

San José State University
Department of Economics
Econ 155: Austrian Economics
Course No. 27431, Spring 2018

Instructor:	Ray March
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Office Hours:	1:30PM-3:00PM Tuesdays and Thursdays
Class Days/Time:	Tuesday and Thursday, 12:00-1:15PM
Classroom:	DMH 160
Prerequisites:	Econ 001A and Econ 001B

MYSJSU Messaging

Course materials such as syllabus, handouts, notes, assignment instructions, etc. can be found on [Canvas Learning Management System](http://sjsu.instructure.com) course login website at <http://sjsu.instructure.com>. The student is responsible for regularly checking with the messaging system through [MySJSU](http://my.sjsu.edu) at <http://my.sjsu.edu> to learn of any updates.

Catalog Description(s)

Course Description

Examines the discipline of Austrian economics and differentiates from other economic disciplines. Uses the Austrian approach to analyze and understand the consequences of various policy prescriptions.

Additional Description

Three of the major economic and historical events of the 21st century are the Great Depression, the failure of central economic planning, and rise and fall of Macroeconomic theory with the onset of stagflation. The Austrian School of economics is the only school of thought to predict all of them.

Austrian economics differs from mainstream (broadly defined) economics on several margins: the individual as the unit of economic analysis, necessary failures of central planning, the market as a process, intervention as a dynamic factor in the economy, money as a micro (not macro) institution, the role of the interest rate in coordinating capital and consumption, capital as heterogeneous, the dangers of aggregation, and many more.

But how do these differences affect contemporary economic issues? What would an “Austrian” say about monopolies, anti-trust, intervention, economic modeling, the role of econometrics and quantitative economic techniques in economics?

What about historical economic periods? How does the Austrian Business Cycle Theory explain stagflation AND the great depression? What about the 2008 financial crisis? What would an “Austrian” recommend we do about economic downturns?

In this class, we will discuss these topics and others by introducing the fundamentals of the Austrian school of economics. It’s different, but an intuitive and intellectually stimulating approach to economics.

This course requires a solid background in microeconomics and macroeconomic principles to appreciate the different approach Austrian Economics takes. More importantly, this course also requires a time investment from the students to read through all required readings carefully. Students will have to read and read a lot. There is no other way.

This is a four-unit course. Students will be expected to spend a minimum of forty-five hours over the length of the course (normally 3 hours per unit per week with 1 of the hours used for lecture) to be successful. This includes completing each weeks reading assignments (which are often conceptually challenging), taking weekly quizzes, preparing for a midterm and final. A major component of this course involves independent research in addition to other course requirements. Students can expect to spend a minimum of 9 hours per week to succeed in this course (this included attending class twice a week).

More details about student workload can be found in [University Policy S12-3](#).

Course Learning Outcomes and Program Learning Objectives

To develop and apply knowledge and understanding of how organizations function in the public and private sector. This course fits into the following Department of Economics program learning objectives (PLO).

PLO 1: Microeconomics

PLO 2: Macroeconomics

PLO 4: Specialist Area (History/ Development)

Upon successful completion of this course, students should be able to demonstrate the following:

CLO1: Understand methodological distinctions between the Austrian and other schools of economics

CLO2: Identify Austrian economists/ economics contributions to economics

CLO3: Understand and explain the Austrian perspective of markets, exchange, money, business cycles, intervention, and policy issues

CLO4: Understand Austrian economics place in the history of economic thought and in contemporary economic issues

Required Readings

Required Texts

The following will serve as the primary texts for the course:

[Man, Economy and State with Power and Market](#). Murray N. Rothbard 1962 (Republished 2009).

PDF available:

https://mises.org/sites/default/files/Man,%20Economy,%20and%20State,%20with%20Power%20and%20Market_2.pdf

[Handbook on Contemporary Austrian Economics](#). Peter J. Boettke 2012.

Students will also complete book reports on the following:

The Road to Serfdom. F.A. Hayek 1945.

PDF available:

http://cnqzu.com/library/Philosophy/neoreaction/Friedrich%20August%20Hayek/Friedrich_Hayek%20-%20The_road_to_serfdom.pdf

[Meltdown: A Free Market Look at Why the Stock Market Collapsed, the Economy Tanked, and Government Bailouts Will Make Things Worse](#). Thomas E. Woods 2009.

Additional required readings include chapters from economics books, economic articles. These are provided through hyperlinks on the required reading table or on Canvas.

Assignments and Grading Policy

Grades in this class are composed of weekly quizzes, two exams, two book reviews, and a final exam/ book assignment. The grading rubric and a description of each component are provided below:

Grade Breakdown

The grade in this course is calculated as follows:

Quizzes	(20%, drop the lowest 2)
Midterm	(20%)
Book Reports	(30%, 15% each)
Final Exam OR Term Paper	(30%, final is cumulative)

Quizzes

The instructor will give one unannounced (pop) quiz a week. If the quiz is held on Tuesday, it will be on a topic covered in that week's assigned readings. If on Thursday, it will cover something covered in the previous lecture. The lowest two quiz grades are dropped.

Midterm and Final Exam

There will be two exams: a midterm and final. Exams consist of short answer and essay questions. The questions come from topics covered in lectures and the required reading. A study

guide will be provided before each exam and the instructor will hold a review session the class before. The final is cumulative. Exam dates are below:

Midterm	March 22 nd (normal time, normal room)
Final	May 17 th (9:45-12:00AM, Room TBA)

Book Reviews: Students will be required to complete a book review of F.A. Hayek’s *The Road to Serfdom* and Thomas Woods’ *Meltdown*. Both reviews must be between 4-5 double-spaced pages (Times New Roman, 12 point font, 1-inch margins). In the review, the student must (1) summarize the main findings and describe how the author’s arguments are based in Austrian Economic principles, (2) write about what the reader found most interesting, and (3) come up with a at least 2 criticisms of the book (something the student thinks is wrong, something unconvincing, etc.) and (4) questions the reader has after completing the book. Be sure to have each component in the book report. Grammar and spelling count.

Review 1: April 5th
 Review 2: May 10th

Term Paper (Instead of Final Exam): Economists (among other high-income occupations) write for a living. Students are given the option to write a term paper analyzing a current economic issue or policy from an Austrian perspective (pending instructor approval). This will serve as a substitute for the final exam. The students must let the instructor know no later than March 29th if they plan to write instead of take the final. Email these topics, along with 2-3 sources the student plans to use in the paper. **Be warned once the student commits, they cannot later change their mind and take the final. No take-backs!**

The instructor is available through email or office hours if the student wants to discuss a topic, would like help finding sources, or would like other assistance with their paper. The final draft of the term paper is due the day of the final exam. The paper must be 7-10 double-spaced pages (1-inch margins) and use Chicago style citations (<http://www.bibme.org/citation-guide/chicago/website/>). Grammar and spelling count.

Grading Criterion

97-100 A+	93-96 A	90-92 A-
87-89 B+	83-86 B	80-82 B-
77-79 C+	73-76 C	70-72 C-
67-69 D+	63-66 D	60-62 D-
<60 F		

Grades will be curved as needed. Opportunities for extra credit will be discussed in class.

Classroom Protocol

This course and covers a wide variety of complex subjects in a short period. Although this course

is primarily lecture, much can be learned through interacting with classmates and the instructor. Take advantage of time in the classroom! Ask questions. Challenge your instructor.

The instructor is not a Luddite. Feel free to bring printouts of articles, laptops, or other electronics to class. Although laptops can serve as a distraction, the instructor trusts the students have the ability focus during the class. Be warned, most learning occurs when notes are handwritten and not typed.

University Policies

Per University Policy S16-9, university-wide policy information relevant to all courses, such as academic integrity, accommodations, etc. will be available on Office of Graduate and Undergraduate Programs' [Syllabus Information web page](http://www.sjsu.edu/gup/syllabusinfo/) at <http://www.sjsu.edu/gup/syllabusinfo/>.

Course Schedule and Readings

NOTE:

MES Refers to Man, Economy, and State

HCAE Refers to Handbook on Contemporary of Austrian Economics

Week	Date	Topics	Readings
1	1/ 25	Course Introduction	HCAE: Introduction Video: What Austrian Economics is and What Austrian Economics is NOT
2	1/29, 2/1 No Class	Economic Methodology & Praxeology (1)	HCAE: Ch. 3 MES: Pg. 1-33 Ludwig von Mises: " Social Science and Natural Science "
3	2/6, 2/8	Praxeology and the logic of action	MES: Pg. 33-79 (skip 79-84) HCAE Ch. 1,4
4	2/13, 2/15	Exchange	MES: Pg. 79-106 187-206 HCAE: Ch. 2
5	2/20, 2/22	Prices and Money	MES: 233-249, 261-279 HCAE: Ch. 5
6	2/27, 3/1	The Market Process	HCAE: Ch. 7 F.A. Hayek: The Use of Knowledge in Society Israel Kirzner: Competition and Entrepreneurship pg. 1-13
7	3/6, 3/8	Capital Theory	HCAE: Ch. 9 Ludwig Lachmann: Capital and its Structure (Ch. 3-4)
8	3/13, 3/15	Economic Calculation and Knowledge	HCAE: Ch. 6 Peter Boettke: " Economic Calculation: The Austrian Contribution to Political Economy "
9	3/20, 3/22* *Midterm	Review and Exam	-
10	3/27, 3/29	SPRING RECESS	-
11	4/3, 4/5* *Book Review 1	NO CLASS THIS WEEK (Instructor is traveling)	<i>Turn Assignment Into Instructors Mailbox and Study for your Midterm</i>
12	4/10, 4/12	Austrian Competition	MES: Pg. 629-661 F.A. Hayek: The Meaning of Competition
13	4/17, 4/19	Dynamics of Interventionism	MES: Pg. 875-919, 938-942 Ludwig von Mises: Middle of the Road Policy

			Leads to Socialism
14	4/24, 4/26	Austrian Business Cycle Theory (Great Depression)	MCAE: Ch. 9 Murray N. Rothbard: Economic Depressions Their Causes and Cures
15	5/1, 5/3	Radical Austrianism	HCARE: Ch. 10 Robert Murphy: Chaos Theory (only “Private Law and Private Defense”)
16	5/8, 5/10* Book Review 2	Course Conclusion	MES: Pg. 1357-1365 MCAE: Ch. 11 F.A. Hayek: The Intellectuals and Socialism
16	5/17	Final Exam	9:45-12:00 AM

Also, anyone who sends me a picture of a cat before class on January 29th will receive an additional quiz grade dropped. This course requires a lot of reading. If you can't get this far on the syllabus, you are in for a rough semester.