

Economics 403 Austrian Economics

David Levy

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Carow Hall, Room 7

Office Hours 11a-Noon Tuesday / Thursday

The course will consider the contributions of the Austrian school of economics by examining it in the context of the classical economics of Adam Smith through J. S. Mill. We will also compare the Austrian approach with that approach pioneered by W. S. Jevons. Some attention will be paid to the possibility of extending the Austrian approach by developing pathways not taken.

The philosophy of the course was articulated long ago by Paul Feyerabend (*Philosophical Papers* I:140): “A science interested in finding truth must retain all the ideas of mankind for possible use or, to put it differently, *the history of ideas is an essential part of the scientific method.*”

Grades

1. Weekly assignments 100 points total
2. Take home midterm 100 points
3. Take home final exam 200 points
4. Term paper 200. The topic needs to be approved by me.

Contact list

During the first week send me an email to the address above so I can build a contact list to distribute papers and assignments. Tell me what email address you wish to use. It does not have to be the one the university provides.

Schedule by weeks

1. Economic goods. The distinction between scarce and abundant goods is very old. We will ask whether Adam Smith’s account of the division of labor suggests that knowledge, an abundant good, is created. Carl Menger’s “imaginary goods” might suggest Smith’s development of a theme from George Berkeley in *Moral Sentiments*. Menger’s lectures for the Crown Prince will be of great help.
 - a. Hume, *Treatise*, pp. 494–501. <https://oll.libertyfund.org/titles/hume-a-treatise-of-human-nature>
 - b. Smith, *Wealth of Nations*, pp. 5–14 <https://oll.libertyfund.org/titles/smith-an-inquiry-into-the-nature-and-causes-of-the-wealth-of-nations-cannan-ed-in-2-vols>
 - c. Carl Menger, *Lectures to the Crown Prince* <https://www.amazon.com/Mengers-Lectures-Prince-Rudolf-Austria/dp/1858980755>
 - d. Imaginary goods in Carl Menger’s *Principles of Economics* https://cdn.mises.org/Principles%20of%20Economics_5.pdf
2. Carl Menger’s *Principles*. Having looked at Menger’s lectures to the Crown Prince we have a better idea of how he viewed what he did in relation to *Wealth of Nations*. We’re reading W.

S. Jevons' *Theory of Political Economy* in Week 5 but here I might discuss Jevons' view of logic.

- a. https://cdn.mises.org/Principles%20of%20Economics_5.pdf
3. Capital and time. Coming to the foundations of Austrian capital theory from Smith and Menger, we can address capital in both the high classical and later Austrian tradition.
 - a. John Stuart Mill, *Principles* <https://oll.libertyfund.org/titles/mill-collected-works-of-john-stuart-mill-in-33-vols>
 - b. Eugen v. Böhm-Bawerk *Positive Theory of Capital* <https://mises.org/library/positive-theory-capital>
4. Property
 - a. T. R. Malthus, *Essay on Population*, <http://www.esp.org/books/malthus/population/malthus.pdf>
 - b. Ludwig von Mises, *Socialism* <https://mises.org/library/socialism-economic-and-sociological-analysis>
5. The “British Austrian”. Here we see Jevons' conception of a perfect market and Wicksteed's remarkable discovery of “behavioral” economics
 - a. W. Stanley Jevons, *The Theory of Political Economy* <https://oll.libertyfund.org/titles/jevons-the-theory-of-political-economy>
 - b. Philip Wicksteed, *Common Sense of Political Economy* https://cdn.mises.org/The%20Common%20Sense%20of%20Political%20Economy.%20Volume%20I_2.pdf
 - c. Israel Kirzner <http://austrian-library.s3-website-us-east-1.amazonaws.com/books/Israel%20M%20Kirzner/Philip%20Wicksteed%20The%20British%20Austrian.html>
6. Money
 - a. Adam Smith, *Wealth of Nations* [gold flows
 - b. David Ricardo, “High Price of Bullion,” http://oll-resources.s3.amazonaws.com/titles/204/0687-03_LF.pdf
 - c. Ludwig von Mises. *Theory of Money and Credit* <https://mises.org/library/theory-money-and-credit>
 - d. J M Keynes on commodity money [search *General Theory* for “banknotes”
7. In London
 - a. The term paper should be approved by now.

- b. Lionel Robbins, *Nature and Significance of Economic Science* https://cdn.mises.org/Essay%20on%20the%20Nature%20and%20Significance%20Of%20Economic%20Science_2.pdf
- c. “William Beveridge’s ‘Mock Trial of Economists’” <https://link.springer.com/article/10.1007/s11138-019-00479-4>
- d. F. A. Hayek *Prices and Production* <https://mises.org/library/prices-and-production>

8. Rethinking Liberalism

- a. Jurgen Reinhoudt and Serge Audier *The Walter Lippmann Colloquium: The Birth of Neo-Liberalism* <https://www.palgrave.com/gp/book/9783319658841>
- b. Angus Burgin, *The Great Persuasion* <https://www.amazon.com/Great-Persuasion-Reinventing-Markets-Depression/dp/0674503767>
- c. Michel Foucault *Birth of Biopolitics* <https://www.amazon.com/Birth-Biopolitics-Lectures-Coll%C3%A8ge-1978-1979/dp/0312203411>

9. Looking Backwards at John Stuart Mill

- a. F. A. Hayek on J. S. Mill <https://www.press.uchicago.edu/ucp/books/book/chicago/H/bo18991119.html>

10. The Knowledge Papers: Why Hayek’s Nobel Prize was not controversial

- a. F. A. Hayek, “Economics and Knowledge” <https://www.jstor.org/stable/2548786>
- b. F. A. Hayek, “The Use of Knowledge in Society” <https://www.jstor.org/stable/1809376>
- c. F. A. Hayek, “The Changing Range of Individual Responsibility” [an unpublished lecture predating *Fatal Conceit*]

II. Von Mises in New York

- a. Studies of Merwin Hart and Rose Wilder Lane [https://www.emerald.com/insight/content/doi/10.1108/S0743-4154\(2012\)000030B004/full/html](https://www.emerald.com/insight/content/doi/10.1108/S0743-4154(2012)000030B004/full/html)
- b. Adding Isaac Don Levine <https://www.peter-boettke.com/ppe-workshop-archive-1>
- c. Ludwig von Mises, *Human Action* <https://mises.org/library/human-action-0>

12. Three Disciples of von Mises: Working with Necessary Truth

- a. Gordon Tullock “Flatland Revisited” <https://link.springer.com/article/10.1007/s10602-016-9232-8>
- b. Murray Rothbard *Man, Economy and State* <https://mises.org/library/man-economy-and-state-power-and-market>
- c. Israel Kirzner, *The Economic Point of View* <https://oll.libertyfund.org/titles/kirzner-the-economic-point-of-view-1976>