

Professor Peter J. Boettke	Austrian Theory of the Market Process II
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Office Hours for Spring 2000 - Tuesday and Thursday 1:00 - 3:00	

AUSTRIAN THEORY OF THE MARKET PROCESS -- II

Methodology, Money & Markets

COURSE OBJECTIVES

This course is the second part of a year long sequence in the field of Austrian Economics. The course has been designed for serious students of the Austrian School, and in particular those who have decided to pursue their field work in this tradition. The intent is to delve deep into the Austrian tradition to explore the philosophical and analytical puzzles which have occupied economists working in this tradition and to explore the *evolutionary potential* of the Austrian School of Economics today in terms of addressing the philosophical and analytical puzzles which occupy professional economists and social scientists today. We will do this by way of "reconstructing" some of the major debates within which economists of the Austrian School, namely Mises and Hayek, were involved, and examining the implications of these earlier debates on conceptual foundations of the discipline of economics. Our focus will be on the concepts and not the

personalities of the various individuals whose work we will be discussing. We want to "test" which ideas can withstand critical scrutiny and which ones cannot and in this manner forge a theoretical tool-kit which will prove useful in our jobs as contemporary economists and political economists where we are called upon to aid in the understanding the nature and significance of market and social processes.

READING

There are three required books for this course - Ludwig von Mises's *Human Action* (HA), F. A. Hayek's *Individualism and Economic Order* (I&EO), and Peter Boettke, ed., *The Elgar Companion to Austrian Economics* (ECAE). Each of these books have been ordered in their paperback editions. It is my expectation that students who are interested in Austrian Economics will want to be familiar with articles cited and discussed in class beyond these core texts.

GRADING

The semester will be divided into 3 five week segments devoted to methodology, monetary theory and the trade cycle, and market process theories. At the end of each segment you will be given a take home exam consisting of 4 essay questions, which you will have 1 week to complete (typed). Each exam will be worth 100 points. By the end of the first month of class you will also have to propose a paper topic for the semester. By February 24, you will need to turn in a 1 page description of your proposed paper and a bibliography for my approval. By April 6, you will turn in the first draft of your paper for my comments/criticisms and we will meet individually during the following week to discuss your paper. The final draft of your paper will be due on May 15. The paper is worth 200 points. Your goal should be to have a paper worth submitting to a professional journal by semester end.

COURSE SCHEDULE

DATE	LECTURE TOPIC	READING ASSIGNMENT
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January 27, 2000	A. <i>Introduction to the course</i> B. <i>Is the Austrian School of Economics Unique?</i>	ECAE, chap. 1 & 87.
February 3, 2000	<i>Methodenstreit and the Austrian School: An Old Skirmish or a Lingering Debate?</i>	HA, chap. 1-3. I&EO, chap. 3. ECAE, chap. 66, 71, 72 , 73, 76 , 77 & 78.
February 10, 2000	<i>Hayek and Contemporary Debates in the Philosophy of Science</i>	I&EO, chap. 2. ECAE, chap. 2-7.
February 17, 2000	<i>Is Scientific Subjectivism a Coherent Position?</i>	HA, chap. 4-7. ECAE, chap. 3, 9-11, & 13, 16 & 17.
February 24, 2000	<i>The Rhetorical and Interpretive Turn</i> Hand-out first exam, due on March 2.	ECAE, chap. 8. HA, chap. 9, and 37-39.
March 2, 2000	<i>Monetary Theory and the Research Program of the Austrian School of Economics</i>	HA, chap. 8, 10, 11-13, & 17. ECAE, chap. 28-30, 36, & 58.
March 9, 2000	<i>Capital and Interest Theory</i>	HA, chap. 18-19. ECAE, chap. 31 & 34.
March 16, 2000	NO CLASS - SPRING RECESS	
March 23, 2000	<i>Monetary Theory and the Trade Cycle: A Capital Based Macroeconomics</i>	HA, chap. 20-21, 31. I&EO, chap. 11. ECAE, chap. 32, 53, 62 & 63.
March 30, 2000	<i>Contemporary Business Cycle Research and the Austrian School of Economics</i> Hand-out second exam, due April 6.	ECAE, chap. 59-61, 68, 81-86.
April 6, 2000	<i>Exchange and the Price Formation Process</i>	HA, chap. 8, 14-16, & 30. I&EO, chap. 2, 4-6. ECAE, chap. 20-25., 49-51 & 54.
April 13, 2000	<i>Monetary Calculation as the Basis for Social Cooperation</i>	HA, chap.25-26.

		I&EO, chap. 7-9. ECAE, chap. 33, 64 & 69.
April 20, 2000	<i>Step-by-Step Period Analysis: Economic Thought in Europe during the Inter-war years</i>	HA, chap. 14-15. ECAE, chap. 14, 15 & 21.
April 27, 2000	<i>Equilibrium Debate within the Austrian School of Economics</i>	Boettke, et. al., "Beyond Equilibrium Economics." Reading will be handed out in class.
May 4, 2000	<i>Market Process Theories and our Contemporary Understanding of Market Economies</i> Hand-out third exam, due May 11.	ECAE, chap. 3, 9, 19, 26-27, 35, 44, & 55-57.
May 11, 2000	Last set of essays questions due in my office by 5:00pm	
May 15, 2000	Final version of term paper due in my office by 5:00pm	