

ECON2091

The Economy, Politics and the State 2018

Mode of Delivery	On campus
Prerequisites	Completion of or concurrent enrolment in Microeconomics 2(P) ECON2101 or Microeconomics 2(H) ECON2111
Course Convener:	Dr William Coleman
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Office hours for student consultation:	By appointment
Administrator	Finola Weinberg
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Tutors	William Coleman

LECTURES AND TUTORIALS

Lectures:

Tuesday 10.00	Arndt Tutorial Room 2
Tuesday 12.00	Arndt Lecture Theatre 1
Wednesday 11.00	Copland G029

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

Tuesday 15.00 Arndt Tutorial Room 1
Wednesday 12.00 Arndt Tutorial Room 4

In order to sustain both tutorials, an enrollment of at least 10 in each is required . If enrollments do not reach this, *one will be cancelled*.

Please enroll 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

Assessment Task	Value, per cent	Due Date
1. Essay	20	6pm Friday 12 October
2. MidTermTest 1	10	2pm Wed 29 August
3. MidTermTest 2	10	2pm Wed 17 October
3. Examination	60	November

Note: the two mid-term tests are 80 percent 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 for the mid-term a mark equal to 80% of your exam mark plus 20% of your actual mid-term test result.

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.

Agriculture: a key to the understanding of Chinese society, past and present Karl A. Wittfogel, ANU Press 1971.

(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 19 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:

Author, A. B. (2009) 'Chapter Title', in C. D. Editor and E. F. Another Editor (eds.) *Book Title in Italics*, Location: Publisher.

If journal article:

Author, A. B. (2009) 'Article Title', *Journal Title in Italics in Full*, volume, issue, page range.

If online document:

Author, A. B. (2009) 'Document Title'
Source: <http://www.theinternet.com/mypaper.html> (accessed 10/10/2009).

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://anulib.anu.edu.au/>)

Utilitarianism, Paretianism, and Contractarianism

Van Den Doel, Hans and Ben Van Velthoven, *Democracy and Welfare Economics*, chapter 2, 'Welfare and Welfare Optimum', sections 2.2 and 2.3, Cambridge University Press 1993

Buchanan, James 1959, 'Positive Economics, Welfare Economics, and Political Economy' *Journal of Law and Economics*, 2, 124-38.

Gordon, Scott 1976, 'The New Contractarians' *Journal of Political Economy*, 84(3)

The Economy without a State

Buchanan, James 1975 *The Limits of Liberty*, 'Anarchistic Interaction',

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

The Economy with a Captureable State

Olson, Mancur 1982, chapters 2 and 3, *The Rise and Decline of Nations: Economic Growth, Stagflation, and Social Rigidities*, London: Yale University Press

Rent Seeking

Posner R 1975, 'The Social Costs of Monopoly and Regulation', *Journal of Political Economy*, 83(4) pp. 807-828

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

McKenzie, Richard B. 1988, 'The Relative restrictiveness of tariffs and quotas: a reinterpretation from a rent seeking perspective', *Public Choice* 58(1), 85-90

Yandle, Bruce 1999, 'Bootleggers and Baptists in retrospect', *Regulation*, 22(3)

Bureaucracy

Regulation

Victor P. Goldberg, (1982) 'Peltzman on Regulation and Politics' *Public Choice*, Vol. 39, No. 2,

Jack Hirshleifer (1976) 'Toward a More General Theory of Regulation: Comment' *Journal of Law and Economics*, 19(2), pp. 241-244

McKenzie, Richard B. and Hugh MacCauley 1980, 'A Bureaucratic theory of Regulation' *Public Choice*, 35(3) 287-295

The Economy with a Public State

Democracy without Politicians

Tullock, Gordon, 'Voting Paradoxes', Chapter 2, *Government Failure*

Brennan G, and Lomasky L 1987, 'The Impartial Spectator Goes to Washington: towards a Smithian Theory of Electoral Behaviour' *Economics and Philosophy* 189-211

Van Den Doel, Hans and Ben Van Velthoven, *Democracy and Welfare Economics*, chapter 4, "Majority Decision", Cambridge University Press 1993

Democracy by Politicians

Tollison R.D. 1989, 'Chicago Political Economy' *Public Choice* 63, 293-297

Democracy of Politicians

Tullock, Gordon, 'Logrolling', Chapter 3, *Government Failure*

James Buchanan and Gordon Tullock, (1962) *The Calculus of Consent*, Chapter 10, 'Simple Majority Voting'

The Economy with a Constitutional State

Geoffrey Brennan, 2013, 'James Buchanan: an Assessment', *Policy*, 29(1)

James Buchanan and Gordon Tullock, (1962) *The Calculus of Consent*, Chapter 6 'A Generalised Economic theory of Constitutions' (and Chapter 15, 'Qualified Majority Rules').

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