

DEREE COLLEGE SYLLABUS FOR: EC 4467 ECONOMICS OF CONFLICT AND SECURITY

(Previously EC 4667 Economics of Defense)

(Updated Fall 2022)

UK LEVEL: 6
UK CREDITS: 15
US CREDITS: 3/0/3**PREREQUISITES:**

EC 1000 Principles of Microeconomics
EC 1101 Principles of Macroeconomics
EC 3270 Managerial Economics
EC 3473 Selected Topics in Microeconomic Theory

CATALOG DESCRIPTION:

Theoretical Background The demand for military expenditures. Costs versus benefits of defense expenditure. Procurement theories, evidence and policies. The European defense industry, the Greek defense industry. The impact of the defense burden on the Greek economy. Non-conventional conflict: Terrorism and maritime Piracy.

RATIONALE:

This course aims at describing the reasoning behind such choices, as well as at investigating the extent to which domestic military production may lead to corresponding import substitution, considering the impact of such a policy on both the domestic and the foreign sectors of the economy. Reference to the above questions is made with respect to Greece, particularly during the period Greek economic crisis.

LEARNING OUTCOMES:

As a result of taking this course, the student should be able to:

1. Name and describe the traditional models of defense expenditure and the cost-benefit analysis involved, as seen through the concept of the peace dividend.
2. Apply various cost-estimating techniques in the context of several forms of market structures.
3. Evaluate the importance of the domestic defense industrial base and the ensuing import-substitution for the economy in an environment of an arms race.
4. Assess the importance of military manpower in a world of rapidly advancing technology.
5. Apply the above in the case of the European and the Greek economy.

METHOD OF TEACHING AND LEARNING:

In congruence with the learning and teaching strategy of the college, the following tools are used:

- Classes consist of lectures and class discussions of recent articles in economic journals assigned by the instructor.
- Office hours: students are encouraged to make full use of the office hours of their instructor, where they can ask questions and go over lecture material.
- Use of Blackboard, where instructors post lecture notes, assignment instructions, timely announcements, as well as additional resources.

ASSESSMENT:

Summative:

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| | <table border="1" data-bbox="505 205 1295 447"> <tr> <td data-bbox="505 205 1122 342">1st assessment: Term project (group project 3,800-4,200 words; presentation of group project; reflective essay on group project – individual, 300-400 words)</td> <td data-bbox="1122 205 1295 342">50%</td> </tr> <tr> <td data-bbox="505 342 1122 447">Final assessment: In-class written examination (essay questions, comprehensive)</td> <td data-bbox="1122 342 1295 447">50%</td> </tr> </table> <p data-bbox="505 516 651 548">Formative:</p> <table border="1" data-bbox="505 548 1295 617"> <tr> <td data-bbox="505 548 1105 617">Formative assessment; group project progress reports</td> <td data-bbox="1105 548 1295 617">0%</td> </tr> </table> <p data-bbox="505 653 1528 716">The formative assessment prepares students for the examinations and ensures that students are actively engaged during the term.</p> <p data-bbox="505 751 1333 821">The 1st assessment tests Learning Outcomes 2, 3, 4, and 5. The final assessment tests Learning Outcomes 1, 2, 3, 4, and 5.</p> <p data-bbox="505 856 1528 989">The final grade for this module will be determined by averaging all summative (major) assessment grades, based on the predetermined weights for each assessment. If the average grade is above 40, students are not required to resit any failed assessments.</p> | 1 st assessment: Term project (group project 3,800-4,200 words; presentation of group project; reflective essay on group project – individual, 300-400 words) | 50% | Final assessment: In-class written examination (essay questions, comprehensive) | 50% | Formative assessment; group project progress reports | 0% |
| 1 st assessment: Term project (group project 3,800-4,200 words; presentation of group project; reflective essay on group project – individual, 300-400 words) | 50% | | | | | | |
| Final assessment: In-class written examination (essay questions, comprehensive) | 50% | | | | | | |
| Formative assessment; group project progress reports | 0% | | | | | | |
| INDICATIVE READING: | <p data-bbox="505 1020 813 1052">REQUIRED READING:</p> <p data-bbox="505 1087 1458 1150">Hartley, K. (2013), <i>The Economics of Defence Policy: A New Perspective</i>, Routledge</p> <p data-bbox="505 1186 1503 1218">Journal articles, accessible through the Library, as assigned by the instructor.</p> <p data-bbox="505 1253 894 1285">RECOMMENDED READING:</p> <p data-bbox="505 1320 1446 1383">Anderton, C. H and Carter, J.R. (2009), <i>Principles of Conflict Economics</i>, Cambridge University Press</p> <p data-bbox="505 1419 1430 1482">Enders, W. and Sandler, T. (2006), <i>The Political Economy of Terrorism</i>, Cambridge University Press</p> <p data-bbox="505 1518 1511 1549">Hartley, K. and Sandler, T. (2007), <i>Handbook of Defence Economics</i>, Elsevier</p> <p data-bbox="505 1585 1463 1648">Matthews, R. (Ed.). (2019). <i>The Political Economy of Defence</i>. Cambridge University Press.</p> <p data-bbox="505 1684 1414 1747">Hartley K. (2019) <i>Defence Economics; Achievements and Challenges</i>, Cambridge Elements.</p> <p data-bbox="505 1782 1357 1814">Poast, P. (2006), <i>The Economics of War</i>, McGraw-Hill, Chapter 5.</p> <p data-bbox="505 1850 1474 1881">Sandler, T. and Hartley, K. (1995), <i>Economics of Defence</i>, Cambridge U.P.</p> | | | | | | |

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| | <p>Smith, R. P (2009), Military Economics, Palgrave</p> <p>Hartley K. (2014), The Political Economy of Aerospace Industries, Edward Elgar.</p> |
| <p>INDICATIVE MATERIAL: (e.g. audio-visual, digital material, etc.)</p> | <p>REQUIRED MATERIAL: N/A</p> <p>RECOMMENDED MATERIAL: N/A</p> |
| <p>COMMUNICATION REQUIREMENTS:</p> | <p>Use of appropriate academic conventions as applicable in oral and written communications.</p> |
| <p>SOFTWARE REQUIREMENTS:</p> | <p>Word, Excel, PowerPoint</p> |
| <p>WWW RESOURCES:</p> | <p>www.iiss.org www.sipri.org www.nato.int/cps/en/natohq/topics_49198.htm www.elisme.gr www.army.gr www.helenicnavy.gr www.haf.gr www.economist.com/countries/Greece www.economist.com/countries/Turkey www.start.umd.edu/gtd/ www.basicint.org/ www.janes.com/ www.visionofhumanity.org/index.php#/page/indexes/global-peace-index www.imo.org/</p> |
| <p>INDICATIVE CONTENT:</p> | <p>I.Theory</p> <ol style="list-style-type: none"> 1. Definitional matters: Security versus defence Spending 2. The demand for military expenditures 3. Procurement: theory and policy issues 4. Cost-benefit analysis of defence expenditure <ol style="list-style-type: none"> 4.1 The peace dividend 4.2 Economic growth–defence expenditure model 5. Arms race models 6. Military personnel and domestic security <p>II. Defence Industry</p> <ol style="list-style-type: none"> 1. The world and the European market 2. Defence and the industrial base <ol style="list-style-type: none"> 2.1 Stages of domestic production 2.2. The arms trade 3. Countertrade and defence offset |

III. Conflict and Security Issues

1. Maritime piracy
 1. 1. Maritime piracy as a cost burden
2. Terrorism: The I.S.I.S. problem
 2. 1. Financing the I.S.I.S.
3. Geopolitical concerns and associated energy issues

IV. The Case of Greece

1. Brief overview of the Greek case
 1. 1. Problems and prospects
2. The Greek contribution to NATO
3. The arms race impact on the Greek economy
4. The Greek defence industry
 4. 1. Domestic production versus imports
 4. 2. The impact on the Greek economy