

**DEREE COLLEGE SYLLABUS FOR: EC 4667 ECONOMICS OF CONFLICT AND SECURITY**

(Previously EC 4467)  
(Updated Spring 2023)

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

**PREREQUISITES:**

EC 1000 Principles of Microeconomics  
EC 1101 Principles of Macroeconomics  
MA 1008 College Algebra  
MA 2105 Applied Calculus  
EC 3470 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:**

1 <sup>st</sup> assessment: Term project (group project 3,800-4,200 words; presentation of group project; reflective essay on group project – individual, 300-400 words)	<b>50%</b>
Final assessment: In-class written examination (essay questions, comprehensive)	<b>50%</b>

**Formative:**

Formative assessment; group project progress reports	<b>0%</b>
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The formative assessment prepares students for the examinations and ensures that students are actively engaged during the term.

The 1<sup>st</sup> assessment tests Learning Outcomes 2, 3, 4, and 5.  
The final assessment tests Learning Outcomes 1, 2, 3, 4, and 5.

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.

**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:**

Anderton, C. H and Carter, J.R. (2009), *Principles of Conflict Economics*, Cambridge University Press

Enders, W. and Sandler, T. (2006), *The Political Economy of Terrorism*, Cambridge University Press

Hartley, K. and Sandler, T. (2007), *Handbook of Defence Economics*, Elsevier

Matthews, R. (Ed.). (2019). *The Political Economy of Defence*. Cambridge University Press.

Hartley K. (2019) *Defence Economics; Achievements and Challenges*, Cambridge Elements.

Poast, P. (2006), *The Economics of War*, McGraw-Hill, Chapter 5.

	<p>Sandler, T. and Hartley, K. (1995), Economics of Defence, Cambridge U.P.</p> <p>Smith, R. P (2009), Military Economics, Palgrave</p> <p>Hartley K. (2014), The Political Economy of Aerospace Industries, Edward Elgar.</p>
<p><b>INDICATIVE MATERIAL:</b> (e.g. audio-visual, digital material, etc.)</p>	<p><b>REQUIRED MATERIAL:</b> N/A</p> <p><b>RECOMMENDED MATERIAL:</b> N/A</p>
<p><b>COMMUNICATION REQUIREMENTS:</b></p>	<p>Use of appropriate academic conventions as applicable in oral and written communications.</p>
<p><b>SOFTWARE REQUIREMENTS:</b></p>	<p>Word, Excel, PowerPoint</p>
<p><b>WWW RESOURCES:</b></p>	<p><a href="http://www.iiss.org">www.iiss.org</a>  <a href="http://www.sipri.org">www.sipri.org</a>  <a href="http://www.nato.int/cps/en/natohq/topics_49198.htm">www.nato.int/cps/en/natohq/topics_49198.htm</a>  <a href="http://www.elisme.gr">www.elisme.gr</a>  <a href="http://www.army.gr">www.army.gr</a>  <a href="http://www.helenicnavy.gr">www.helenicnavy.gr</a>  <a href="http://www.haf.gr">www.haf.gr</a>  <a href="http://www.economist.com/countries/Greece">www.economist.com/countries/Greece</a>  <a href="http://www.economist.com/countries/Turkey">www.economist.com/countries/Turkey</a>  <a href="http://www.start.umd.edu/gtd/">www.start.umd.edu/gtd/</a>  <a href="http://www.basicint.org/">www.basicint.org/</a>  <a href="http://www.janes.com/">www.janes.com/</a>  <a href="http://www.visionofhumanity.org/index.php#/page/indexes/global-peace-index">www.visionofhumanity.org/index.php#/page/indexes/global-peace-index</a>  <a href="http://www.imo.org/">www.imo.org/</a></p>
<p><b>INDICATIVE CONTENT:</b></p>	<p>I.Theory</p> <ol style="list-style-type: none"> <li>1. Definitional matters: Security versus defence Spending</li> <li>2. The demand for military expenditures</li> <li>3. Procurement: theory and policy issues</li> <li>4. Cost-benefit analysis of defence expenditure <ol style="list-style-type: none"> <li>4.1 The peace dividend</li> <li>4.2 Economic growth–defence expenditure model</li> </ol> </li> <li>5. Arms race models</li> <li>6. Military personnel and domestic security</li> </ol> <p>II. Defence Industry</p> <ol style="list-style-type: none"> <li>1. The world and the European market</li> <li>2. Defence and the industrial base <ol style="list-style-type: none"> <li>2.1 Stages of domestic production</li> </ol> </li> </ol>

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|  | <ul style="list-style-type: none"><li>2.2. The arms trade</li><li>3. Countertrade and defence offset</li><br/><li>III. Conflict and Security Issues</li><li>1. Maritime piracy<ul style="list-style-type: none"><li>1. 1. Maritime piracy as a cost burden</li></ul></li><li>2. Terrorism: The I.S.I.S. problem<ul style="list-style-type: none"><li>2. 1. Financing the I.S.I.S.</li></ul></li><li>3. Geopolitical concerns and associated energy issues</li><br/><li>IV. The Case of Greece</li><li>1. Brief overview of the Greek case<ul style="list-style-type: none"><li>1. 1. Problems and prospects</li></ul></li><li>2. The Greek contribution to NATO</li><li>3. The arms race impact on the Greek economy</li><li>4. The Greek defence industry<ul style="list-style-type: none"><li>4. 1. Domestic production versus imports</li><li>4. 2. The impact on the Greek economy</li></ul></li></ul> |
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