

American Studies 210
Fall

Capitalism – American Style

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Course description: This course introduces students to capitalism as an economic system beginning with its philosophical and moral foundations and its evolution in the United States. The principles of free markets will be applied to a variety of historical and current issues ranging from business regulation and labor markets to health care and the environment.

Required readings:

CyberEconomics: An Analysis of Unintended Consequences, by Robert E. Schenk
<http://ingrimayne.com/econ/index.htm>

Taking Sides: Clashing Views on Economic Issues (13th ed.) by Frank J. Bonello and Isobel Lobo (eds), McGraw-Hill 2007 ISBN: **0-07-352725-4**

Capitalism and Freedom, by Milton Friedman, (Chicago Fortieth Anniversary Ed., 2002).

Atlas Shrugged, by Ayn Rand.

Capitalism, the Unknown Ideal, Ayn Rand (ed).

Other readings as noted in the course outline and as provided.

Performance Objectives: The student will demonstrate through class discussion, written tests, and a paper an understanding of how the capitalist system works in the United States.

PERFORMANCE MEASURES:

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| Midterm Exam | 25% |
| Homework and Class Discussion | 20% |
| Paper | 30% |
| Comprehensive Final Exam | 25% |

PAPER ASSIGNMENT: Students will choose one of the *Taking Sides* issues not covered in class and write a 6-8 page paper on the topic.

CNU HONOR CODE: “On my honor, I will maintain the highest possible standards of honesty, integrity and personal responsibility. That means I will not lie, cheat, or steal and as a member of this academic community, I am committed to creating an environment of respect and mutual trust.”

A student who obtains credit for work, words, and ideas that are not the products of his/her own effort is dishonest, and such behavior has an adverse influence on the standards of the University. Infringement of the Code for Academic Work entails severe penalties ranging from failure in course work to dismissal from the University.

NOTE: Any student who believes that he or she is disabled should contact me to discuss accommodations. In order to receive an accommodation, your disability must be on record in Disability Services.

Course Outline:

- I. What is an Economic System?

- II. Operations of a Capitalist System (chapters 1 and 4 from Schenk)
 - A. Prices
 - B. Profit
 - C. Property Rights
 - D. Efficiency versus Equity

III. Philosophical and Moral Roots of Capitalism

- A. Introduction: *Commanding Heights* Episode One: The Battle of Ideas
<http://www.pbs.org/wgbh/commandingheights/lo/index.html>

- B. Adam Smith and the Classical School of economics

Smith, *Theory of Moral Sentiments* (ch. 1)

<http://www.econlib.org/library/Smith/smMS.html>

Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*.

<http://www.econlib.org/LIBRARY/Smith/smWN.html> (Book I, Ch 1-2)

- C. The Keynesian Critique

Keynes, *The General Theory of Interest, Employment and Money* (ch. 18)

<http://cepa.newschool.edu/het/texts/keynes/chap18.htm>

“Keynesian Economic Theory,” from *Commanding Heights*

<http://www.pbs.org/wgbh/commandingheights/hi/ideas/essay.html>

- D. Hayek, Mises and the Austrian School of economics

Hayek, “The Use of Knowledge in Society,” from *Individualism and the Economic Order* (1948) <http://www.econlib.org/library/Essays/hykKnw1.html>

Mises, *Human Action*, ch. 15 http://www.mises.org/humanaction/pdf/ha_15.pdf

E. Milton Friedman and the Chicago School of economics

Friedman, *Capitalism and Freedom* (Introduction and chapters 1-2)

F. Buchanan, Tullock and the Public Choice School

Buchanan and Tullock, *The Calculus of Consent* (ch. 5 & 6)

<http://www.econlib.org/library/Buchanan/buchCv3toc.html#The%20Calculus%20of%20Consent:%20Logical%20Foundations%20of%20Constitutional%20Democracy>

G. Ayn Rand and Objectivism

Rand, *Atlas Shrugged* (“This is John Galt Speaking” pp. 923-979)

Rand, “What is Capitalism?” in *Capitalism, the Unknown Ideal*

Mid-term Exam

IV. Selected Applications of the U.S. Capitalist System

- A. Health Care – *Taking Sides* Issue 4. Is the New Medicare Part D Drug Benefit Good Health Care Policy?
- B. Education – *Taking Sides* Issue 18. Is the No Child Left Behind Act Working?
- C. The Environment – *Taking Sides* Issue 15. Are the Costs of Global Warming Too High to Ignore?
- D. Labor markets
 - i. *Taking Sides* Issue 11. Should Minimum Wage and Living Wage Laws Be Eliminated?
 - ii. *Taking Sides* Issue 12. Do Unskilled Immigrants Hurt the American Economy?

Final Exam