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261 Dwire
TR 9:30-10:30, R 3-4
262-4003

Books

1. Mancur Olson, *The Logic of Collective Action: Public Goods and the Theory of Groups*, Harvard University Press: Cambridge, Mass. (1965).
2. Mancur Olson, *The Rise and Decline of Nations: Economic Growth, Stagflation, and Social Rigidities*, Yale University Press: New Haven (1982).
3. Mancur Olson, *Power and Prosperity: Outgrowing Communist and Capitalist Dictatorships*, Basic Books: New York (2000).

Course Requirements & Grades

Your grade for the course will be determined by your work with respect to the following: (1) seminar participation (100 points), (2) an essay on *Logic* (150 points), (3) an essay on *Rise & Decline* (150 points) (4) an end-of-term paper (150 points), (5) contributions to the *Political Economy* blog (150 points). Your essays on *Logic* and *Rise & Decline* should be 5-7 double spaced pages in length. Your term paper should be 7-10 double spaced pages in length. Submitting any of the assignments late will result in a reduction in points possible for the assignment by 10%.

Blogging

The purpose of the blogging assignment is for you to apply economics to current public policy issues. You must make 1 significant posting (e.g., an essay, commentary, or critical review) to *Political Economy* for each of the months of September, October, and November. You should send an email to me to let me know that you have posted something for me to grade. I encourage you to participate often in the blog, perhaps by posting more than is required, and certainly by contributing comments and questions to the postings of your blogger colleagues. I have found that the best way to learn economics is by doing economics, and reading and discussing news and commentary about public policy issues is a great way to do this. You can learn more specifics about this assignment by getting "Blogging" from my Homepage.

Seminar Participation

Each week you will need to prepare and submit a one page summary of the week's reading assignment. At the bottom of your summary page you must also include one quote from the week's reading that you think is worth discussing in the seminar. Our seminar is a group, and I've learned from Olson's *Logic* that without the proper positive/negative incentives people in groups tend to free ride. With that in mind, note that the primary purpose of this weekly assignment is simply to provide an incentive to come prepared to participate in the seminar every week.

If your summary is sufficient, you will have earned at least the grade of C for that week's seminar participation. In addition, you will receive a weekly grade determined by the quantity/quality of your contributions to the day's discussion. An excellent contribution for the day earns 2 grades higher, and a good contribution earns 1 grade higher. You may take up to 2 weeks off with respect to preparing these weekly summaries.

End-of-Term Paper

The purpose of this paper is to aid in your evaluation of Olson's theories. There are lots of ways this purpose might

be accomplished. I will offer some suggestions below, or you can decide on a topic of your own. Your paper should be submitted by email and it is due May 15. You will tell me the topic of this paper no later than end of class on . I will allow up to 2 students to choose to write a paper on the same topic.

Here are some suggestions for paper topics:

1. You could develop a country case study which would explain how the experience of this particular country is consistent or inconsistent with Olson's theories. Here is a list of countries that might be interesting to consider: Singapore, Ireland, Pakistan, Belize, New Zealand, Ukraine, Turkey, Morocco, Belarus, Poland, Estonia, Luxembourg, Chile, Honduras, El Salvador, Botswana, Uganda, Nigeria, Brazil.
2. You could read another author who has written on the same sorts of issues as those dealt with by Olson, and then write a paper that describes the ways in which this author's views (or economic experiences described by the author) are consistent or inconsistent with Olson's theories. Of course, if the author's views are inconsistent with Olson, you would want to explain whether you agreed with Olson or the other author. Here are 6 books that I can suggest:
 - William Easterly, *The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics*
 - William Easterly, *The White Man's Burden: Why the West's Efforts To Aid The Rest Have Done So Much Ill and So Little Good*
 - David A. Landes, *The Wealth and Poverty of Nations: Why Some Are So Rich and Some So Poor*
 - Robert H. Bates, *Prosperity and Violence: The Political Economy of Development*
 - Hernando Desoto, *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*
 - William J. Bernstein, *The Birth of Plenty: How The Prosperity Of The Modern World Was Created*
3. Develop your own critical analysis of Olson's theories.
4. Write a literature review of the literature which attempts to empirically discover whether people will choose to behave as free riders or not. Your purpose would be to explain the extent to which this literature is or is not consistent with Olson.
5. Given Olson's theories you might write an assessment of the present state of our system of political economy which includes suggestions for change.

Probable Schedule

Jan 24	Introduction & Power Preface
Jan 31	Logic Chps 1 & 2 (60)
Feb 7	Logic Chps 3 & 4 (43) Shi-Ling Hsu, "What's old is new: the problem with new source review," Regulation (Spring 2006) 36-42.
Feb 14	Logic Chp 6 (37) Morris M. Kleiner, "A license for protection," Regulation (Fall 2006) 17-21.
Feb 21	Decline Chps 1 & 2, <i>Logic Essay Due</i>
Feb 28	Decline Chp 3 Ludwig von Mises, Lecture 4 Interventionism, in <i>Economic Policy: Thoughts for Today and Tomorrow</i> (1979). (I will email)
Mar 6	Decline Chp 4 Bruce L. Benson, "Regulatory disequilibrium and inefficiency: the case of interstate trucking," The Review of Austrian Economics 15 (2002) 229-255.
Mar 13	Decline Chps 5 & 6 (59) Russell S. Sobel, J.R. Clark and Dwight R. Lee, "Freedom, barriers to entry, entrepreneurship, and economic progress," The Review of Austrian Economics 20 (2007) 221-236.
Mar 20	<i>Decline Essay Due</i> – No Class
Mar 27	SPRING BREAK
Apr 3	Power Chps 1 & 2 Peter T. Leeson, "Better Off Stateless: Somalia Before and After Government Collapse" (I will email.)
Apr 10	Power Chps 3 & 4 Jeffrey D. Sachs, Andrew D. Mellinger and John L. Gallup, "The Geography of Poverty & Wealth," Scientific American (March 2001). [I will email.]

Econ 453 Power and Prosperity

Apr 17 Power Chps 5 & 6 (19)

William Easterly, "Can Foreign Aid Buy Growth?" **Journal of Economic Perspectives** 17 (Summer 2003) 23-48.

Apr 24 Power Chps 7 & 8 (42)

Thomas P.M Barnett, "The Pentagon's New Map" [I will email]

May 1 Power Chps 9 & 10 (44)

May 8

May 15 *Term Paper Due*

Spring 2008
