Money and Power in the Western World, 1700-2000

B30.2391.10

Fall 2008

Saturdays, 1:00 p.m. - 4:00 p.m. – KMC 2-80

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COURSE WEBSITE: Blackboard

Course Description, Objectives, and Requirements:

This course examines the historical co-development of governments and markets in the Western World since about AD 1700. Readings and discussions will cover topics in financial markets and institutions, warfare, taxation, money and inflation, interest rates, prices, production, and redistributive policies. We will place the development of the corporation in its larger economic and political contexts and will consider how specific fiscal, monetary, and regulatory policies have affected entrepreneurship, management, and economic growth.

The intellectual goals of the course are to impart a long-term perspective on business and economic policies and government involvement in the economy to cultivate thinking in time and context. Students are urged to read for comprehension, not detail. They should stay focused on the big picture and not lose sight of the forest for the trees. The course readings should be probed for areas of interest, not memorized.

Classes will be a mixture of lecture, discussion of the assigned reading, and sundry types of in-class activities. Attendance and active participation are important and will affect grades at the margin.

Required Text:


This book is available from the bookstore or can be sourced sundry ways via the web. The only other required reading is an article available via Blackboard.

Grades:
Grades will largely be a function of the course research paper, but attendance, participation, and weekly short papers are also required. Each absence (after one freebie) and missed assignment (a short paper will be accepted late on occasion if accompanied by an explanation) will trigger a one step (e.g. from A to A-) grade reduction.

**Weekly Short Papers:**

Each class after the first week students will be expected to turn in a short paper, approximately one page in length, that answers the weekly question based on the assigned reading and thoughtful reflection. (See the Course Outline below.) The short papers, which should be submitted via the digital drop box, will be read and their overall quality recorded, but they will not be explicitly graded. They are designed to give students incentive to complete and reflect upon the assigned readings before class each week. That said, I know you live busy and hectic lives, so as indicated above it is permissible to turn short papers in up to one week late for credit on occasion. (Better, though, to get ahead of the assigned reading and stay there.)

**Research Paper:**

The research paper should be based on the required readings, class discussions, and additional readings or resources, as necessary, and should demonstrate a clear understanding of key course concepts.

Students may write about any course-related topic that they wish, but should receive instructor approval, via e-mail, before commencing. Students may explore topics, like competition (anti-trust) or immigration policies, not directly covered in the course. Papers that explore current problems, especially current workplace issues, in historical context are preferred, but strictly “academic” or “historical” papers are also acceptable. **October 18** is the hard deadline for topic submission. Students may of course e-mail topic proposals before that date.

Papers should be as long as they need be to fully explore the chosen topic; their length will vary depending on the author’s command of language, choice of examples, etc. I expect the median paper to be about 12 manuscript pages/3,000 words in length.

**Mandatory** drafts are due electronically by 9 AM EST **24 November**. The instructor will read and comment on them extensively over the Thanksgiving Break. If desired, students may submit additional drafts before or after 24 November, but no later than **10 December**. All drafts of your research paper should be submitted electronically in Word, Wordperfect, or .pdf format via the digital drop box in Blackboard.

Final versions of the research papers are due electronically by 9 AM EST on **15 December**.
Plagiarism and other forms of cheating will not be tolerated. A portion of one class will be devoted to preventing plagiarism; students who miss that class will be expected to successfully complete an anti-plagiarism quiz. (I have already caught two plagiarists at Stern and do not wish to catch any more.)

If you need assistance with the paper, or any other part of the course, feel free to contact me via e-mail, to drop in during my office hours, or to arrange a phone or face-to-face meeting.

Course Outline

Week 1 – 20 September: Course Mechanics; Money and Power: Markets and Governments
Reading: None
Short Paper Question: None

Week 2 – 27 September: Theories and Stakes
Reading: GAE, chapter 1.
Short Paper Question: What can be gained by government involvement in the economy? What can be lost?

Week 3 – 4 October: Public Goods and Other Market Failures
Reading: GAE, chapters 4, 8.
Short Paper Question: How and why do markets fail?

Week 4 – 11 October: Government Failures
Reading: GAE, chapter 6.
Short Paper Question: How and why do governments fail?

Week 5 – 18 October: Money and Interest Rates
Short Paper Question: What institutions can create money? Are some forms of money or ways of supplying money better than others? Why or why not?

PAPER TOPICS DUE

Week 6 – 25 October: Financial Markets and Institutions
Reading: GAE, chapter 5.
Short Paper Question: Why do governments attempt to regulate financial markets and institutions? Can they effectively do so? Why or why not?

Week 7 – 1 November: Corporations and Competition Law
Reading: GAE, chapters 9, 10.
Short Paper Question: What roles do corporations play in the economy? Why? Is the state necessary to their existence? Why or why not?
Week 8 – 8 November: Tariffs and Taxation
Reading: GAE, chapter 7.
Short Paper Question: How do taxes distort economic incentives? What problems do those distortions cause? What can be done to minimize the distortions?

MANDATORY PAPER DRAFTS DUE, 19 NOVEMBER

Week 9 – 15 November: War
Reading: GAE, chapter 14.
Short Paper Question: War, what is it good for?

Week 10 – 22 November: Economic Regulations
Reading: GAE, chapters 13, 15.
Short Paper Question: What happens if governments attempt to regulate the quantity, quality, or price of goods or services? Of wages? Why?

Week 11 – 6 December: Production
Reading: GAE, chapters 11, 12.

LAST CHANCE FOR PAPER DRAFTS, 10 December

Week 12 – 13 December: Redistribution
Reading: GAE, chapters 16, 17.
Short Paper Question: Who wins and who loses when governments redistribute income? Why do governments redistribute? What does society gain from redistribution? What do government officials gain from it?

FINAL PAPERS DUE ELECTRONICALLY, 15 December at 9 AM EST

Instructor’s Biographical Information

Robert E. Wright is a clinical associate professor of economics at Stern, where he has taught in various capacities since Fall 2003. Professor Wright, who holds a Ph.D. in history (SUNY Buffalo, 1997), is a curator for the Museum of American Finance. His most significant publications include:


Prof. Robert E. Wright, Economics Dept., Stern School of Business, New York University
Hamilton Unbound: Finance and the Creation of the American Republic (Westport, Conn.: Greenwood, 2002).


The Principles of Money and Banking† (New York: Thomson, 2008).


Fubarnomics: A Lightheartedly Serious Look at America’s Economic Ills† (agented by Ed Knappman of New England Publishing Associates).

† Tentative titles.

Prof. Robert E. Wright, Economics Dept., Stern School of Business, New York University