

History of Thought & Public Choice EC 801 (Ph.D.)

Tuesday 4:30pm-7:10pm, Donahue 302

Final Exam December 14th 5:40pm-7:30pm

Dr. Benjamin Powell
 Department of Economics
 73 Tremont St. Office 1020
bpowell@suffolk.edu (best way to reach me)
 617-573-8023
<http://mail.beaconhill.org/~bpowell/>
 Office Hours: Tuesday and Wednesday 2pm-3:30pm and by appointment

This course combines a survey of the history of economic thought with an introduction to graduate level public choice research. As such, it is impossible to fully cover many of the details of the history of all economic thought. So this course focuses on the history of political economy with an emphasis on the development of ideas that still have relevance to a modern applied public choice research program. At the conclusion of the course students should have a broad understanding of the main thrust of the modern public choice research program as well as the history of where many of those ideas originated.

Students enrolled in this course intend to become professional economists. Professional economists not only consume and understand the knowledge other economists produce but they also take that foundation and build new knowledge for others through their own research. In addition to teaching the formal material in this course an emphasis will be placed on learning how to become a professional economist yourself. We'll focus on teaching you how to "see" research ideas through the use of the readings in this course and students will be expected to produce a research paper of their own by the end of the semester.

Grading:

Midterm:	20%
Final Exam:	35%
Research Paper & Presentation:	35%
Participation:	10%

Books:

Adam Smith	<i>The Wealth of Nations</i>
F.A. Hayek	<i>Individualism and Economic Order</i>
Dennis Mueller	<i>Public Choice III</i>
Mancur Olson	<i>Power and Prosperity</i>
Bryan Caplan	<i>Myth of the Rational Voter</i>
James Buchanan and Richard Wagner	<i>Democracy in Deficit</i>

Course Outline

1. Scottish Enlightenment

Sept. 7th

Smith, Adam (1776) *An Inquiry into the Nature and Causes of the Wealth of*

- Nations*. Liberty Fund. BK I, Ch. 1-3; BK II, Ch. 3, 5, BK III, Ch. 1, 3-4, BK IV, Ch. 2.
- Smith, Adam (1982 reprint) *Lectures on Jurisprudence*. (Handout pp. 331-339 and 577-579).
- Smith, Vernon (1998) “The Two Faces of Adam Smith,” *Southern Economic Journal* 65 (1): 2-19.
- Evensky, Jerry (2005) “Adam Smith’s theory of Moral Sentiments: On Morals and Why They Matter to a Liberal Society of Free People and Free Markets.” *Journal of Economic Perspectives* 19 (3): 109-130.
- Boulding, Kenneth (1971) “After Samuelson, Who Needs Adam Smith?” *History of Political Economy* 3(2): 255-237.

2. Keynes and Hayek on Business Cycles

Sept. 14th

- Keynes, John Maynard (1936) *The General Theory of Employment Interest and Money*. Preface, Chapter 1, and Chapter 12.
- Caldwell, Bruce (1995) *Contra Keynes and Cambridge*. Editor’s Introduction and Chapter 1, Hayek “The Economics of the 1930s as Seen from London.”
- Garrison, Roger (2001) *Time and Money: The Macroeconomics of Capital Structure*. Chapters 1, 3, and 4.
- Buchanan, James, and Richard Wagner (1977, 2000) *Democracy in Deficit: The Political Legacy of Lord Keynes*.

3. Socialist Calculation Problem

Sept. 21

- Mises, Ludwig Von. (1920) “Economic Calculation in the Socialist Commonwealth.” Available at www.mises.org
- Hayek, F.A. (1948) *Individualism and Economic Order*. Chapters 4, 7, 8, 9.
- Boettke, Peter (1998) “Economic Calculation: The Austrian Contribution to Political Economy.” *Advances in Austrian Economics* 5: 131-158 (reprinted in *Calculation and Coordination*).

4. Methodology

Sept. 28th

- Kirzner, Israel (1960) “Economics as the Science of Human Action” from *The Economic Point of View*. Pp. 146-185
- Buchanan, James (1964) “What should Economists Do?” *Southern Economics Journal* 30: 213-222.
- Rothbard, Murray (1957) “In Defense of Extreme A Priorism” *Southern Economic Journal* 23 (3): 314-320.
- Becker, Gary, (1976) “The Economic Approach to Human Behavior.” From *The Economic Approach to Human Behavior*. Pp. 3-14.
- Friedman, Milton (1953) “The Methodology of Positive Economics.” From *Essays in Positive Economics*. Pp. 153-184.
- Samuelson, Paul (1952) “Economic Theory and Mathematics – An Appraisal.” *American Economic Review* 42 (2): 56-66.
- Rothbard, Murray (1976) “Praxeology, Value Judgements and Public Policy.” In *The Foundations of Modern Austrian Economics*. Pp. 89-111.

5. Foundations of Public Choice

Oct. 5th

- Buchanan, James (1979) "Politics Without Romance: A Sketch of Positive Public Choice Theory and It's Normative Implications." Handout from *The Collected Works of James Buchanan* Vol. 1.
- Tullock, Gordon (2004) "Economic Imperialism," "Public Choice," and "Public Choice What I Hope for the Next Twenty Five Years." Handouts from *The Collected Works of Gordon Tullock* Vol. 1.
- Buchanan, James (1986) "The Constitution of Economic Policy" *Nobel Prize Lecture*. Available at: http://nobelprize.org/nobel_prizes/economics/laureates/1986/buchanan-lecture.html
- Mueller, Dennis (2003) *Public Choice III*. Chapter 1.

MIDTERM EXAM Oct. 12th

6. Origins of the State

Oct. 19th

- Mueller, Dennis (2003) *Public Choice III*. Chapter 2.
- Olson, Mancur (2000) *Power and Prosperity*. Chapters 1, 2, 3.
- Buchanan, James (1990) "The Domain of Constitutional Economics." *Constitutional Political Economy*. Vol. 1 pp. 1-18.
- Powell, Benjamin and Bart Wilson (2008) "An Experimental Investigation into Hobbesian Jungles." *Journal of Economic Behavior and Organization*. Vol. 66.
- Rothbard, Murray (1973) "The State." From *For a New Liberty*. Handout.

7. Interest Groups and Rent Seeking

Oct. 26th

- Olson, Mancur (2000) *Power and Prosperity*. Chapters 4 and 5.
- Mueller, Dennis (2003) *Public Choice III*. Chapters 15 and 20.
- Tullock, Gordon (1967) "The Welfare Costs of Tariffs, Monopolies, and Theft." *Western Economic Journal*. Vol. 5. No. 3: 224-232.
- Kruger, Anne (1974) "The Political Economy of the Rent Seeking Society. *American Economic Review*. Vol. 64. pp. 291-303.
- Powell, Benjamin and Evgeny Vorotnikov (2010) "Real Estate Continuing Education: Rent Seeking or Improvement in Service Quality." *Eastern Economic Journal*. Forthcoming.

8. Bureaucracy

Nov. 2nd

- Mueller, Dennis (2003) *Public Choice III*. Chapter 16.
- Niskanen, William (1975) "Bureaucrats and Politicians." *Journal of Law and Economics*. Vol. 18. pp. 617-643.
- Mises, Ludwig Von (1944) *Bureaucracy*. Chapters I, II, and III. Available online at: <http://mises.org/etexts/mises/bureaucracy.asp>

9. Federalism

Nov. 9th

- Mueller, Dennis (2003) *Public Choice III*. Chapter 10.
 Buchanan, James (1965) "An Economic Theory of Clubs." *Economica*. pp. 1-14.
 Tiebout, Charles (1956) "A Pure Theory of Local Government Expenditures." *Journal of Political Economy*. Vol. 64. No. 5. pp. 416-424.
 Powell, Benjamin (2004) "Competition and Monopoly Power in Local Government: An Extension of Caplan (2001)." *Public Choice*, Vol. 120. 2004.
 Nozick, Robert (1974) *Anarchy, State and Utopia*. Book III.

10. Self-Governance and the Public Choice of the Bloomington School

Nov. 16th (Need to Start Class Early)

- Ostrom, Elinor (2010) "Beyond Markets and States: Polycentric Governance of Complex Economic Systems." *American Economic Review* 100(3): 641-672. (This is her revised Nobel lecture).
 Ostrom, Elinor (2010) "A Long Polycentric Journey." *Annual Review Political Science* 13: 1-23.
 Aligica, Paul, and Peter Boettke (2009) *Challenging Institutional Analysis and Development: The Bloomington School*. Chapters 6, Conclusion, and Post-script.

11. Democratic Efficiency vs. Voter Irrationality

Nov. 23rd

- Wittman, Donald (1989) "Why Democracies Produce Efficient Results." *Journal of Political Economy* 97 (6): 1395-1424.
 Caplan, Bryan (2007) *The Myth of the Rational Voter*.
 Menken, H.L. (1926) *Notes on Democracy* Chapter II. (recommended for fun).

13. Non Democratic Governance

Nov. 30th

- Mueller, Dennis (2003) *Public Choice III*. Chapter 18.
 Olson, Mancur (2000) *Power and Prosperity*. Chapters 6, 7 and 8.
 Powell, Benjamin, and Edward Stringham (2009) "Public Choice and the Economic Analysis of Anarchy: A Survey." *Public Choice* 140.
 Powell, Benjamin, Ryan Ford and Alex Nowrasteh (2008) "Somalia After State Collapse: Chaos or Improvement." *Journal of Economic Behavior & Organization* 67.

14. Research Presentations

Dec. 7th

-
Final Exam December 14th 5:40pm-7:30pm