

ECO12: Principles of Economics II

Course Syllabus

Instructor: Saifedean Ammous

2020 Term I

March 9 - May 14, 2020

ECO12 is the second of two courses on saifedean.com introducing the basic principles and main concepts of economics in the tradition of the Austrian school. It is recommended that students study [ECO11: Principles of Economics I](#) before this course. The course draws on the work of several scholars in the Austrian school tradition, and focuses on the concepts of economic calculation, time preference, interest rates, business cycle theory, the economics of security, and intellectual property.

The course is taught through a lecture and a weekly discussion session, centered around the topics and readings listed below. These are held once a week each, for ten weeks. Lectures are around one hour long and are held live every Monday at 11am US Eastern Time. The lecture will then be available for download in video and audio format, along with detailed class notes. Students are encouraged to send questions by email and to post questions in the course forum, and to attend and contribute to the live discussion sessions held every Thursday at 11am US Eastern Time. Recordings of the discussion sessions will also be available in video and audio format for download.

Course webpage:

The course's webpage contains all of the course's readings, and will have weekly video and audio recording of the lectures and discussion sessions, along with the lecture notes, uploaded as they happen. Students will continue to have access to the course page and all its material after the course ends, and for as long as I am alive and capable of keeping a website running.

You should receive the address and password to the course webpage when purchasing the course. If you do not receive them, check your spam folder, and if they're not there, please email thebitcoinstandard@gmail.com with your order number.

This is the fourth course offered on saifedean.com, and there will be several other courses offered in the future. Sign up to the newsletter at the bottom of the page on saifedean.com to stay informed of all new course offering.

Course material:

It is recommended that you read each week's material before the lecture. Further reading material will be recommended during the lectures and discussion sessions.

I. Economic calculation (March 9 & 12)

Rothbard, Murray. [‘The End of Socialism and the Calculation Debate Revisited’](#). *The Review of Austrian Economics*, Vol. 5, No. 2 (1991): 51-7

Mises, Ludwig von. [Human Action: A Treaty on Economics](#). Auburn, Alabama: Mises Institute, 1999 (1949). Chapters XXVI: The Impossibility of Economic Calculation Under Socialism, and Chapter XXXVI: The Crisis of Interventionism

Further reading:

Hayek, Friedrich. [“Intellectuals and Socialism.”](#) *The University of Chicago Law Review* (Spring 1949), pp. 417-433, The University of Chicago Press

Mises, Ludwig von. [Socialism: An Economic and Sociological Analysis](#). 1922.

II. Emergent order: the product of human action, not design (March 16 & 19)

Smith, Vernon. 2007. [“Rationality in Economics: Constructivist and Ecological Forms”](#) Introduction, Chapter 1, and Chapter 2.

Hayek, FA [Studies in Philosophy, Politics and Economics](#). 1967. Chapters 5 and 6.

Hayek, FA [The Pretence of Knowledge](#). Lecture to the Memory of Alfred Nobel, 1974.

Hayek, FA [The Use of Knowledge in Society](#). *American Economic Review*. 1945.

Further reading:

Hayek, Friedrich. 1952. [The Counter-Revolution of Science: Studies on The Abuse of Reason](#). The Free Press.

III. Time preference (March 23 & 26)

Hoppe, Hans-Hemann. [Democracy: The God That Failed](#). 2001. Chapter 1

Mises, Ludwig von. [Human Action: A Treaty on Economics](#). Auburn, Alabama: Mises Institute, 1999 (1949): Chapters XVIII

Further reading:

Böhm-Bawerk, Eugen. [*The Positive Theory of Capital*](#). 1930. G.E. Stechert. Book V, Book VI, and Book VII

IV. Interest rates (March 30 & April 2)

Rothbard, Murray. [*Man, Economy, and State*](#). Auburn, Ala.: Mises Institute, 2004 (1962, 1970) Chapters 5 and 6

Mises, Ludwig von. [*Human Action: A Treaty on Economics*](#). Auburn, Alabama: Mises Institute, 1999 (1949): Chapter XIX

Further reading:

Böhm-Bawerk, Eugen. [*Capital and Interest*](#). 1890. McMillan.

V. Credit and banking (April 6 & 9)

Mises, Ludwig von. [*The Theory of Money and Credit*](#). New Haven: Yale University Press, 1953. Part Three: Money and Banking. Chapters I, II, III, and IV.

Further reading:

The rest of *The Theory of Money and Credit*.

VI. Business Cycle Theory - I (April 13 & 16)

Mises, Ludwig von. [*Human Action: A Treaty on Economics*](#). Auburn, Alabama: Mises Institute, 1999 (1949): Chapters XX, XXX1

Rothbard, Murray. [*Man, Economy, and State with Power and Market*](#). Auburn, Ala.: Mises Institute, 2004 (1962, 1970) Chapter 12, Section 11. Pp 989-1024

VII. Business Cycle Theory - II (April 20 & 23)

["Sustainable and Unsustainable Growth"](#) and ["Keynes and Hayek: Head to Head."](#) Powerpoint presentations by Roger Garrison.

Rothbard, Murray. [*Economic Depressions: Their Cause and Cure*](#).

Further Reading:

Hayek, Friedrich. "*Prices and Production*" and "*The Monetary Theory of the Trade Cycle*". Both books are available in [Prices & Production and Other Works](#). Published by the Mises Institute.

Rothbard, Murray N. *America's Great Depression*. Fifth Edition. Alabama, USA. 2000. Chapters 1-4.

VIII. Security and defense (April 27 & 30)

Hoppe, Hans Herman (ed). "[The Myth of National Defense](#)". Ludwig von Mises Institute. Alabama, USA. 2003.

Read the Introduction, Chapter 10 "Government and the Private Production of Defense." Chapter 2, by Rothbard: "War, Peace, and the State". Chapter 9 by Walter Block: "National Defense and the Theory of Externalities." Chapter 7 by Larry Sechrest "Privateering and National Defense."

Further reading:

Rothbard, Murray. [The Ethics of Liberty](#). 1998 (1982). New York University Press

Rothbard, Murray. [Anatomy of the State](#). 1974.

The rest of *The Myth of National Defense*.

IX. Intellectual Property (May 4 & 7)

This week's discussion session, held on May 7, will host Stephan Kinsella to discuss his paper on intellectual property.

Kinsella, Stephan. "[Law and Intellectual Property in a Stateless Society](#)" *Libertarian Papers*. Vol 5, No. 1 (2013)

Boldrin, Michele, and David Levine. "[The Case Against Patents](#)." *Journal of Economic Perspectives*. Vol. 27, No. 1, Winter 2013.

Further reading:

Boldrin, Michele, and David Levine. [Against Intellectual Monopoly](#). 2008. Cambridge University Press.

Mcelroy, Wendy. [Contra Copyright, Again](#). *Libertarian Papers*, Volume 3 (2011)

X. Bitcoin and Austrian economics

Salerno, Joseph. [Money: Sound and Unsound](#). 2015. Ludwig von Mises Institute.

PlanB, [Modeling Bitcoin's Value with Scarcity](#)