

## ECON 309: Economic Problems and Public Policies

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### Course Information

Term: Fall 2020  
Course: [ECON 309-003](#)  
Class time: Tuesday & Thursday  
1:30 PM to 2:45 PM  
Location: Lecture Hall 3

### Contact

Instructor: Peter K. Hazlett  
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James Buchanan Hall, PPE 1A1  
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*The art of economics consists in looking not merely at the immediate but at the longer effects of any act or policy; it consists in tracing the consequences of that policy not merely for one group but for all groups.*

– Henry Hazlitt, *Economics in One Lesson*, 1946

### Course Objectives

The objective of this course is for students to learn how to use the tools of economics to evaluate public policies. To achieve this, we will engage in works from the Austrian School of Economics, Virginia School of Political Economy, and perspectives from New Institutional Economics. Once we have built the necessary tools for positive economic analysis, we will apply them to some current policy discussions. This course is intended to help students make sound, economic judgments regarding policy issues. After developing these skills, students will choose a problem of their choice to conduct a thorough economic investigation and craft the best policy solution given their value judgements. Not only will students learn how to apply economic principles to today's most pressing problems, but they will learn the importance of intellectual honesty and the principle of charity in the pursuit of knowledge.

### Texts

#### Required

[Competition and Entrepreneurship](#)

by Israel Kirzner

[Open Borders: The Science and Ethics of Immigration](#)

by Bryan Caplan

#### Recommended

[The Armchair Economist: Economics and Everyday Life](#)

by Steven Landsburg

[Economic Analysis of Property Rights](#)

by Yoram Barzel

[Economics in One Lesson](#)

by Henry Hazlitt

*Free to Choose: A Personal Statement*

by Milton Friedman and Rose Friedman

*Human Action: A Treatise on Economics*

by Ludwig von Mises

*The Myth of the Robber Barons: A New Look at the Rise of Big Business in America*

by Burton Folsom

*The New World of Economics: A Remake of a Classic for New Generations of Economics Students, 6th Edition*

by Richard McKenzie and Gordon Tullock

*Price theory: An Intermediate Text*

by David Friedman

*Subsistence and Exchange and Other Essays*

by Peter Bauer

*The Ultimate Resource 2*

by Julian Simon

*Universal Economics*

by Armen Alchian and William Allen

## Prerequisites

The recommended prerequisites for this class are ECON 100 or 103 and 104. You will be expected to know the topics covered in your Microeconomic Principles class. Please review this material as you feel necessary as we revisit these concepts throughout the course. *Universal Economics* by Armen Alchian and William Allen is a great text for review.

## Grading and Coursework

Your grade will be comprised of quizzes, reading responses, participation, a midterm, a presentation, and a final paper, distributed as shown in the table.

Category	Percentage
Quizzes	20%
Reading Responses	10%
Participation	10%
Midterm	20%
Presentation	15%
Final Paper	25%

- **Quizzes:** Quizzes will be taken at the beginning of each class and will be on the assigned reading due that day. The assigned readings are denoted with a ★ in the [Course Schedule](#). Your lowest quiz score will be dropped and not counted in your final grade. Quizzes cannot be made up but can be exempted from if you have an excuse from the school or health office.
- **Reading Responses:** Reading responses are due at 11:59 PM on the day **prior** to class. This means that you will be emailing me your reading responses on Monday and Wednesday nights. Responses should address insights or questions you have about the assigned readings from that week. Responses should be substantive as determined by the student.
- **Participation:** Most days will consist of a discussion of the readings and the material covered in class following the lecture. You will be graded on the quality and quantity of your contributions. These two areas are not substitutes: neither a large number of low quality comments nor a few high-quality comments will be sufficient to earn full credit. Rather, you should aim to be actively engaged in the discussion, making a reasonable number of high quality contributions to most discussion days.

- **Midterm:** The midterm will be taken during the class period on **Tuesday, September 29th** and will cover material from the readings and class lectures. You will have the full class time to complete the exam. Electronic devices are prohibited.
- **Presentation:** You will present your final paper topic on one of the assigned presentation dates at the end of the semester. Each presentation will be limited to 10 minutes, with an additional 5 minutes of Q&A immediately following the presentation. Time limits are strictly enforced. In addition to content, students will be graded on delivery, effective use of time, and Q&A management.
- **Final Paper:** The Final paper will be due on **Tuesday, December 15th** at 4:15 PM. Late submissions will not be accepted under any circumstances. The purpose of this assignment is to do in-depth research on a specific public policy and to analyze that policy using economic theories and empirical evidence. A successful paper will engage the material covered before the midterm in the area concerning their policy. A rubric and specific instructions regarding formatting, style, and substance will be sent out after the midterm. The final paper will be between eight and ten pages, typed and double-spaced. Please email the final policy paper to [phazlett@gmu.edu](mailto:phazlett@gmu.edu).

### Bonus Opportunity

You will be given the opportunity to earn an added 2% to your grade by submitting a response to the weekly topics of the [Wall Street Journal Future View](#). The only requirement is that your response include some form of economic analysis. Your response will be graded out of 5 points. If you do not earn full credit in your first submission, you can keep submitting to earn all of the possible points, but no more than 5 points in total will be awarded. Responses must be emailed to me no later than Monday at 11:59 PM before the journal's deadline.

### Grading Scale

You will earn a letter grade based off your overall course percentage from the weighted categories listed above. Letter grades correspond to the percentages as shown in the table. I will round up 0.5 and round down 0.49.

Grade	Percentage
A+	97-100%
A	93-96%
A-	90-92%
B+	87-89%
B	83-86%
B-	80-82%
C+	77-79%
C	73-76%
C-	70-72%
D	60-69%
F	<60%

### Office Hours

Weekly office hours will be held on [Zoom](#) on Tuesday from 3:00 PM to 5:00 PM. If you are unavailable at this time, then you can email me and we can reschedule.

### Technology Policy

Cell phones, pagers, and other communicative devices are not allowed in this class. Please keep them stowed away and out of sight. Laptops or tablets may be permitted for the purpose of taking notes or accessing the readings only. Engaging in activities not related to the course (e.g., gaming, watching videos, email, chat, etc.) will result in a significant deduction in your participation grade.

## Special Accommodations

Disability Services at George Mason University 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://dsgmu.wpengine.com/> for detailed information about the Disability Services registration process. Then please discuss your approved accommodations with me. Disability Services is located in Student Union Building I (SUB I), Suite 2500. Email: [ods@gmu.edu](mailto:ods@gmu.edu) | Phone: (703) 993-2474

## Audio/Video Recording & Pictures

For the privacy and comfort of your fellow students, audio and video recordings, as well as photography, is strictly prohibited during class.

## Academic Dishonesty

Cheating will not be tolerated and can result in a failing grade, dismissal from class, and expulsion from the university. If I suspect you of cheating, I will seek the appropriate punishment under George Mason University guidelines. Please review the [George Mason University Honor System and Code](#).

## Course Schedule

Date	Class Topic	Readings
Tuesday, August 25th	What is Economics?	★ "Was Mises Right?" by Boettke and Leeson "The Facts of the Social Sciences" by Hayek
Thursday, August 27th	What is Economics? II	★ <i>Universal Economics</i> by Alchian and Allen, Ch. 1, 2 ★ <i>I, Pencil</i> by Read "Economics as a Social Science" by Lachmann "The Theory of Complex Phenomena" by Hayek
Tuesday, September 1st	Institutions & Property Rights	★ "The Problem of Social Cost" by Coase "Externalities" by Caplan "Property Rights" by Alchian
Thursday, September 3rd	Institutions & Property Rights II	★ "Toward a Theory of Property Rights" by Demsetz ★ "The Evolution of Property Rights: A Study of the American West" by Anderson and Hill "The Exchange and Enforcement of Property Rights" by Demsetz

Date	Class Topic	Readings
Tuesday, September 8th	Theory of the Market Process	<p>★ <i>Competition and Entrepreneurship</i> by Kirzner, Ch. 1, 2</p> <p>"Entrepreneurial Discovery and the Competitive Market Process: An Austrian Approach" by Kirzner</p> <p>🎥 "The Market Process" from Chris Coyne</p>
Thursday, September 10th	Theory of the Market Process II	<p>★ <i>Competition and Entrepreneurship</i> by Kirzner, Ch. 6</p> <p>★ "The Use of Knowledge in Society" by Hayek</p> <p>"Competition as a Discovery Procedure" by Hayek</p> <p>🎥 "A Price Is a Signal Wrapped up in an Incentive" from Marginal Revolution University</p> <p>🎥 "Information and Incentives" from Marginal Revolution University</p>
Tuesday, September 15th	The Economic Calculation Problem	<p>★ "Economic Calculation: The Austrian Contribution to Political Economy" by Boettke</p> <p><i>Human Action</i> by Mises, Ch. 11, 12, 13, 26</p> <p>🎥 "Economic Calculation in a Socialist Society" from the American Institute for Economic Research</p>
Thursday, September 17th	Public Goods	<p>★ "Public Goods" by Cowen</p> <p>★ 🎥 "Public Goods and Asteroid Defense" from Marginal Revolution University</p> <p>★ 🎥 "A Deeper Look at Public Goods" from Marginal Revolution University</p> <p>🎥 "Club Goods" from Marginal Revolution University</p> <p>🎥 "The Tragedy of the Commons" from Marginal Revolution University</p> <p><i>Universal Economics</i> by Alchian and Allen, Ch. 13</p>

Date	Class Topic	Readings
Tuesday, September 22nd	Public Choice	<ul style="list-style-type: none"> <li>★ "Public Choice" by Shutghart II</li> <li>★ <i>The New World of Economics</i> by McKenzie and Tullock, Ch. 22</li> <li>"The Welfare Costs of Tariffs, Monopolies, and Theft" by Tullock</li> <li>"The Transitional Gains Trap" by Tullock</li> <li>"Rent Seeking: A Survey" by Tollison</li> <li>"Rent Extraction and Rent Creation in the Economic Theory of Regulation" by McChesney</li> <li>■ "What is Public Choice Theory?" from Geoffrey Brennan</li> <li>■ "Special Interest Groups" from Michael Munger</li> <li>■ "Rent Seeking" from Michael Munger</li> </ul>
Thursday, September 24th	Public Choice II	<ul style="list-style-type: none"> <li>★ "The Myth of the Rational Voter: Why Democracies Choose Bad Policies" by Caplan</li> <li>"Systematically Biased Beliefs about Economics: Robust Evidence of Judgemental Anomalies from the Survey of Americans and Economists on the Economy" by Caplan</li> <li>■ "Expressive Voting" from Geoffrey Brennan</li> </ul>
Tuesday, September 29th	Midterm	
Thursday, October 1st	Regulation	<ul style="list-style-type: none"> <li>★ <i>Economics in One Lesson</i> by Hazlitt, Ch. 1, 2, 3, 4, 5, 6</li> <li>★ <i>Free to Choose</i> by Friedman and Friedman, Ch. 7</li> <li>■ "Free to Choose Part 7: Who Protects the Consumer" from Milton Friedman</li> <li>"The Theory of Economic Regulation" by Stigler</li> </ul>
Tuesday, October 6th	Price Controls	<ul style="list-style-type: none"> <li>★ <i>Economics in One Lesson</i> by Hazlitt, Ch. 13, 14, 15, 16, 17</li> <li><i>Universal Economics</i> by Alchian and Allen, Ch. 12</li> <li><i>Economic Analysis of Property Rights</i> by Barzel, Ch. 2</li> </ul>

Date	Class Topic	Readings
Thursday, October 8th	Monopoly	<p>★ "The Meaning of Competition" by Hayek</p> <p>★ "The Phantom Called 'Monopoly'" by Sennholz</p> <p>★ <i>The New World of Economics</i> by McKenzie and Tullock, Ch. 23</p> <p><i>Competition and Entrepreneurship</i> by Kirzner, Ch. 3</p> <p>"Why Regulate Utilities" by Demsetz</p> <p>"Economics as a Guide to Antitrust Regulation" by Demsetz</p>
Tuesday, October 13th	Unions	<p>★ <i>Universal Economics</i> by Alchian and Allen, Ch. 40</p> <p>★ <i>Economics in One Lesson</i> by Hazlitt, Ch. 19</p> <p>★ <i>Free to Choose</i> by Friedman and Friedman, Ch. 8</p> <p>🎥 "Free to Choose Part 8: Who Protects the Worker" from Milton Friedman</p>
Thursday, October 15th	Minimum Wage	<p>★ 🎥 "Price Floors: The Minimum Wage" from Marginal Revolution University</p> <p>★ <i>Universal Economics</i> by Alchian and Allen, Ch. 41</p> <p>★ <i>Economics in One Lesson</i> by Hazlitt, Ch. 18</p>
Tuesday, October 20th	Economics of Redistribution	<p>★ <i>Economics in One Lesson</i> by Hazlitt, Ch. 4, 5, 7, 9, 10</p> <p><i>The Myth of the Robber Barons</i> by Folsom Jr., Ch. 6</p> <p>"1920s Income Tax Cuts Sparked Economic Growth and Raised Revenues" by De Rugy</p> <p>"Insights into the Tax Systems of Scandinavian Countries" by Asen</p>
Thursday, October 22nd	Policing	<p>★ "Police Unions and Officer Privileges" by Fegley</p> <p>🎧 "Rachel Harmon on Policing" from Conversations with Tyler</p> <p>"The Problem of Policing" by Rachel Harmon</p> <p>"Collective Bargaining Rights and Police Misconduct: Evidence from Florida" by Dharmapala, McAdams, and Rappaport</p>

Date	Class Topic	Readings
Tuesday, October 27th	Drug Policy	<p>★ "The Economic Case Against Drug Prohibition" by Miron and Zwiebel</p> <p>"Alcohol Prohibition Was a Failure" by Thornton</p> <p>"The Budgetary Effects of Ending Drug Prohibition" by Miron</p>
Thursday, October 29th	Education	<p>★ <i>Free to Choose</i> by Friedman and Friedman, Ch. 6</p> <p>★ 🎧 "Bryan Caplan on College, Signaling and Human Capital" from EconTalk</p> <p>🎥 "Free to Choose Part 6: What's Wrong With Our Schools" from Milton Friedman</p> <p><i>The New World of Economics</i> by McKenzie and Tullock, Ch. 18, 19</p>
Thursday, November 5th	Immigration	<p>★ <i>Open Borders: The Science and Ethics of Immigration</i> by Caplan</p> <p>★ 🎧 "Caplan on Immigration" from EconTalk</p> <p>★ "Economics and Emigration: Trillion-Dollar Bills on the Sidewalk?" by Clemens</p> <p>★ "Does Mass Immigration Destroy Institutions? 1990s Israel as a Natural Experiment" by Powell, Clark, and Nowrasteh</p>
Tuesday, November 10th	International Trade	<p>★ 🎥 "Tariffs and Protectionism" from Marginal Revolution University</p> <p>★ <i>Economics in One Lesson</i> by Hazlitt, Ch. 11, 12</p> <p>★ "The Candlemakers' Petition" by Bastiat</p> <p>★ <i>The Armchair Economist</i> by Landsburg, Ch. 21</p>

Date	Class Topic	Readings
Thursday, November 12th	Economic Development	<p>★ "The Plight of Underdeveloped Countries" by Coyne and Leeson</p> <p>★ "Escaping Poverty: Foreign Aid, Property, and Economic Development" by Leeson</p> <p>"What Can Aid Do?" by Skarbek and Leeson</p> <p><i>Subsistence and Exchange and Other Essays</i> by Bauer, Ch. 5</p> <p>"Peter Bauer and the Failure of Foreign Aid" by Shleifer</p>
Tuesday, November 17th	Environmental Problems	<p>★ "More People, Greater Wealth, More Resources, Healthier Environment" by Simon</p> <p>★ 🎥 "Trading Pollution: How Pollution Permits Paradoxically Reduce Emissions" from Marginal Revolution University</p> <p>★ 🎥 "A Deeper Look at Tradeable Allowances" from Marginal Revolution University</p> <p><i>The Ultimate Resource 2</i> by Simon, Ch. 3</p> <p>"Julian Simon and the Population Growth Debate" by Dennis A. Ahlburg</p> <p>"Julian Simon Was Right: A Half-Century of Population Growth, Increasing Prosperity, and Falling Commodity Prices" by Tupy</p> <p>"The Simon Abundance Index 2020" by Pooley and Tupy</p>
Thursday, November 19th	Presentations	
Tuesday, November 24th	Presentations	
Tuesday, December 1st	Presentations	
Thursday, December 3rd	Presentations	
Tuesday, December 15th	Final Paper Due	