

## **Political Economy & Economics of Defense**

- a. Credit Hours 3-0
- b. Course Code:SS-824
- c. Course Title

### **Political Economy & Economics of Defense**

- d. **Course Description**

To give information about basic principles of functioning, structure, and problem spots of the national economy part, which creates conditions for basic, satisfying societal needs such as protection of territorial integrity, state institutions, citizens, and property, is the main aim of the subject. Fundamentals of defense economics; definition of terms and concepts; the demand for military expenditures; costs versus benefits of defense expenditure; the opportunity cost of defense; the peace dividend; defense procurement theories; evidence and policies; the Greek defense industry; arms race models; the arms race cost for Greece; military manpower.

- e. **Course Objectives**

Defense expenditure absorbs a considerable GDP share for many countries, shifting resources away from alternative, non-military activities. In this trade-off between national security and higher growth rates, one must determine the appropriate balance between the alternatives in various national and international constraints. This course aims to describe the reasoning under which such choices must be made and investigate the extent to which domestic military production may lead to corresponding import substitution, considering the impact of such a policy on the (economic) domestic and foreign sectors.

- f. **Course Contents**

- Week 1:**
  - Definition of Economics of Defense
  - The Demand for Military Expenditures
- Week 2:**
  - Defense Procurement: Theory and Policy Issues
  - Cost-Benefit Analysis of Defense Expenditure
  - Economic Growth – Defense Expenditure Model

- Week 3:**     - Arms Race Models  
                  - Military Personnel and Domestic Security
- Week 4:**     - Defense Industry  
                  - The World Market  
                  - Defense and the Industrial Base
- Week 5:**     - Stages of Domestic Production and the Arm Race  
                  - Countertrade and Defense Offset
- Week 6:**     Economic aspects of defense and security
- Week 7:**     Classification of Military Expenditure
- Week 8:**     Arms Trade as Driver of Defence Security War Economies
- Week 9:**     ***Midterm Exam***
- Week 10:**    Economic Dimension of Cyberspace as a New Threat
- Week 11:**    Economics of Military Robotics & LAWS
- Week 12:**    - Case Studies  
                  - Iraq & Afghanistan War
- Week 13:**    Transnational Capitalist Class Theory (TCC)& MICS
- Week 14:**    International Arms Trade
- Week 15:**    Military Industrial Complexes Lockheed Martin, Boeing
- Week 16:**    ***Final Exam***

**h. Recommended Readings**

- Clift, B., & Rosamond, B. (2024). Technocratic reason in hard times: the mobilisation of economic knowledge and the discursive politics of Brexit. *New Political Economy*, 1–14. <https://doi.org/10.1080/13563467.2024.2359972>
- Watson, M. (2024). ‘Let me tell you a story’: the politics of macroeconomic models. *New Political Economy*, 1–13. <https://doi.org/10.1080/13563467.2024.2359964>
- Ferragina, E., & Arrigoni, A. (2024). The social and political bases of political economy: interpreting and periodising Italian developments since WWII. *New Political Economy*, 1–18. <https://doi.org/10.1080/13563467.2024.2344854>
- Craig J. Stone, ‘The political Economy of Defence,’ *Defence and Peace Economics* 31:7 (Sept 2020): p. 885-886.

- Hartley, K. and T. Sandler. Handbook of Defense Economics, Elsevier, 2007.
- John Baylis, James Wirtz, Colin S. Gray, and Eliot Cohen, eds. *Strategy in the Contemporary World: An Introduction to Strategic Studies. 2d ed* (Oxford and New York: Oxford University Press, 2007)
- Camerer, C.F. "Behavioural Game Theory: Experiments in Strategic Interactions", Princeton U.P. 2003.
- Hirschleifer J. "The Dark Side of the Force: Economic Foundation of the Conflict Theory", Cambridge U.P. 2001.
- Colin Gray, Modern Strategy, Oxford: Oxford university Press, 1999, p.17
- Hartley, K. and T. Sandler. The Political Economy of NATO", Cambridge U. P., 1999.
- Gérard Chaliand, *The Art of War in World History: From Antiquity to the Nuclear Age* (Berkeley: University of California Press, 1994)
- Baylis John and Smith Steve, The Globalisation of World Politics: An Introduction to World Politics (Oxford: Oxford University Press, Latest edition)