DEREE COLLEGE SYLLABUS FOR: EC 4567 ECONOMICS OF CCONFLICT AND SECURITY	3/0/3
(Previously: EC 4667 ECONOMICS OF CONFLICT AND SECURITY) (Updated: Fall 2026)	**UK LEVEL : 6** **UK CREDITS: 15**
PREREQUISITES:	EC 1000 Principles of Microeconomics EC 1101 Principles of Macroeconomics MA 1008 College Algebra MA 2105 Applied Calculus EC 3473 Selected Topics in Microeconomic Theory
CATALOG DESCRIPTION:	Explores economic reasoning in the analysis of conflict and security. Public goods, trade-offs, game theoretic models of conflict and collective action in defense. Models of war, peace, and deterrence. Arms races, proliferation, and control regimes. Trade interdependence, sanctions, and coercion. Economic theory of alliances and burden sharing. Defense industry structure and procurement incentives. Political economy of budgeting and the military-industrial complex. Application of public choice theory to defense institutions. Focus on theory-informed evaluation of real-world security challenges.
RATIONALE:	This course equips students with analytical tools to examine conflict and security through the lens of economic reasoning. It emphasizes incentives, trade-offs, and institutional behavior, allowing students to assess how strategic actors (states, bureaucracies, firms) make decisions under conditions of uncertainty and rivalry. Through models of war, alliances, arms races, and procurement politics, students gain a deep understanding of how economic logic shapes peace and conflict. They are exposed to both theoretical frameworks and real-world applications, preparing them to critically evaluate security policy, institutional performance, and the complex interplay between economics and international security.
LEARNING OUTCOMES:	*As a result of taking this course, the student should be able to:* 1. Apply economic concepts such as public goods, marginal analysis, and utility maximization to conflict and security settings. 2. Analyze the strategic behavior of states, alliances, and bureaucracies using formal economic models. 3. Evaluate the effectiveness of defense policies, procurement institutions, and arms control mechanisms. 4. Interpret the political and economic dynamics of the military-industrial complex through a public choice perspective.
METHOD OF TEACHING AND LEARNING:	In congruence with the teaching and learning strategy of the college, the following tools are used: ▪ Lectures and class discussions. ▪ Homework assignments. ▪ Office hours held by the instructor to provide further assistance to students. ▪ Use of library facilities for further study and preparation for the exams ▪ Use of the Blackboard course management platform to further support communication, by posting lecture notes, assignment instruction, timely announcements, formative quizzes and online submission of assignments.

ASSESSMENT:	**Summative:** 1st assessment: In-class written examination (essay questions, multiple choice questions) — 40% Final assessment: In-class written examination (essay questions, multiple choice questions comprehensive) — 60% **Formative:** N/A — 0% The 1st assessment tests Learning Outcomes 1 and 2 The Final assessment tests Learning Outcomes 1, 2, 3 and 4 The final grade for this module will be determined by averaging all summative assessment grades, based on the predetermined weights for each assessment. If students pass the comprehensive assessment that tests all Learning Outcomes for this module and the average grade for the module is 40 or higher, students are not required to resit any failed assessments.
INDICATIVE READING:	**REQUIRED READING:** Hartley, K. (2013), The Economics of Defence Policy: A New Perspective, Routledge Journal articles, accessible through the Library, as assigned by the instructor. **RECOMMENDED READING:** ▪ Boulding, K. E. (1962) Conflict and Defense: A General Theory. New York: Harper & Brothers. ▪ Olson, M., & Zeckhauser, R. (1966). An Economic Theory of Alliances. Review of Economics and Statistics, 48(3), 266–279. ▪ Schelling, T. (1978) Micromotives and Macrobehavior. New York: Norton Company. ▪ Wittman, D. (1979). How a War Ends: A Rational Model Approach. Journal of Conflict Resolution, 23(4), 743–763. ▪ Barbieri, K. (1996). Economic Interdependence: A Path to Peace or a Source of Interstate Conflict? Journal of Peace Research, 33(1), 29–49. ▪ Sandler, T., & Hartley, K. (2001). Economics of Alliances: The Lessons for Collective Action. Journal of Economic Literature, 39(3), 869–896. ▪ Brauer, J., & Dunne, P. (2012). Peace Economics: A Macroeconomic Primer for Violence-Afflicted States. United States Institute of Peace Press. ▪ Anderton, C.H. & Carter, J.R. (2019) Principles of Conflict Economics. Cambridge University Press ▪ Baldwin, D. A., & Milner, H. V. (2019). Economics and national security. *In Power, Economics, and Security* (pp. 29–50). Routledge. ▪ Korovkin, V., & Makarin, A. (2023). Conflict and intergroup trade: Evidence from the 2014 Russia-Ukraine crisis. *American Economic Review*, 113(1), 34–70.

	▪ Guiberteau, J., Hellemeier, L. F., & Schilde, K. (2024). Defense Industrial Policy in a Changing International Order: Rethinking Transatlantic Burden-Sharing. *Defence Studies*, 24(1), 166–173. ▪ Becker, J., Kreps, S. E., Poast, P., & Terman, R. (2024). Transatlantic shakedown: Presidential shaming and NATO burden sharing. Journal of Conflict Resolution, 68(2-3), 195-229. ▪ Palaios, P., Kapogiannis, G. (2025) Linking National Security to Economic Growth: An International Political Economy Approach. *Economics & Politics*. Other sources, including journal and newspapers' articles, research papers etc. recommended by the instructor throughout the semester.
INDICATIVE MATERIAL: *(e.g. audiovisual, digital material, etc.)*	**REQUIRED MATERIAL:** N/A **RECOMMENDED MATERIAL:** N/A
COMMUNICATION REQUIREMENTS:	Use of appropriate academic conventions as applicable in oral and written communications.
SOFTWARE REQUIREMENTS:	MS Office and Blackboard CMS
WWW RESOURCES:	▪ Stockholm International Peace Research Institute (SIPRI): https://www.sipri.org ▪ Uppsala Conflict Data Program (UCDP): https://ucdp.uu.se ▪ Correlates of War Project (COW): https://correlatesofwar.org ▪ UN Office for Disarmament Affairs: https://www.un.org/disarmament ▪ NATO Official Portal: https://www.nato.int ▪ Center for Strategic and International Studies (CSIS): https://www.csis.org ▪ Global Security.org: https://www.globalsecurity.org
INDICATIVE CONTENT:	1. Economic reasoning in conflict and security 1.1 Trade-offs in government spending (defense-civil) 1.2 Security as a public good 1.3 Free riding and collective action 2. The economics of peace and conflict 2.1 Conflict life cycle 2.2 Marginal analysis of conflict 2.3 Utility models of war 2.4 Game theoretic models of conflict 3. Arms rivalry, proliferation and arms control 3.1 Models of arms rivalry 3.2 Proliferation, Institutions, and Arms Control Mechanisms 4. Trade interdependence, cooperation and conflict 4.1 Arms trade 4.2 Sanctions and economic coercion 5. Economic theory of alliances 5.1 Pure public good model 5.2 Join product model 5.3 The role of budget institutions

	6. Defense industry 6.1 Market Structure and Procurement Incentives 6.2 Privatization, Competition, and State Dependency 7. The Political Market for Defense 7.1The Budget-Maximizing Defense Ministry: A Public Choice Perspective 7.2 The Military–Political Complex and Strategic Influence