

DEPARTMENT OF HUMAN RESOURCE DEVELOPMENT
VEER NARMAD SOUTH GUJARAT UNIVERSITY, SURAT
CERTIFICATE COURSE IN AUSTRIAN ECONOMICS

COURSE TEACHER: DR. MADHUSUDAN RAJ, ASSISTANT PROFESSOR, DEPARTMENT OF HUMAN RESOURCE DEVELOPMENT, VN S GU, SURAT.

COURSE DURATION: 3 MONTHS (FEBRUARY TO APRIL, 2 DAYS A WEEK, MINIMUM 40 HOURS OF LECTURES)

COST: 2500/-

TOTAL SEATS: MAXIMUM 30

MEDIUM OF INSTRUCTION: ENGLISH

ADMISSION PROCESS: ANY ONE WHO IS 12TH PASS AND INTERESTED IN LEARNING THE IDEAS OF AUSTRIAN ECONOMICS CAN APPLY FOR THIS COURSE. ADMISSION WILL BE GIVEN ON THE BASIS OF A PERSONAL INTERVIEW.

EVALUATION METHOD:

EVALUATION CRITERIA	PERCENTAGE WEIGHT
FINAL WRITTEN EXAMINATION	50%
ORAL EXAMINATION (MÜNDLICHE PRÜFUNG)	30%
CLASSROOM PARTICIPATION	20%
TOTAL	100%

GRADING SYSTEM:

% MARKS	GRADE
70 AND ABOVE	O
60 TO 69	A
55 TO 59	B
40 TO 54	C
BELOW 40	ATTENDANCE CERTIFICATE

ABOUT THE COURSE

The Austrian School of Economics is a very important school of thought within the sphere of Economic science. Since the beginning of its foundation by Carl Menger in 1871, this school of thought has seen many ups and downs. Before the beginning of the Keynesian Revolution in the mid 1930s, this school was a prominent part of the mainstream economic science. After spending around four decades on the fringes of the economic science, this school was back in limelight and prominence after the stagflation crisis of 1970s in USA. The award of Swedish National Bank Prize in Economic Science in memory of Alfred Nobel to Prof. F A. Hayek fast tracked the resurgence of the Austrian school in 1974. And when the bubble of US real estate market busted in 2007 – culminating in the big sub-prime financial crisis, which is still going on – the Austrian school came into immediate limelight because of its past warnings about this bubble and its lucid explanation of this phenomenon of business cycles. The mainstream economic theorists were totally unaware, confused and baffled about this crisis; they couldn't see it coming, and they still remain largely ignorant about the true causes of this crisis. Today, the world around, young students are self-learning the ideas of the Austrian school of economics. Mainstream universities still continue to neglect the ideas of this school, but because of the inability of the mainstream Keynesian economics in explaining the on-going world recession, many people from the world of finance to economics to politics have started to look at the Austrian school because it has the answers of the phenomenon of boom and bust.

All around the world the Austrian School of Economics is getting attention of people from all walks of life, and not just specialist like economics major students or economists themselves. The ideas of Austrian school are spreading everywhere via internet (mainly via Ludwig von Mises Institute's website: www.mises.org). In India the Department of Human Resource Development is the first institution which is going to offer a certificate course in Austrian Economics. This course is going to be taught by Dr. Madhusudan Raj who himself is an alumnus of the Ludwig von Mises Institute, USA, which is the world headquarters of Austrian Economics.

The ideas of Austrian economics are very important in understanding myriads of economic phenomena like the working of the Laissez Faire (free market) economy, business cycles (boom-bust cycles), unemployment, inflation, banking (commercial and central banking), finance, entrepreneurship etc. etc.

This certificate course will introduce the students to the ideas of the Austrian school of economics. Learning of these ideas will change the way in which you see the world today.

As the greatest proponent of the Austrian economics in the twentieth century Prof. Ludwig von Mises explained in his magnum opus Human Action,

Economics must not be relegated to classrooms and statistical offices and must not be left to esoteric circles. It is the philosophy of human life and action and concerns everybody and everything. It is the pith of civilization and of man's human existence.

So come join us and learn the ideas of the Austrian School and save the human civilization!!!

COURSE STRUCTURE

PART I FOUNDATIONS

1. Scope And Method Of Economics
 - a. Economics
 - b. Method Of Economics
 - c. Scope Of Economics: Human Action
2. Laws Of Personal Action
 - a. Economic Concepts Implied By Human Action
 - i. Introduction
 - ii. Only Individuals Act
 - iii. Individuals Have Preferences
 - iv. Preferences Are Subjective
 - v. Preferences Are A Ranking, Not A Measurement Using Numbers
 - vi. Different Individuals' Preferences Can't Be Combined
3. Robinson Crusoe Economics
 - a. Introduction
 - b. Crusoe Creates Goods With His Mind Powers
 - c. Consumer Goods Versus Producer Goods
 - d. Land, Labor, And Capital Goods
 - e. Income, Saving, And Investment
 - f. Goods Are Valued Unit By Unit
 - g. Pulling It All Together: What Should Crusoe Do With Himself?

PART II CAPITALISM: THE MARKET ECONOMY

4. The Institution Of Private Property
 - a. Society Requires Rules
 - b. Capitalism: This Is Private Property
 - c. The Market Economy And Free Enterprise
5. Direct Exchange And Barter Prices
 - a. Why Do People Trade With Each Other?
 - b. Direct Exchange / Barter
 - c. Prices
 - d. How Prices Are Formed In Barter
6. Indirect Exchange And The Appearance Of Money

- a. The Limitations Of Direct Exchange
 - b. The Advantages Of Indirect Exchange
 - c. The Advantages Of Money
 - d. Who Invented Money?
7. The Division Of Labor And Specialization
 - a. The Division Of Labor And Specialization
 - b. Why Specialization Makes Labor More Productive
 - c. Enriching Everyone By Focusing On Comparative Advantage
 8. Entrepreneurship And Competition
 - a. Entrepreneurship
 - b. Competition Protects Customers
 - c. Competition Protects Workers
 9. Income, Saving, And Investment
 - a. Income, Saving, And Investment
 - b. Investment Increases Future Income
 - c. How Saving And Investment Increase An Economy's Future Output
 10. Supply And Demand
 - a. Supply And Demand: The Purpose
 - b. Demand: Its Definition And Its Law
 - c. Supply: Its Definition And Its Law
 - d. Using Supply And Demand To Explain The Market Price
 - e. Using Supply And Demand To Understand Price Changes
 11. Interest, Credit, And Debt
 - a. Interest: It's About Time
 - b. Savings, Investment, And Economic Growth
 - c. Common Credit Transactions
 - d. The Pros And Cons Of Debt
 12. Profit And Loss Accounting
 - a. Profit And Loss Guide Entrepreneurs
 - b. Interest Versus Profit
 - c. The Social Function Of Profit And Loss Accounting
 - d. The Limits Of Profit And Loss Accounting

READING MATERIAL

The main text book for this course is Robert P. Murphy's *Lessons for the Young Economist*.

All required reading material will be provided on a CD/DVD free of cost to the students.

ABOUT THE TEACHER

Dr. Madhusudan Raj is an Assistant Professor of Economics at the Department of Human Resource Development, Veer Narmad South Gujarat University, Surat. He holds a graduate degree in Austrian Economics from the Mises University, Ludwig von Mises Institute, Auburn, Alabama, USA. He is also an alumnus of The Foundation For Economic Education, New York, USA. Dr. Raj earned his Ph.D. degree in Economics from the Department of Human Resource Development, VNSGU in year 2009. He also holds a Bachelors and Masters degree in Economics from the same university. He is teaching economics since last 12 years.