

MC 341: Politics and Markets

James Madison College, Michigan State University

Spring 2016

Professor Ross B. Emmett

“The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed the world is ruled by little else.... Madmen in authority, ... are distilling their frenzy from some academic scribbler of a few years back.” – J.M. Keynes

Course Info:

Days & Time: MW, 10:20 – 11:40am

Room: 339 Case Hall

Course Management Site: d2l.msu.edu

Phone and Computer Policy: Phones away and on airplane mode; no tablet and/or laptop use during class time unless authorized by professor.

Prerequisite: EC 201 or EC 251H

Contact Info:

Instructor of Record: Ross B. Emmett

Office: 304 S. Case Hall

Office Hours: MW 2:30 - 4:30pm

Preferred Method of Contact for Course-Related Questions: inquiries of relevance to all students should be asked on the Piazza discussion platform, available via D2L or Piazza.com; private questions can be asked via email.

Piazza: We will use Piazza for out-of-class discussion of topics related to the class. I will use Piazza to post messages to the class as a whole, and respond to questions of general interest.

Email: emmettr@msu.edu

Phone: 517.432.6139

Overview

The fundamental problem of political economy is finding ways to make our individual pursuit of personal interests not fundamentally incompatible with our common interests. At its most basic, our course is a consideration of the relative merit of markets, civil society, and the state as the means for that reconciliation of personal and common interests.

The course is organized around changing considerations of the role of the state, markets, and civil society from Adam Smith to the present, and across multiple policy areas. Students will consider different approaches to the relations among state, markets and civil society; and the theories of economic policy those approaches provide.

Evaluation

All course work will be graded on a percentage basis (out of 100%). On D2L, assignments and averages will ^{also} appear in percentages. Conversion to the university's 4-point scale will follow this chart:

94-100%	4	67-73%	2
87-93%	3.5	60-66%	1.5
80-86%	3	50-59%	1
74-79%	2.5	<50%	0

Requirements

Papers (2) [40%]

Debate Paper [15%]

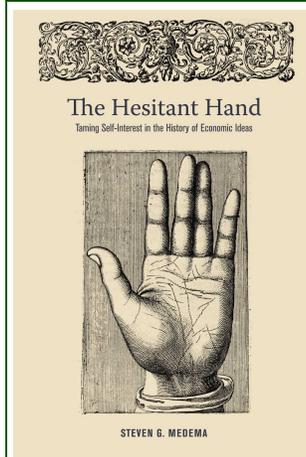
Daily Memos [min. requirement]

Participation [15%]

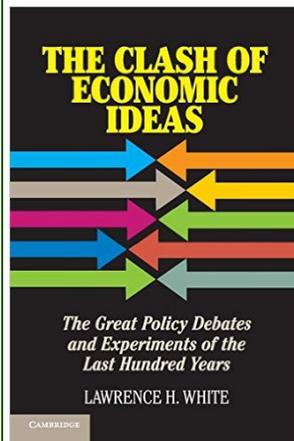
Final Exam [30%]

Required Reading

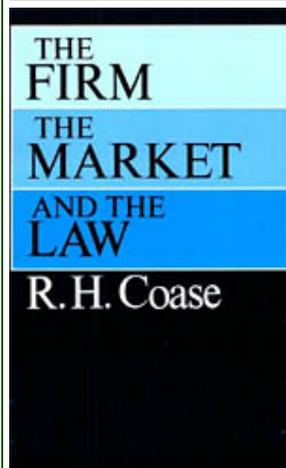
The following books are required. The first two will be used throughout the semester. The third will be used for three classes in February.



Medema, Steven. (2010). *The Hesitant Hand: Taming Self-Interest in the History of Economic Ideas* (Princeton University Press).



White, Larry. (2012). *The Clash of Economic Ideas: The Great Policy Debates and Experiments of the Last Hundred Years*(Cambridge University Press).



Coase, R. H. *The Firm, the Market, and the Law* (University of Chicago Press).

Description of Requirements

Participation and Daily Memos

Most class periods will be spent discussing assigned reading; hence, it is important that everyone has read the material for the day (the daily memo requirement will help with that). Your participation grade will reflect your participation in class discussion on a regular basis. If you are not present in class, you cannot participate; if you are continually absent, your participation mark will necessarily be zero. Remember that the quality of one's remarks in class is as important as their quantity: frequent poor-quality comments will no more earn you full credit for participation than will attendance with little participation in discussion.

Here is a rough guide to my grading of participation (since frequent absences result in a failing grade no matter how much you participate when present, I've deleted the bottom end of the grade descriptions): 77% (approximately 2.5/4.0) for regular attendance and a few comments/questions in class; 80% (3.0/4.0) for regular attendance and some good contributions; 85% (3.3/4.0) for very good attendance and good contributions; 90% (3.5/4.0) for showing familiarity with the readings, leadership in the direction of class discussion occasionally and attending regularly; 95% (3.8/4.0) for regularly moving class discussion forward by providing productive comments based on the readings that contribute to discussion and also help others to enter/participate in the conversation.

My practice is to inform you around the middle of the semester about how I would evaluate your participation to that point. While you can discuss this grade with me, the best way to have an impact on the final grade is to change your participation during the latter half of the course. I will revise the participation grade at least once during the second half of the course, and will finalize the grade at the end of classes.

Daily Memos

Daily memos ensure that the assigned reading has been read (or at least looked over!) by a plurality, if not majority, of the students participating in the day's discussion. Their purpose is not to make sure you get the text "right," but to start you thinking about themes that central to the text, and their relevance to political economy.

How daily memos work: prior to class, you will write a two-page (typed, double-spaced) memo that addresses the following: **a**) what questions about political economy does the reading address? What answers does the author provide to these questions? *This is the most important section of the memo;* and **b**) your favorite quotation from the reading, with an explanation of its relevance to our discussions. In order to assist me in reading your memo, please use the following headers to separate the two issues: **Questions** and **Favorite Quotation**.

Memos are turned in at the beginning of a class period. Those who are not in class (not matter what the reason) or who know they will arrive significantly late need not prepare a memo for that day. There is no need to appeal for permission to turn in a memo on a day you know you will miss. (I know that everyone has legitimate reasons for missing some classes, and have compensated for that in setting the minimum number.) Simply ensure that you prepare memos for the days you are in class. If you are in the hospital for more than two weeks, please contact me while in the hospital to make arrangements. If in doubt about

whether you can complete an acceptable memo on a particular date, you should not turn a memo in, because a check-minus is no better than a missed memo. You simply need 17 acceptable daily memos on record by the end of the term.

To ensure that we can keep track of your memos over the semester, please put the following information on separate lines at the top (left) of your memo: Your name; MC 341, and the Date of class for which you're turning in the memo. If you wish to number your memos, you may add a line which reads "Memo #__" (I don't pay attention to this line!).

Your professor will grade daily memos on a check, check-minus system. As long as you turn in at least 17 memos that are acceptable and therefore receive a check, your final grade will be determined by the other components of the course requirements, as indicated above. If you do not turn in 17 acceptable daily memos, your final grade will decrease .3% for every missed memo or check-minus received. (The maximum one can lose from not turning in memos is 5%) Daily memos will be returned at least once a week, if not more frequently.

How can you ensure a check on your memos? My response is threefold. First, a memo is not a summary of the assigned reading. Memos that are simply summaries seldom earn a check. The student must make, in my estimation, an effort to discover the text's central questions and uncover the logic it uses to answer them. Secondly, my "standard" for a check is a memo that would earn at least a grade in the low 3-point range. Such a memo has the basics of the argument about the text's central questions. Finally, the argument you make does not need to be the "correct" interpretation. We can only learn the meaning of the text if we try to understand it ourselves; and our initial understanding is often confused and partial. But it is better that we try to interpret the texts ourselves, than that we leave the job of interpretation to others—including the prof!

Markets, State, and Civil Society in Economic Thought Papers

Throughout MC 341, we examine the changing perceptions of economists regarding the effectiveness of activities coordinated via markets and the state. Our examination also includes the changing perception of the role of other social institutions, like the family, social groups, social norms, firms, unions, etc. which lie "between" markets and the state.

The two papers on "Markets, State, and Civil Society in Economic Thought" provide you with the opportunity to explore further the thinking of a couple of economists on these topics. *The purpose of both papers is to outline the relative importance the economist assigns to markets, state, and civil society in effectuating economic activity that contributes to human flourishing.*

The first paper will be shorter than the second, in order to give you a chance to write a paper for Professor Emmett early and obtain feedback on it before turning to other assignments. The earliest authors in our course also set the stage for our later considerations.

For information on how I grade papers, see the file "How I Grade Papers" available on D2L. Failure to complete either Paper 2 or the final exam constitutes failure to complete a major assignment in the course, and is grounds for an automatic zero in the course

(regardless of how well you do on other course requirements). *Please consult with the professor if you foresee any difficulties with completing Paper 2!*

Submit your paper on D2L to the appropriate Dropbox.
I do not wish to receive your paper by email nor by hardcopy!

Topics for Paper 1 (6-8 pages; 15% of final grade) – Due on February 5 before 11 pm:

Choose one among these: Adam Smith, John Stuart Mill, Henry Sidgwick, Alfred Marshall, Harriet Martineau*, Millicent Fawcett*, and Booker T. Washington*

(*Authors whose work we are not directly considering)

Topics for Paper 2 (12-15 pages; 25% of final grade) – Due on April 1 before 11 pm:

Propose any economist mentioned in our two textbooks other than those for Paper 1. You may also want to consider some of the following authors who are either only mentioned briefly or not at all in our texts: Joan Robinson, Abram Harris, Elinor Ostrom, William Arthur Lewis, Barbara Ward, Rose Friedman, Anna Schwartz. You must inform me of your choice for Paper 2 at least 2 weeks before the paper deadline!

Debate Assignment

There are 5 student-led debates scheduled through the Spring 2016 semester:

Debate 1: Pigou vs Coase (February 15)

Topic: Pigouvian solutions for externality problems are preferable to Coasian solutions.

PRO: Pigou; CON: Coase

Debate 2: Socialist Calculation Debate (February 22)

Topic: Technological improvements are making centralized planning ever more effective in solving the local knowledge problem.

PRO: Socialist planners; CON: Hayek

Debate 3: Hayek vs. the Fabians (March 16)

Incremental reforms in social and economic policy can reduce poverty and decrease inequality without endangering national prosperity.

PRO: the Fabians; CON: Hayek

Debate 4: P.T. Bauer vs. Development Planners (April 11)

“Economic achievement depends primarily on people’s abilities and attitudes and also on their social and political institutions.”

PRO: Bauer (quote from p270); CON: Development Planners

Debate 5: Adam Smith vs. Friedrich List (April 20)

The case for free trade does not consider the impact of domestic manufacturing capacity on internal commerce, political considerations such as sustaining national independence and power, or the achievement of national wealth and prosperity.

PRO: List; CON: Smith

For each debate, there will be two groups of students (3-4 students per group); each group will take one side of the debate.

Prior to the Debate

Each team submits a five-page paper (works cited should be on the 6th page) outlining the core arguments of their position. The paper is due by 11 pm the night before the debate. Email the paper to Professor Emmett.

Debate papers should meet all regular requirements for papers. See my description of grading for debate papers on the final page. The Debate Paper grade will count for 15% of the final course grade.

Format of the Classroom Debate

Stage I: Opening Statements (25 minutes)

Each team assigned this to this debate will have 10-12 minutes to state its case to the class.

Stage II: Class Deliberation (20 minutes)

There will be signs in each of the four corners of the room representing four positions that students in the class can take for deliberation:

Strongly Agree, Weakly Agree, Weakly Disagree, or Strongly Disagree

After the opening statements, students decide which position they associate with and move to that part of the room.

Each corner group fashions a response to the presentations based on opening debate. Students may shift positions during this Stage if they change their mind.

Stage III: Four Corners' Presentations (10-15 minutes)

Each corner will make a brief statement of the key points for their position.

Stage IV: Open Class Discussion (20 minutes)

Led by the professor.

Debate Group Grade

Only the Group Paper will be graded. Participation in the presentation and discussion will be rewarded through your class participation grade. There will be no awarding of additional points for “winning” the in-class debate.

A single grade will be given to the paper, on the same bases as other papers in the course earn grades. (See the “How I Grade Papers” file, available on D2L.)

The following sheet will be distributed to the group after the paper is graded.

Students in the group will decide together on the distribution of the grade among themselves. Here’s the basics:

- 1) I assign a single grade, listed in the “Paper Grade” box on the sheet.
- 2) That grade is then multiplied by the number of students in the group to create the “Total Points Available for Distribution.”
- 3) The group members then decide how to distribute the grade among themselves.
- 4) All members of the group sign beside the grade they have agreed to receive.
- 5) The sheet is turned into me, with all signatures in place, and I record the grades in D2L (and on my own spreadsheet).

MC 341 Group Paper Grade Distribution

Topic: _____ Paper Grade: _____

Date of Presentation: _____

Grade Distribution: The “paper grade” above is multiplied by the number of “group members” to determine the “total points available for distribution”. The group then agrees on a distribution of those points, which shows up below as the “Student’s Paper Grade.” Before I can record that grade, each member of the group must provide their signature, agreeing with the distribution of grades among the group members.

Total Points Available for Distribution:

Group Members:	Student’s Paper Grade:	Signatures!
1.	1.	1.
2.	2.	2.
3.	3.	3.
4.	4.	4.

Sum of Students Paper Grades must equal Total Points Available for Distribution!

NOTE: Small variations in some students’ grades can make a substantial difference in one student’s grade. If there are three students in a group and one of them does most of the work, and the paper earns an 83% (mid-point of the 3.0 range), then if the other two students accept an 80% (still in the 3.0 range), the student who did the most work could receive an 89%, which is in the 3.5 range.

As long as all students have signed the form, I will accept whatever distribution of the grades the students agree upon.

Expecations

What you can expect from me

My pedagogical goal in this course is to provide a structured environment in which you learn to think about the intersection of philosophy, politics, and economics. Experience in James

Madison College has taught me that students learn best from a combination of reading, listening to short lectures, participating in focused discussion, and writing. That is the environment I expect to provide you in this course.

MC 341 asks us to engage responsibly ideological viewpoints that may be different than our own. Being responsible about our own ideological viewpoints means that we have to put in the hard work of constructing a rational defense of our political, social, and economic view of the world. Questioning our assumptions, and learning to defend them, is essential to this task. In our readings, lectures, and discussions, you can expect to be asked to “get inside” views of the world that may be unfamiliar and potentially discomfoting, or disagree with the assumptions of your own ideology. I plan to model how one can engage such views responsibly.

I will be on time and will try to maximize our use of the time we have.

Lectures will focus on key issues from the readings that need expansion. They will be coupled with discussions that allow you to raise questions you have about the readings and the ideas you’re encountering, as well as point your attention to key tensions or challenges in the readings and lectures. You can expect me to give you the same opportunity to participate in discussion that I give to other students.

You have a right to clear explanations of the expectations for assignments, and to prompt and adequate feedback about your performance. Information regarding my expectations for tests, the research paper, and the essays will be provided in class and/or in the “How I Grade Papers” brief available on D2L. Individual feedback will be provided on your papers or tests, and you may come to talk about your performance during my office hours.

Your performance during university will be enhanced by contact outside the classroom with your professors. I welcome you to stop by my office early in the term to introduce yourself. I will respect my posted office hours, and can make appointments if the posted times are not convenient for you. Indeed, meeting with me occasionally during the term to discuss questions you have about the class can even increase your participation grade!

What I expect of you

I expect you to attend class, to have read the assigned material in advance, and to write a memo before class. I also expect you to come prepared for engagement in the discussion of topics related to the readings. Being engaged does not mean simply talking. Engagement with class discussion comes in many forms. Constantly reading social media and/or sleeping through class are not among them! Thoughtful contributions that advance our common understanding of political economy will be rewarded more than simply talking.

I expect you to engage responsibly ideological viewpoints that may be different than your own. Being responsible about our own ideological viewpoints means that we have to put in the hard work of constructing a rational defense of our political, social, and economic view of the world. Questioning our assumptions, and learning to defend them, is essential to this task. In our readings, lectures, and discussions, I expect that you will “get inside” views of the world that may be unfamiliar and discomfoting, or that disagree with the assumptions of your own ideology. View this as an exercise in learning responsible ideology.

I also expect you will use the Piazza discussion platform as a means of both addressing questions you might have in the course, and discussing themes from

readings/lectures/discussions that you wish to pursue further. I encourage you to both ask questions on Piazza and answer them when other ask.

I expect you to prepare carefully for each of the papers. Take the time to sift through your ideas and your source(s) to identify a clear thesis and develop a clear argument to sustain that thesis. I expect you to attend one of the research paper group sessions as part of that preparation. Edit and re-write your paper to ensure that its organization reflects the logic of the argument. I expect you already write well, and that you can proof-read to catch mistakes caused by hasty writing or not thinking through the structure of paragraphs and sentences.

I expect you to treat others with the same respect you expect from them. This version of the “Golden Rule” extends beyond your classmates to the individuals whom you are studying. I expect you to respect the rights of those whose ideas you utilize in writing your papers. Acknowledging the sources of your own ideas is an integral part of participation in a civil democratic society, especially in the academic context. That dreaded p-word – plagiarism – is ultimately an issue of respect. College and University policies regarding academic dishonesty will be enforced in this course (see the *College Student Handbook*).

MC 341
Spring 2016
Schedule of Reading and Assignments

Jan. 11	No Class – Professor Emmett Away
Jan. 13	Arnold Kling, “Differences of Opinion Among Economists About Government and Market Efficacy” (link on D2L)
Jan. 18	NO CLASS – Martin Luther King, Jr. Day (office hours available)
Jan. 20	White, <i>Clash of Economic Ideas</i> , Introduction and Chapter 1
Jan. 25	Medema, <i>The Hesitant Hand</i> , Chapter 1
Jan. 27	Medema, <i>The Hesitant Hand</i> , Chapter 2
Feb. 1	Medema, <i>The Hesitant Hand</i> , Chapter 3
Feb. 3	Medema, <i>The Hesitant Hand</i> , Chapter 4
Feb. 5	Paper 1 due before 11 pm to D2L Dropbox
Feb. 8	Medema, <i>The Hesitant Hand</i> , Chapter 5
Feb. 10	Debate: Pigou vs Coase; Reading: Coase, <i>FML</i> , “The Problem of Social Cost,” pp. 95-156
Feb. 15	Coase, <i>FML</i> , “The Nature of the Firm,” pp. 33-55
Feb. 17	Coase, <i>FML</i> , “The Lighthouse in Economics,” pp. 187-213
Feb. 22	White, <i>Clash of Economic Ideas</i> , Chapter 3
Feb. 24	Debate: Socialist Calculation; Reading: White, <i>Clash of Economic Ideas</i> , Chapter 2
Feb. 29	White, <i>Clash of Economic Ideas</i> , Chapter 4
March 2	White, <i>Clash of Economic Ideas</i> , Chapter 5
March 7-11	No Classes – Spring Break
March 14	White, <i>Clash of Economic Ideas</i> , Chapter 6
March 16	Debate: Hayek vs. the Fabians; Reading: White, <i>Clash of Economic Ideas</i> , Chapter 7
March 21	Debate: Profs. Emmett and Horwitz, Austrian Economics vs. Chicago Economics; Readings: Boettke, “Austrian School of Economics” (link on D2L), and Emmett, “Chicago School of Economics” (available on D2L)
March 22	Sennholz Lecture, Steve Horwitz, 7 pm, Broad Art Museum
March 23	White, <i>Clash of Economic Ideas</i> , Chapter 8
March 28	White, <i>Clash of Economic Ideas</i> , Chapter 9
March 30	White, <i>Clash of Economic Ideas</i> , Chapter 11
April 1	Paper 2 due before 11 pm to D2L Dropbox
April 4	White, <i>Clash of Economic Ideas</i> , Chapter 12
April 6	White, <i>Clash of Economic Ideas</i> , Chapter 13
April 11	Debate: P.T. Bauer vs. Development Planners; Reading: White, <i>Clash of Economic Ideas</i> , Chapter 10
April 13	Medema, <i>The Hesitant Hand</i> , Chapter 6
April 18	Medema, <i>The Hesitant Hand</i> , Chapter 7
April 20	Debate: Free Trade vs. Protectionism; Reading: White, <i>Clash of Economic Ideas</i> , Chapter 14
April 25	White, <i>Clash of Economic Ideas</i> , Chapter 15
April 27	Course Wrap-up
May 4	Final Exam, 10 am – Noon, Case 339