Required Texts:

Optional Texts:
2. Either one of the following:
   OR
3. Student subscription to *Wall Street Journal*.

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. 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 Japan 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 (10%), one short essay of about 5 pages on a common topic (30%), and a major term paper of at least 15 pages (60%). 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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\[1\]In 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

Tuesday  7/11/95  Organization and Introduction

Discussion:
Hartley, Ch 1 - Economics and Defence Policy: An Overview
Sandler & Hartley, Ch 1 - Defense Economics: An Introduction
The Economist, Sept. 5, 1992, "Defense in the 21st Century" (optional)
Jordan et al., Ch 1 - National Security: The International Setting
Jordan et al., Ch 2 - Military Power and the Role of Force in the Post-Cold War Era

Wednesday  7/12/95  Hartley, Ch 2 - How Do Economists Analyze Defence?
Weidenbaum, Ch 6 - Reconciling Economics and the National Security

Thursday  7/13/95  Jordan et al., Ch 3 - Traditional American Approaches to National Security
Jordan et al., Ch 4 - The Evolution of American National Security Policy
Hartley, Ch 2 - How Do Economists Analyze Defence?
Weidenbaum, Ch 6 - Reconciling Economics and the National Security
Jordan et al., Ch 14 - Economic Challenges to National Security

Friday  7/14/95  Hartley, Ch 3 - Defence Budgets
Weidenbaum, Ch 1 - Matching the Military Budget to the National Security Environment
Jordan et al., Ch 9 - Defense Planning, Budgeting, and Management
A. Wildavsky, Ch 9 "Budgeting For Defense."  RESERVE

Monday  7/17/95  Hartley, Ch 4 - The Determinants of Defence Expenditures
Sandler & Hartley, Ch 3 - The Demand for Military Expenditures
Sandler & Hartley, Ch 8 - Economic Growth, Development, and Military Expenditures

Tuesday  7/18/95  Hartley, Ch 4 - The Determinants of Defence Expenditures
Sandler & Hartley, Ch 3 - The Demand for Military Expenditures
Sandler & Hartley, Ch 8 - Economic Growth, Development, and Military Expenditures

Wednesday  7/19/95  Jordan et al., Ch 16 - The Former Soviet Union
Hartley, Ch 5 - Economics, Politics and Public Choice

Thursday  7/20/95  Sandler & Hartley, Ch 15 - Procurement: Theories, Evidence and Policies
Hartley, Ch 5 - Economics, Politics and Public Choice
Hartley, Ch 6 - Equipment Procurement Policy
Weidenbaum, Ch 7 - Understanding the Defense Industry
Jordan et al., Ch 7 - Intelligence and National Security (optional)

Friday  7/21/95  McNaugher, Ch 1 - The Unhappy Accommodation & Ch 2 - The Era of Construction
McNaugher, Ch 3 - The Era of Reform & Ch 4 - Mismanaging Modernization
Jordan et al., Ch 5 - Presidential Leadership & the Executive Branch in National Security
Jordan et al., Ch 6 - The Impact of Congress on National Security Policy

Monday  7/24/95  McNaugher, Ch 5 - Perverse Priorities & Ch 6 - The Accidental Industrial Policy
Jordan et al., Ch 8 - The Role of the Military in the National Security Policy Process
Jordan et al., Ch 10 - The National Security Decision-making Process: Putting the Pieces Together

Tuesday  7/25/95  Hartley, Ch 7 - NATO and Equipment Standardization
Sandler & Hartley, Ch 2 - The Economic Theory of Alliances (skim)
Hartley, Ch 8 - The UK Defense Industrial Base
Sandler & Hartley, Ch 7 - Defense and the Industrial Base
Sandler & Hartley, Ch 9 - Industrial and Alliance Policies
Wednesday 7/26/95
Hartley, Ch 7 - NATO and Equipment Standardization
Sandler & Hartley, Ch 2 - The Economic Theory of Alliances (skim)
Hartley, Ch 8 - The UK Defense Industrial Base
Sandler & Hartley, Ch 7 - Defense and the Industrial Base
Sandler & Hartley, Ch 9 - Industrial and Alliance Policies

Thursday 7/27/95
Steinberg, Ch 1 - Introduction
Steinberg, Ch 2 - Background
Steinberg, Ch 3 - The Changing Economic, Political and Security Environment in Europe and It's Impact on the Defense Industry
Jordan et al., Ch 21 - Europe

Friday 7/28/95
Steinberg, Ch 4 - Patterns of Industrial Adaptation
Steinberg, Ch 5 - The Corporate Response
Steinberg, Ch 6 - Emerging Trends in the European Defense Sector
Steinberg, Ch 7 - Conclusion: Competition vs. Consolidation
Hartley, Ch 9 - Evaluating International Programs

Monday 7/31/95
Weidenbaum, Ch 5 - Refocusing Military Research and Development
OTA, Building Future Security, Ch 2 - Research and Development
Jordan et al., Ch 15 - Research and Development

Tuesday 8/1/95
Sandler & Hartley, Ch 6 - Military Manpower
Weidenbaum Ch 9 - Recognizing the People Factor in the Armed Forces
Weidenbaum Ch 4 - Helping the People
OTA, After the Cold War RESERVE (skim)
Ch 3 - Displaced Defense Workers (skim)
Ch 4 - Engineers: A Special Case? (skim)
Ch 5 - Veterans' Adjustment (skim)

Wednesday 8/2/95
Hartley, Ch 10 - The Political Economy of Arms Control
Sandler & Hartley, Ch 4 - Arms Races
Sandler & Hartley, Ch 10 - The Arms Trade
Sandler & Hartley, Ch 11 - Arms Control and Disarmament
Weidenbaum, Ch 10 - Planning for a World of Lower Tensions
Jordan et al., Ch 23 - Conflict and Arms Control
Jordan et al., Ch 22 - International Forces and Peacekeeping

Thursday 8/3/95
Hartley, Ch 10 - The Political Economy of Arms Control
Sandler & Hartley, Ch 4 - Arms Races
Sandler & Hartley, Ch 10 - The Arms Trade
Sandler & Hartley, Ch 11 - Arms Control and Disarmament
Weidenbaum, Ch 10 - Planning for a World of Lower Tensions
Jordan et al., Ch 23 - Conflict and Arms Control
Jordan et al., Ch 22 - International Forces and Peacekeeping

Friday 8/4/95
Sandler & Hartley, Ch 10 - The Arms Trade
Jordan et al., Ch 24 - National Security Perspectives for the 1990s
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| Monday | 8/7/95 | Sandler & Hartley, Ch 12 - Conversion  
OTA, *Redesigning Defense* (RESERVE), Ch 1 - Summary, Major Findings, Policy Issues  
OTA, *Building Future Security* (RESERVE), Ch 1 - Summary and Conclusions  
McNaugher, Ch 7 - Toward Meaningful Reform |
| Tuesday| 8/8/95 | Integrating Commercial and Military Technologies for National Strength: An Agenda for Change  
(Washington: Center for Strategic and International Studies, 1991) RESERVE  
Congressional Budget Office, The Economic Effects of Reduced Defense Spending (RESERVE), Summary and Ch 1 - Introduction  
Office of Technology Assessment, *After the Cold War: Living with Lower Defense Spending*  
| Wednesday| 8/9/95 | Sandler & Hartley, Ch 13 - Nonconventional Conflict: Revolutions, Guerrilla Warfare, and Terrorism |
| Thursday| 8/10/95| Sandler & Hartley, Ch 13 - Nonconventional Conflict: Revolutions, Guerrilla Warfare, and Terrorism |
| Friday  | 8/11/95| EXAM - REGULAR TIME AND CLASSROOM |