Course Objective
This course will explore the interplay between free markets, economic freedom, and prosperity.

For most of human history, poverty was the norm. While a select few had access to modern luxuries, the vast majority of human lives were “nasty, brutish, and short.” Over the last 200 years, however, the nations of Western Europe, the United States, Canada, Australia, and several others have seen an explosion in wealth. Even countries still considered poor have improved on a variety of margins.

The rise of global trade networks is largely responsible for this phenomenon. Countries that have been more open to market activity have seen both faster economic growth and higher levels of growth. Countries that have closed themselves off from the benefits of trade, or have instituted punitive trade barriers, have not enjoyed the same sort of prosperity. Just look at the differences between North and South Korea, for example. The economy of South Korea is heavily dependent on international trade. Samsung, Hyundai, and LG Electronics all have headquarters in South Korea. South Korea’s aggressive integration into international markets has led to its designation as one of the Four Asian Tigers – along with Singapore, Taiwan, and Hong Kong. This group of countries developed rapidly from the 1960s to the 1990s, and has enjoyed the benefits of industrialization since then. North Korea, by contrast, has essentially shut itself off from international trade. While the country has limited trade relationships with neighboring countries, it prides itself on being “self-sufficient”. Yet this very self-sufficiency has also meant development in the country has essentially ground to a halt.

While these may be considered extreme examples, they are useful points of comparison. On the eve of the North-South split in 1945, both countries were at the same level of economic development. Yet their willingness to participate in global markets has dramatically impacted their economic fates. If you don’t like the North Korea-South Korea comparison, pick two other countries with greater and lesser proclivities toward trade, and see if the same story plays out. Look at the different economic histories of Chile and Bolivia, for example. Look at Poland and Ukraine. Look at the United Arab Emirates and Saudi Arabia. In each set of countries, the
country which has opened itself up to global markets has seen higher living standards as a result.

In this course, we will explore why this is the case. We will discuss both pragmatic and moral defenses of markets, and attempt to discern if there are some limits to the benefits of trade. We will look at specific markets and discuss whether freedom would be increased or limited by their curtailment. We will delineate what the role of government should be in a free society. We will evaluate the benefits and costs of economic “churn” in the economy, also known as “creative destruction”. We will discuss the role public policy plays in helping and/or hindering trade relationships. We will explore markets for education, labor, and money. We will look at arguments against trade, namely that it leads to poverty and exaggerates inequalities. Finally, we will examine situations in which we would absolutely expect trade relations to break down, and evaluate the factors that nonetheless lead to successful negotiations in these circumstances.

**Course Materials & Teaching Philosophy**

All readings will be available on Canvas. There will be roughly 25-35 pages to read prior to each class period. I will begin each period with a 10-15-minute quiz based on these reading materials (no quiz will be given during the first-class meeting). Though I do not grade based on attendance, your attendance will be necessary in order to complete these quizzes. I will automatically drop your lowest quiz grade. Additionally, though I will not grade based on class participation, I will reserve the right to raise your grade by half a letter if I think your participation has been exemplary. That is to say, if you are on the border between a B+ and an A-, I reserve the right to bump you up to the higher letter grade if I note that you have been an active participant in the class discussions.

I welcome questions and civil contestation. I don’t expect everyone to agree with me on all issues (in fact, I would be quite disappointed if you did). I view learning as a collaborative process, and I hope you will feel free to engage with both myself and your fellow students throughout the course of these meetings. There will be no need to wait until the end of the class to ask questions. Feel free to raise your hand at any time.

**Class Protocol**

You are encouraged to take notes throughout the course of my talks, and may use either a computer or notebook in order to do so. Please refrain from surfing the web during these meetings, however. Additionally, I ask that you turn your phone to silent before the beginning of the class, and refrain from checking it during our two-hour meeting. We only have a limited amount of time to cover a lot of material – your text can wait.

I will provide nametags to each student at the start of the class. Please bring these nametags to each class, and place them clearly in front of you. I can’t promise that I will learn your names by the end of May Term, but the name tags will certainly help.
Grading
Your grade will be based on three items: your quizzes, a comprehensive final exam, and your class project. Your class project will be undertaken in two-person teams, and will require the construction of a 5-page essay comparing two countries with different histories of trade openness. More information about this project will be provided in a separate document. Each quiz will be worth 5% of your grade, for a total of 40% (since your lowest quiz grade will be dropped). Your final and class project will be worth 30% apiece. The final exam will be comprehensive, and will involve both multiple choice and short answer questions.

My grading ranges are as follows:
A+: 98% and above
A: 93% - 97%
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: Below 59%

I will not curve the final grades, and I will not offer extra credit. If I find that a specific quiz or exam has been particularly difficult, I may allow a curve on that item. I will not, however, curve the overall letter grades in the class.

Schedule of Lectures

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
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</thead>
<tbody>
<tr>
<td>May 17</td>
<td>Markets and Freedom: The Pragmatic Case</td>
</tr>
<tr>
<td>May 18</td>
<td>Markets and Freedom: The Moral Case</td>
</tr>
<tr>
<td>May 21</td>
<td>Markets Without Limits</td>
</tr>
<tr>
<td>May 22</td>
<td>Creative Destruction and Innovation</td>
</tr>
<tr>
<td>May 23</td>
<td>Public Policy: Sometimes Helpful, Sometimes Harmful</td>
</tr>
<tr>
<td>May 24</td>
<td>Markets for Education</td>
</tr>
<tr>
<td>May 25</td>
<td>Labor Markets</td>
</tr>
<tr>
<td>May 28</td>
<td>No Class: Memorial Day</td>
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<tr>
<td>May 29</td>
<td>Money and Financial Markets</td>
</tr>
<tr>
<td>May 30</td>
<td>Poverty, Inequality, and Social Welfare</td>
</tr>
<tr>
<td>May 31</td>
<td>Worst Case Scenarios: Why Trade Still Works</td>
</tr>
<tr>
<td>June 1</td>
<td>Comprehensive Exam</td>
</tr>
</tbody>
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Student Learning Outcomes
The things I hope you will learn throughout this course include, but are not limited to:
What are the functions of markets
Why nations that are more open to trade tend to enjoy greater prosperity
How markets improve both material and nonmaterial wealth
How trade makes both parties to the trade better off
The importance of comparative advantage and the division of labor
Different ways to measure improved living standards
A brief history of globalization
How consumer preferences shape markets
How markets promote virtuous behavior
The role of reputation in well-functioning markets
How very wealthy entrepreneurs help the very poor as well as themselves
The basics of the commodification debate
Why creative destruction is more often a blessing than a curse
The role of public policy and institutions in facilitating or hindering trade
How a few particular markets function, including education and labor markets
How markets are able to undertake social welfare functions, like poverty alleviation
Various ways in which markets are hampered
Creative and unexpected ways in which markets function
How markets and freedom are related

Disability Accommodations, Religious Observance, and Excused Absences
Disability Accommodations: Students needing academic accommodations for a disability must first register with Disability Accommodations & Success Strategies (DASS). Students can call 214-768-1470 or visit http://www.smu.edu/Provost/ALEC/DASS to begin the process. Once registered, students should then schedule an appointment with the professor as early in the semester as possible, present a DASS Accommodation Letter, and make appropriate arrangements. Please note that accommodations are not retroactive and require advance notice to implement.

Religious Observance: Religiously observant students wishing to be absent on holidays that require missing class should notify their professors in writing at the beginning of the semester, and should discuss with them, in advance, acceptable ways of making up any work missed because of the absence. (See University Policy No. 1.9.)

Excused Absences for University Extracurricular Activities: Students participating in an officially sanctioned, scheduled University extracurricular activity should be given the opportunity to make up class assignments or other graded assignments missed as a result of their participation. It is the responsibility of the student to make arrangements with the instructor prior to any missed scheduled examination or other missed assignment for making up the work. (University Undergraduate Catalogue).

* This course is fully governed by the SMU Honor Code