Required:
6. Student Subscription to *Wall Street Journal*.

Optional Texts:
2. Either one of the following:
   OR

This course is offered as a capstone course in the Economics in Action series. It is approved for the Critical Thinking segment of the Core Curriculum required by the College of Arts and Sciences. As such it is designed to force the student to subject the myths, emotion and special pleading which dominate defense debates to economic analysis, critical scrutiny and empirical testing. An important goal will be to demonstrate how economic analysis can be applied to aid the understanding of defense issues faced by any nation with a defense budget. Major focus will be on the United States and the industrialized countries of Western Europe but, on occasion, the case of the former Soviet Union and the more advanced countries of Central and Eastern Europe will be examined for comparative purposes.

Students majoring in Economics, Political Science, and/or International Affairs should find the course particularly useful but any students who have taken introductory economics (micro and macro) should be able to handle the material, whatever their major department.

The course will be run as a seminar with extensive student participation and substantial reading required. Grades will be based on class participation, two short essays (3-5 pages) on a common topic, and a major term paper (of at least 15 pages). The subject area is important, interesting, and highly policy-relevant and a serious commitment of effort should yield a very rewarding learning experience.

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1In addition to the material in the required texts, additional items will be distributed to students and assignments made in material on reserve at Norlin Library. Free riders will be neither welcome nor happy in this class.
COURSE OUTLINE

Wednesday 8/25/93 Organization and Introduction
Friday 8/27/93 Hartley Ch 1 - Economics and Defence Policy: An Overview
Monday 8/30/93 Hartley Ch 1 - Economics and Defence Policy: An Overview
Wednesday 9/1/93 Hartley Ch 2 - How Do Economists Analyze Defence?
Weidenbaum Ch 6 - Reconciling Economics and the National Security
Friday 9/3/93 " "
Monday 9/6/93 LABOR DAY HOLIDAY
Wednesday 9/8/93 Hartley Ch 2 - How Do Economists Analyze Defence?
Weidenbaum Ch 6 - Reconciling Economics and the National Security
Friday 9/10/93 " "
Monday 9/13/93 Hartley Ch 3 - Defence Budgets
Weidenbaum Ch 1 - Matching the Military Budget to the National Security Environment
Wednesday 9/15/93 " "
Friday 9/17/93 A. Wildavsky, Ch 9 "Budgeting For Defense." RESERVE
Monday 9/20/93 Hartley Ch 4 - The Determinants of Defence Expenditures
Weidenbaum Ch 2 - Cutting Back the Defense Sector
Wednesday 9/22/93 Steinberg Ch 1 - Introduction
Steinberg Ch 2 - Background: Characteristics of the European Defense Market
Steinberg Ch 3 - The Changing Economic, Political and Security Environment in Europe and It's Impact on the Defense Industry
Friday 9/24/93 " "
Monday 9/27/93 Hartley Ch 5 - Economics, Politics and Public Choice
Wednesday 9/29/93 " "
Friday 10/1/93 " "
Monday 10/4/93 Hartley Ch 6 - Equipment Procurement Policy
Weidenbaum Ch 7 - Understanding the Defense Industry
OTA, Building Future Security, Ch 3, "Prototyping-Plus"
Friday 10/8/93 " "
Monday 10/11/93  McNaugher Ch 1 - The Unhappy Accommodation & Ch 2 - The Era of Construction
Wednesday 10/13/93  McNaugher Ch 3 - The Era of Reform & Ch 4 - Mismanaging Modernization
Friday 10/15/93  McNaugher Ch 5 - Perverse Priorities & Ch 6 - The Accidental Industrial Policy
Monday 10/18/93  Hartley Ch 7 - NATO and Equipment Standardization
Steinberg Ch 4 - Patterns of Industrial Adaptation
Steinberg Ch 7 - Conclusion: Competition vs. Consolidation
Wednesday 10/20/93  Steinberg Ch 6 - Emerging Trends in the European Defense Sector
Steinberg Ch 7 - Conclusion: Competition vs. Consolidation
Friday 10/22/93  Hartley Ch 8 - The U.K. Defence Industrial Base
Weidenbaum Ch 5 - Refocusing Military Research and Development
OTA, Building Future Security, Ch 2 - Research and Development
RESERVE
Ch 1 - Summary, Major Findings, Policy Issues
Ch 2 - Threats, Forces, and Operations
Ch 3 - Structure of the Current Base
Friday 10/29/93  OTA, Redesigning Defense...
Ch 4 - Trends and Problems in the Base
Ch 5 - Framing the Debate
Monday 11/1/93  OTA, Building Future Security...
Ch 1 - Summary and Conclusions
Ch 3 - Prototyping Plus
Ch 4 - Efficient, Responsive, Mobilizable Production
McNaugher Ch 7 - Toward Meaningful Reform
OTA, Building Future Security...
Ch 5 - The Maintenance Base
Ch 6 - Good, Integrated Management
Friday 11/5/93  Hartley Ch 9 - Evaluating International Programs
OTA, Building Future Security...
Appendix A - Defense Technology and Industrial Base Policies of Allied Nations
Monday 11/8/93  "  "
Wednesday 11/10/93  "  "
Friday 11/12/93  Hartley Ch 10 - The Political Economy of Arms Control
Weidenbaum Ch 10 - Planning for a World of Lower Tensions
<table>
<thead>
<tr>
<th>Day</th>
<th>Date</th>
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<tr>
<td>Monday</td>
<td>11/15/93</td>
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<tr>
<td>Wednesday</td>
<td>11/24/93</td>
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<td>Friday</td>
<td>11/26/93</td>
<td>THANKSGIVING HOLIDAY</td>
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<td>Monday</td>
<td>11/29/93</td>
<td>Weidenbaum Ch 9 - Recognizing the People Factor in the Armed Forces</td>
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<td>Weidenbaum Ch 4 - Helping the People</td>
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<td>OTA, <em>After the Cold War</em>, RESERVE</td>
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<td>Ch 3 - Displaced Defense Workers.</td>
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<td>Ch 4, Engineers: A Special Case?</td>
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<td>Ch 5, Veterans' Adjustment</td>
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<td>Summary and Ch 1 - Introduction</td>
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<td>Ch 2 - Effects of Reducing Defense Expenditures on the Level of Economic Activity (skim balance)</td>
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<td>Friday</td>
<td>12/3/93</td>
<td>Congressional Budget Office, <em>The Economic Effects of Reduced Defense Spending</em>...</td>
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<td>Weidenbaum Ch 3 - Downsizing the Defense Companies</td>
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<td>Wednesday</td>
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<td>Wednesday</td>
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<td>FINAL EXAM - REGULAR CLASSROOM 7:30 p.m. - 10:30 p.m.</td>
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