### ECON2091

**The Economy, Politics and the State**

**2014**

<table>
<thead>
<tr>
<th>Mode of Delivery</th>
<th>On campus</th>
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<tbody>
<tr>
<td><strong>Prerequisites</strong></td>
<td>Completion of or concurrent enrolment in Microeconomics 2(P) ECON2101 or Microeconomics 2(H) ECON2111</td>
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<td><strong>Course Convener:</strong></td>
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<td>By appointment</td>
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<td><strong>Tutors</strong></td>
<td>TBA</td>
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**SEMESTER 2**

**2014**
**COURSE OVERVIEW**

In most of the economics government decisions are not adequately explained. They are either treated as exogenous, or (sometimes) as determined by considerations of ‘optimality’. The course explores how government decisions in economic matters are actually determined. It thereby throws a new light of how policy issued should be approached.

**ASSESSMENT SUMMARY**

<table>
<thead>
<tr>
<th>Assessment Task</th>
<th>Value, per cent</th>
<th>Due Date</th>
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</thead>
<tbody>
<tr>
<td>1. Essay</td>
<td>20</td>
<td>By 6pm Friday 17 October</td>
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<tr>
<td>2. MidTermTest</td>
<td>15</td>
<td>3pm Tues 14 October</td>
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<tr>
<td>3. Examination</td>
<td>65</td>
<td>November</td>
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Note: the mid-term test is 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 the 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 and Terry Embling. They will supply you a brick on your production of a receipt for $15 from the University Cashier.

**Examination material or equipment**

Calculators are permitted. All dictionaries will require the pre-approval of Dr Coleman.
COURSE SCHEDULE

1. Utilitarianism, Paretianism, and Contractarianism

2. The Economy without a State

3. The Economy with a Captureable State

4. The Economy with a Public State

5. The Economy with a Constitutional State

Note Henry Ergas will deliver a guest lecture to the course during October.

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

1. Outline, and critically appraise, Ekelund and Tollison’s thesis that the decline of ‘mercantilism’ in England can be explained in terms of the theory of ‘rent-seeking’.

   Chapters 1, 2 and 3, Mercantilism as a rent-seeking society: economic regulation in historical perspective by Robert B. Ekelund and Robert D. Tollison, Texas A&M University Press, 1981

2. Explain and appraise Charles Beard’s contention that the ‘juristic’ interpretation of the shaping of the US constitution is incorrect, and that an ‘economic’ interpretation of its shaping is much truer to the reality.

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

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

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?
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 the ECON2091 assignment box on Level 1 of HW Arndt no later than 6.00 pm on Friday 17 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. Some very effective software will be deployed to check for plagiarism.

References and Footnotes

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,


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

1 With thanks to the style guide of the Institute of Economic Affairs.
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


The Economy without a State

Buchanan, James 1975 *The Limits of Liberty*, ‘Anarchistic Interaction’,


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**

Tullock, Gordon, ‘Voting Paradoxes’, Chapter 2, Government Failure


**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.

Tullock, Gordon, ‘Federalism’, chapter 3, *Government Failure*