

Campbell University
Lundy-Fetterman School of Business
Business Administration 300-1 – The Philosophy of Business
Prerequisites: **Economics 223, 224 & Junior Standing**
Days and Time: M-W 3 – 4:20
Location: L-F Business Building, Room 125
Spring 2003

Instructor:
Prof. Paul Cwik

Office Location and Office Hours:
224 L-F Business Building;
M, T & W 2-3pm; and F 2-5pm;
or by appointment

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Fees:

There are two fees: a speaker's fee (of **\$7.00**) and a licensing fee (of **\$9.00**). Please hand in your **speaker's fee to Jane Tart** (Room 268, L-F School of Business) **before FEBRUARY 3rd**. With your speaker's fee you are entitled to enroll in the Adam Smith Club for free. Please hand in your **licensing fee to SERVICE ENTERPRISES** before **FEBRUARY 3rd**.

Required Books:

Pilon, Roger, 1998. Introduction and *The Declaration of Independence*, Washington D.C.: The Cato Institute.

Hazlitt, Henry, 1979. *Economics in One Lesson*, "New" Edition, New York, NY: Crown Trade Paperbacks.

Mises, Ludwig von, 1980. *Planning For Freedom*, South Holland, IL: Libertarian Press.

The remaining readings for this course are in digital and hard copy format (in the course pack). Some of the readings are exclusively found on the Internet. The rest are both digitally scanned and accessible by the DjVu browser, or they can be obtained from the Service Enterprises (or the Business School's Library).

Course Description:

This course examines the philosophical and economic foundations of capitalism and entrepreneurship, with special emphasis on the role of business activity within this context. It also examines the effects of public policies that alter the economic outcomes that would otherwise occur as a result of this business activity. This requires the student to invoke basic economic theory, particularly supply and demand and opportunity cost analysis. This course also discusses the concepts of competition and monopoly, with a

critical eye toward the standard theories of perfect competition and perfect monopoly. An alternative theory of entrepreneurial competition is analyzed

Attendance Requirement:

You are expected to be **punctual** and comply with the University's class attendance policy as stated on pages 35-6 of Campbell University's Bulletin: 1999 - 2002. In case of excessive absences, you will **not** receive credit for this course.

Grading:

There will be at least three **FREE FORUM** speakers and a few that are associated with the Business School. The attendance of each **FREE FORUM** talk is worth one quiz grade (**5 points**). You may get up to a **maximum of 15 points** for attendance. Additionally, you are allowed to write a summary of the talk, which may be worth **10 points each** (with a **maximum of two papers**).

There will be **TWO tests** (each worth 100 points), and **a final exam** (worth 150 points). Each test will cover everything that we have covered up to that point. The tests will be given on **FEBRUARY 12th** and **MARCH 19th**. The final will be on the date assigned by Campbell University for a M-W class at 3 p.m. It will be comprehensive.

Quizzes may be given once (or more). They will be worth five points each. Please note the **no** make-up exams and/or incomplete will be given unless written excuses are obtained from the Dean verifying your extenuating circumstances.

Grades are assigned as follows: Take the number of points earned and divide by the amount possible. Then follow this chart:

A 100-90% B 89-80% C 79-70% D 69-60% F 59%-

Academic Honesty Policy:

You are expected to comply with the University's policy on Ethics and Discipline as stated on pages 47-8 of Campbell University's Bulletin: 1999-2002.

Course Outline:

Module 1: Freedom Philosophy / Individualism

Bastiat, Frederic, 1950. *The Law*, Irvington-on-Hudson, NY: The Foundation For Economic Education, pages 5-13, 21-24, 28-33, and 62-63. **DIGITAL OR HARD COPY**

Pilon, Roger, 1998. Introduction and The Declaration of Independence, Washington D.C.: The Cato Institute, pages: 1-15. **BOOK**

Mises, Ludwig von, 1990. "The Idea of Liberty is Western," in *Money, Method and the Market Process*, edited by Richard M. Ebeling, Norwell, MA: Kluwer Academic Press, pages 303-312. Found at: <http://www.mises.org/mmmp/mmmp21.asp>

Mises, Ludwig von, 1990. "The Individual in Society," in *Economic Freedom and Interventionism*, edited by Bettina Bien Breaves, Irvington-on-Hudson, NY: The Foundation For Economic Education, pages 11-17. Found at: <http://www.mises.org/efandi/ch2.asp>

Sumner, William Graham, 1992. "Liberty," in *On Liberty, Society, and Politics*, edited by Robert C. Bannister, Indianapolis, IN: Liberty Fund, pages 237-250. **DIGITAL OR COURSE PACK**

Sumner, William Graham, 1883. *What Social Classes Owe To Each Other*, 1st edition, New York, NY: Harper & Borthers, pages 7-42. **DIGITAL OR COURSE PACK**

Mises, Ludwig von, 1990. "On Equality and Inequality," in *Money, Method and the Market Process*, edited by Richard M. Ebeling, Norwell, MA: Kluwer Academic Press, pages 190-201. Found at: <http://www.mises.org/mmmp/mmmp14.asp>

Sowell, Thomas, 2000, "Court decisions highlight need to limit federal power," in *The Detroit News*, May 21, page 9C. **DIGITAL OR COURSE PACK**

Bill of Rights; Especially the 10th Amendment to the Constitution of the United States. **BOOK**

Sumner, William Graham, 1992. "Laissez-Faire," in *On Liberty, Society, and Politics*, edited by Robert C. Bannister, Indianapolis, IN: Liberty Fund, pages 227-233. **DIGITAL OR COURSE PACK**

Module 2: Need for Economists and Economic Reasoning

Hazlitt, Henry, 1979. *Economics in One Lesson*, "New" Edition, New York, NY: Crown Trade Paperbacks, Chapters 1-3, pages 15-30. **BOOK**

Read, Leonard E. 1959. "I, Pencil" in *Essays on Liberty*, Irvington-on-Hudson, NY: The Foundation For Economic Education. Found at: <http://www.fee.org/about/ipencil.html>

Mises, Ludwig von, 1990. "The Economic Foundations of Freedom," in *Economic Freedom and Interventionism*, edited by Bettina Bien Breaves, Irvington-on-Hudson, NY: The Foundation For Economic Education, pages 3-10. Found at: <http://www.mises.org/efandi/ch1.asp>

Mises, Ludwig von, 1990. "The Why of Human Action," in *Economic Freedom and Interventionism*, edited by Bettina Bien Breaves, Irvington-on-Hudson, NY: The Foundation For Economic Education, pages 51-56. Found at: <http://www.mises.org/efandi/ch10.asp>

Koch, Charles, 1996. "Market-Based Values and the Future of American Business," in *The Future of American Business*, edited by Richard M. Ebeling, Champions of Freedom,

vol. 24, Hillsdale, MI: Hillsdale College Press, pages 75-87. **DIGITAL OR COURSE PACK**

Rich, Andrea Millen, 1996. “How to Succeed in Business Using Market Methods” in *The Future of American Business*, edited by Richard M. Ebeling, Champions of Freedom, vol. 24, Hillsdale, MI: Hillsdale College Press, pages 89-96. **DIGITAL OR COURSE PACK**

Thomas, Dave, 1996. “What Makes for Success?” in *The Future of American Business*, edited by Richard M. Ebeling, Champions of Freedom, vol. 24, Hillsdale, MI: Hillsdale College Press, pages 121-138. **DIGITAL OR COURSE PACK**

Module 3: The Function of Markets and Prices

Rothbard, Murray N. 1993. “Fundamentals of Human Action,” in *Man, Economy and State*, Auburn, AL: Ludwig von Mises Institute, pages 1-17. **DIGITAL OR COURSE PACK**

Hazlitt, Henry, 1979. *Economics in One Lesson*, “New” Edition, New York, NY: Crown Trade Paperbacks, Chapters 15, 7, 18, and 19. **BOOK**

Miller, Roger LeRoy, 2001. Chapters 3 and 4 in *Economics Today*, 2001-2002 ed., New York, NY: Addison-Wesley, pages 48-94. (This should have been covered in your Principles of Microeconomics class.) **REFERENCE**

Module 4: The Role of Profits and Losses

Hazlitt, Henry, 1979. *Economics in One Lesson*, “New” Edition, New York, NY: Crown Trade Paperbacks, Chapter 22. **BOOK**

Mises, Ludwig von, 1980. “Profit and Loss,” in *Planning For Freedom*, South Holland, IL: Libertarian Press, pages 108-150. **BOOK**

Hood, John, 1996. “Responsible to Whom?” in *The Heroic Enterprise*, New York, NY: The Free Press, pages 1-18. **DIGITAL OR COURSE PACK**

Module 5: Entrepreneurship

Allen, Candace A. 1999. “The Entrepreneur as Hero,” in *Economic Insights*, Federal Reserve Bank of Dallas, Volume 2, no. 1. Found at:
http://www.dallasfed.org/htm/pubs/ei/ei2_1.html

Hayek, F.A. 1984. “The Use of Knowledge in Society,” in *The Essence of Hayek*, Stanford, CA: Hoover Institute Press, pages 211-224. Found at:
<http://www.virtualschool.edu/mon/Economics/HayekUseOfKnowledge.html>

Hayek, F.A. 1984. "Competition as a Discovery Procedure," in *The Essence of Hayek*, Stanford, CA: Hoover Institute Press, pages 254-265. **DIGITAL OR COURSE PACK**

Module 6: Wages, Savings and Capital

Hazlitt, Henry, 1979. *Economics in One Lesson*, "New" Edition, New York, NY: Crown Trade Paperbacks, Chapters 10 and 20. **BOOK**

Mises, Ludwig von, 1980. "Wages, Unemployment and Inflation," in *Planning For Freedom*, South Holland, IL: Libertarian Press, pages 150-161. **BOOK**

Mises, Ludwig von, 1980. "Capital Supply and American Prosperity," in *Planning For Freedom*, South Holland, IL: Libertarian Press, pages 195-214. **BOOK**

Mises, Ludwig von, 1990. "The Economic Role of Savings and Capital Goods," in *Economic Freedom and Interventionism*, edited by Bettina Bien Breaves, Irvington-on-Hudson, NY: The Foundation For Economic Education, pages 26-30. Found at: <http://www.mises.org/efandi/ch4.asp>

Rothbard, Murray N. 1993. "The Formation of Capital," in *Man, Economy and State*, Auburn, AL: Ludwig von Mises Institute, pages 40-61. **DIGITAL OR COURSE PACK**

Module 7: Profit and Loss System vs. the Bureaucratic System

Mises, Ludwig von, 1983. *Bureaucracy*, Cedar Falls, IA: Center for Futures Education, pages 20-56. **DIGITAL OR COURSE PACK**

Shaw, Jane S. 1993. "Public Choice Theory," *The Fortune Encyclopedia of Economics*, edited by David R. Henderson, New York, NY: Warner Books, Inc., pages 150-154. **DIGITAL OR COURSE PACK**

Module 8: Interventionism--Regulations and Taxes

Mises, Ludwig von, 1977. *A Critique of Interventionism*, translated by Hans F. Sennholz, New Rochelle, NY: Arlington House, pages 15-41. **DIGITAL OR COURSE PACK**

Mises, Ludwig von, 1998. *Interventionism: An Economic Analysis*, edited by Bettina Bien Breaves, Irvington-on-Hudson, NY: The Foundation For Economic Education, pages 1-34. **DIGITAL OR COURSE PACK**

Module 9: Capitalism vs. Socialism

Sowell, Thomas, 2002, "Socialism remains attractive despite long killing record," in *The Detroit News*, December 22, page 16A. **DIGITAL**

Mises, Ludwig von, 1990. "Economic Freedom," in *Economic Freedom and Interventionism*, edited by Bettina Bien Breaves, Irvington-on-Hudson, NY: The Foundation For Economic Education, page 1. Found at:
<http://www.mises.org/efandi/i0.asp>

Mises, Ludwig von, 1980. "Middle-of-the-Road Policy Leads to Socialism," in *Planning For Freedom*, South Holland, IL: Libertarian Press, pages 18-35. **BOOK**

Mises, Ludwig von, 1985. *Liberalism: In the Classical Tradition*, 3rd edition, Irvington-on-Hudson, NY: The Foundation For Economic Education, pages 1-46. Found at:
<http://www.mises.org/liberal.asp> **REFERENCE**

Marx, Karl and Friedrich Engles, 1985. "Proletarians and Communists," *The Communist Manifesto*, New York, NY: Penguin Books, pages 95-105. **DIGITAL OR COURSE PACK**

Salerno, Joseph T. "Postscript: Why a Socialist Economy is 'Impossible'," in *Ludwig von Mises, Economic Calculation in the Socialist Commonwealth*, Auburn, AL: Ludwig von Mises Institute, 1990, pp. 51-71. <http://www.mises.org/econcalc/POST.asp>

Mises, Ludwig von, 1956. *The Anti-Capitalistic Mentality*, Grove City, PA: Libertarian Press, Inc., pages Introduction and 1-15. **DIGITAL OR COURSE PACK**

Module 10: Austrian Economics and Its Applications

de Soto, Jesus Huerta, 1998. "The Ongoing Methodenstreit of the Austrian School," *Journal des Economistes et des Etudes Humaines*, vol. 8, no. 1, pages 75-113. **DIGITAL OR COURSE PACK**

Perfect Competition and Monopoly Theory: This should have been covered in your Principles of Microeconomics class.

Miller, Roger LeRoy, 2001. Chapters 23 and 24 in *Economics Today*, 2001-2002 ed., New York, NY: Addison-Wesley, pages 560-611. **REFERENCE**

Hayek, F. A. 1980. "The Meaning of Competition," *Individualism and Economic Order*, Chicago, IL: The University of Chicago Press, pages 92-106. **DIGITAL OR COURSE PACK**

Armentano, Dominick T. 1998. "Antitrust and Microsoft," *The Free Market*, vol. 16 no. 9, found at
http://www.mises.org/freemarket_detail.asp?control=64&sortorder=authorlast

DiLorenzo, Thomas J. 1991. "The Truth About Sherman," *Austrian Economics Newsletter*, Summer, pages 1-6. found at <http://www.mises.org/fullstory.asp?control=331&FS=+The+Truth+About+Sherman>"

Module 11c: Morality and the Free Market (Used Spring 2002)

Sirico, Robert A. 1997. "Toward a Free and Virtuous Society," Occasional Paper #9, published by the Acton Institute. Found at: <http://www.acton.org/publicat/occasionalpapers/virtuous.html>

Opitz, Edmund A. 1983. "Business and Ethics," *Ideas in Liberty*, Vol. 33, no. 12, December. Found at: <http://www.fee.org/vnews.php?nid=1329&printable=Y>

Gwartney, James D. 1986. "A Christian Speaks Up for Capitalism," *Ideas in Liberty*, Vol. 36, no. 8, August. Found at: <http://www.fee.org/vnews.php?nid=1667&printable=Y>

Carson, Clarence B. 1981. "C. S. Lewis on Compelling People to Do Good," *Ideas in Liberty*, Vol. 31, no. 11, August. Found at: <http://www.fee.org/vnews.php?nid=1077&printable=Y>

Hazlitt, Henry, 1999. "The Ethics of Capitalism," in *Rules for Living: The Ethics of Social Cooperation*, an abridgement of *The Foundations of Morality* by Henry Hazlitt Princeton, NJ: D. Van Nostrand Co., 1964; 2nd ed., Los Angeles: Nash Publishing, 1972, by Bettina Bien Breaves, Irvington-on-Hudson, NY: The Foundation For Economic Education, pp. 113-142. **DIGITAL OR COURSE PACK**

Hazlitt, Henry, 1999. "The Ethics of Socialism," in *Rules for Living: The Ethics of Social Cooperation*, an abridgement of *The Foundations of Morality* by Henry Hazlitt Princeton, NJ: D. Van Nostrand Co., 1964; 2nd ed., Los Angeles: Nash Publishing, 1972, by Bettina Bien Breaves, Irvington-on-Hudson, NY: The Foundation For Economic Education, pp. 143-161. **DIGITAL OR COURSE PACK**

Module 11b: Applications (continued) (Used Fall 2000 – Fall 2001)

Environment:

Gwartney, James, 1991. "Private Property, Freedom, and the West," *The Market Economy: A Reader*, edited James L. Doti and Dwight R. Lee, Los Angeles, CA: Roxbury Publishing Company, pages 62-76. **DIGITAL OR COURSE PACK**

Anderson, Terry L. and Donald R. Leal, 1997. "Rekindling the Privatization Fires: Political Lands Revisted," in *Breaking the Environmental Policy Gridlock*, edited by Terry L. Anderson, Stanford, CA: Hoover Institution Press, pages 53-81. **DIGITAL OR COURSE PACK**

Stroup, Richard L. 1997. "Superfund: The Shortcut That Failed," in *Breaking the Environmental Policy Gridlock*, edited by Terry L. Anderson, Stanford, CA: Hoover Institution Press, pages 115-139. Found at: <http://www.perc.org/ps5.htm>

Yandle, Bruce, 1997. "Environmental Regulation: Lessons from the Past and Future Prospects," in *Breaking the Environmental Policy Gridlock*, edited by Terry L. Anderson, Stanford, CA: Hoover Institution Press, pages 140-167. **DIGITAL OR COURSE PACK**

Module 11a: Business Cycle (Used Fall 1999 – Spring 2000)

Garrison, Roger W. 1996. "Introduction: The Austrian Theory in Perspective," in *The Austrian Theory of the Trade Cycle*, edited by Richard M. Ebeling, Auburn, AL: The Ludwig von Mises Institute, pages 7-24. Found at: <http://www.mises.org/tradcycl/tcintro.asp>

Mises, Ludwig von, 1996. "The 'Austrian' Theory of the Trade Cycle," in *The Austrian Theory of the Trade Cycle*, edited by Richard M. Ebeling, Auburn, AL: The Ludwig von Mises Institute, pages 25-35. Found at: <http://www.mises.org/tradcycl/austcycl.asp>

Rothbard, Murray N. 1996. "Economic Depressions: Their Cause and Cure," in *The Austrian Theory of the Trade Cycle*, edited by Richard M. Ebeling, Auburn, AL: The Ludwig von Mises Institute, pages 65-91. Found at: <http://www.mises.org/tradcycl/econdepr.asp>

Garrison, Roger W. 1996. "The Austrian Theory: A Summary," in *The Austrian Theory of the Trade Cycle*, edited by Richard M. Ebeling, Auburn, AL: The Ludwig von Mises Institute, pages 111-121. Found at: <http://www.mises.org/tradcycl/theorsum.asp>