60</td>
<td>June</td>
</tr>
</tbody>
</table>

Note: the two mid-term tests are automatically redeemable by way of the examination. Thus, if you earn a higher mark on the exam than the mid-term then you will be awarded your exam mark for the mid-term. The mid-term test remains compulsory. Students may apply to Dr Coleman before a test to not sit, on account of an unavoidable and important work commitment that clashes with the test. Students who are granted this application will be imputed a mark based upon their performance on the final exam. If you are absent from a mid-term test because of illness you must provide documentary evidence to Dr Coleman within one week of the test. Students who provide satisfactory documentary evidence of illness will be imputed a mark based upon their performance on the final exam. Other absences will result in a zero mark (and no possibility of ‘redemption’ by way of the exam).
Required Resources

Reading Brick.
A “brick” of a number of book chapters from the reading list will be available from the School administrators, Fin Weinberg. They will supply you a brick at your request.

Examination material or equipment

No calculators are permitted. No dictionaries permitted.

COURSE SCHEDULE

1. Utilitarianism, Paretianism, and Contractarianism

2. The Economy without a State

3. The Economy without a Monopoly State

4. The Economy with a Contestable State

5. The Economy with a Public State

6. The Economy with a Constitutional State

ESSAY

The essay assignment is compulsory. You are required to answer one of the following:

1. Outline, and critically appraise, Tollison and Wagner’s explanation of strong laws and campaigns against smoking.

   Chapters 10 and 11, The Economics of Smoking Robert D. Tollison, Richard E. Wagner.
   (Note: this title is held by the National Library of Australia).
2. Explain Charles Beard’s ‘economic’ interpretation of the shaping of the US constitution, and Forrest MacDonald’s critique of this interpretation.

*An Economic Interpretation of the Constitution of the United States*, Charles Beard, 1913

*Recovering the past: a historian’s memoir*, Forrest McDonald, 2004

*We the people; the economic origins of the Constitution* Forrest McDonald, 1958

(Note: this title is held by the Chifley Library, the ADFA Library and the National Library of Australia).

3. Explain and appraise Karl Wittfogel’s thesis that economic forces have for centuries shaped China’s political systems.


(Note: this title is held by the ADFA Library and the National Library of Australia).

4. How did the Wool Corporation's disastrous ‘reserve price scheme’ come into existence, and how did it come to be eliminated? To what extent are the theories advanced in ECON 2091 of assistance in answering these questions?

*Breaking the sheep’s back: the shocking true story of the decline and fall of the Australian wool industry*, Charles Massy, University of Queensland Press, 2011

‘How wool was pulled over investors' eyes’, *The Australian*, July 30 2012.

5. To what extent can a Public Choice modelling of individual and institutional motivations provide an explanation of the Repetitive Strain Injury ‘boom’?

*Constructing RSE: belief and desire*, Yolande Lucire, 2003

(Note: this title is held by the National Library of Australia).
6. Compare and contrast Niall Ferguson’s *The great degeneration: how institutions decay and economies die* with Mancur Olson’s *The Rise and Decline of Nations: Economic Growth, Stagflation, and Social Rigidities*. Is Ferguson just a knockoff of Olson? Where is Ferguson stronger? Where is Olson stronger? Which book gives a more impressive account of economic decline? The great degeneration is available in the National Library

Essays should be written in sections. Students should begin their essay with a clear statement of (i) the question at hand, (ii) the answer they are advancing, and (iii) a summary (or anticipation) of their case for their answer.

A sensible word length should suggest itself. Around 2,500 words is probably requisite to do justice to a topic. You may well wish to write more, and there is no limit. But redundancy will be penalised, whatever the length of the essay.

Essays should be submitted to an assignment box on Level 1 of HW Arndt no later than 6pm on Friday 21 October. There are no extensions and essays submitted after this point in time will be awarded a zero mark. Essays with plagiarised content will be awarded a zero mark, and reported to the Dean.

Please use ‘author: date’ style references that is standard in the social sciences eg: Author (2003) said, “Macroeconomics 3 changed my life” (p 45). Then in the list of references at the end add,

If book:
Author, A. B. and B. C. Author (2009) *Book Title in Italics in Full*, Location: Publisher.

If chapter in edited volume:

If journal article:

If online document:

Marks will be deducted if references to sources and bibliography is not provided.
Readings

Note:
- the books are in Closed Reserve at the Chifley Library, and (as noted earlier) their reference chapters are available in brick form.
- The journal papers are generally available from JSTOR or Proquest (both accessible at http://anullb.anu.edu.au/)

Utilitarianism, Paretianism, and Contractarianism


The Economy without a State


Olson, Mancur 2000, Power and Prosperity: outgrowing communist and capitalist dictatorships New York: Basic Books

The Economy with a Captureable State


Rent Seeking


Tullock G ‘Efficient Rent Seeking’ in Toward a Theory of the Rent-Seeking Society, eds JM Buchanan, RD Tolison and G Tullock


Yandle, Bruce 1999, ‘Bootleggers and Baptists in retrospect’, Regulation, 22(3)
**Bureaucracy**

**Regulation**


**The Economy with a Public State**

**Democracy without Politicians**


Democracy by Politicians


Democracy of Politicians

Tullock, Gordon, ‘Logrolling’, Chapter 3, Government Failure


The Economy with a Constitutional State


Geoffrey Brennan and James Buchanan 1980 The Power to Tax, Chapters 1, and 3.2, 3.3 and 3.4.