

EE401 POLITICAL ECONOMY
Semester 2/2012

ASSIGNMENT 1

Reading

Smith, Adam, 2000. *The Wealth of Nations*. Introduction by Robert Reich, ed. with notes, marginal summary, and enlarged index by Edwin Cannan. New York: The Modern Library (first published 1776).

Book IV Chapter II: Of Restraint upon the Importation from Foreign Countries of Such Goods as Can Be Produced at Home

Question:

In this chapter, Smith is arguing for free trade and the invisible hand of competitive markets. Do you think Smith's argument still holds true today with modern capitalism characterized by:

- (1) Rapid technical progress;
- (2) Large corporations in the domestic economy, multi-national corporations in the international economy; and
- (3) Huge international trade and capital movement?

Final Submission: Friday 22 March 2013, 14:00 hr.

A draft for Lecturer's comments before final submission is welcome.

Writing Guidelines:

1. No longer than 4 pages of A4 paper with **the top, left, bottom and right margins of at least 1 inch**.
2. Use Times New Roman 12 pt font with single space.
3. **Do not write long paragraphs**. Each paragraph should contain only one single point of important argument followed by supporting discussion.
4. Discuss your points logically and systematically. Do not contradict yourself.
5. **Use economic reasoning and real world examples carefully**. Numerical data should be presented in tables or diagrams.
6. Beware of using common arguments from the media; they are mostly misleading, sentimental and ill-informed.
7. Formal style of quotation and referencing is not needed.
8. Submit your essay by the deadline. Points will be deducted for late submission.
9. Plagiarism will receive severe penalty.