

George Mason University
ECON 410
Public Choice
Fall Semester 2017

Professor: Slade Mendenhall
Office: TBA
Hours: Fridays 11:30am-1:00pm
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Objectives: The lectures and readings in this course are designed to familiarize students with the theoretical, analytical, and empirical research within the field of economics known as Public Choice. It will educate students in both the intellectual history of the field and the research and innovative ideas produced by Public Choice scholars. The course is designed to be fun, engaging, and thought-provoking. Students should leave the course with a solid grasp of the origins, core concepts, and major debates of the field.

Grades: There will be a short, one-question, weekly quiz on the reading which was assigned. At the end of the semester, I will drop the lowest two of your scores on these quizzes. You will be expected (alone or with a partner) to lead the class discussion once during the semester. You will be expected to produce one detailed book review on a noted work in public choice (app. 5-7 pages, double-spaced), approved in consultation with me, to be turned in halfway through the semester. There will also be one final exam consisting of short essays at the end of the semester. Your semester grade breakdown will be as follows:

Quizzes:	25%
Discussion Leading:	25%
Book Review:	25%
Final Exam:	25%

Texts: There will be two required texts in this class: (1) *Beyond Politics* by Randy T. Simmons and (2) *The Road to Serfdom* by Friedrich Hayek. Readings and concepts will be drawn from these works throughout the semester, so having both is crucial to your success in the course.

Leading Discussion: When you are assigned to lead a discussion, whether alone or as a group, you will give a ten minute presentation, followed by general discussion by the class which you will facilitate with guiding questions. You will be graded based on the quality of your presentation, the substantive nature of your questions, and the overall quality of your discussion-leading. I will be available to discuss details with each group in the days before you present in order to help you be prepared.

Honor: This course demands the highest standard of conduct. Cheating and plagiarism of any kind are absolutely not tolerated. Violation of this code results in an immediate failure for the course and a report to the GMU Honor Committee.

Weekly Course Outline & Required Readings

Week 1: From Anarchy to the State

- The state of nature
- Historical evidence on early states
- Hobbes, Rousseau, and Locke
- Positive cases for anarchy

Tullock, Gordon. "The Edge of the Jungle" from *Virginia Political Economy*. (Available on Blackboard).

Coyne, Christopher J. "Order in the Jungle: Social Interaction Without the State." *The Independent Review*, vol. 7, no. 4, 2003, pp. 557–566. *JSTOR*, www.jstor.org/stable/24562559.

Carneiro, Robert L. "A Theory of the Origin of the State." *Science*, vol. 169, no. 3947, 1970, pp. 733–738. *JSTOR*, www.jstor.org/stable/1729765. (6 pages).

Friedman, David. "Private Creation and Enforcement of Law: A Historical Case." <http://www.daviddfriedman.com/Academic/Iceland/Iceland.html>. (< 5 pages)

Week 2: Economics Pre-Public-Choice

- Traditional welfare economics
- Pareto efficiency as a standard
- The stable social welfare function
- Arrow's Impossibility Theorem

Simmons, Chs. 1 & 2 (41 pages)

Hayek, Ch. 2 (5 pages)

Week 3: The Logic of Collective Action

- Athens and the birth of democracy
- The costs of pure democracy
- Proto-Public-Choice
- Austrian economics, Frank Knight, and James M. Buchanan
- Decision making rules (Unanimity, majority, supermajority)

Buchanan, James M. and Gordon Tullock. "The Organization of Human Activity," in *The Calculus of Consent*. 1962. http://files.libertyfund.org/files/1063/Buchanan_0102-03_EBk_v6.0.pdf. (13 pages)

Simmons, Ch. 3 (34 pages)

Hayek, Chapter 5 (10 pages)

Week 4: Three Schools of Thought in Public Choice

- Virginia Political Economy
- Chicago School
- Behavioral Political Economy

Simmons, Ch. 4 (25 pages)

Stigler, George J. "Economic Competition and Political Competition." *Public Choice*, vol. 13, 1972, pp. 91–106. *JSTOR*, www.jstor.org/stable/30022685.

Caplan, Bryan. "The Idea Trap: the Political Economy of Growth Divergence." *The European Journal of Political Economy*. <http://econfaculty.gmu.edu/bcaplan/pdfs/ideatrap.pdf>. (21 pages)

Week 5: Voting Behavior

- Median Voter Model
- Miracle of Aggregation
- Expressive vs. Instrumental Voting
- Caplan's "Rational Irrationality"

Wittman, Donald. "Why Democracies Produce Efficient Results." *Journal of Political Economy*, vol. 97, no. 6, 1989, pp. 1395–1424. *JSTOR*, www.jstor.org/stable/1833245.

Caplan, Bryan. 2009. "The Myth of the Rational Voter: Why Democracies Choose Bad Policies." *Cato Policy Analysis* No. 594. <https://object.cato.org/pubs/pas/pa594.pdf>.

Week 6: Constitutionalism and Federalism

- Veils of ignorance and uncertainty
- Rules of the political game
- Checks and balances
- Polycentric political orders
- Does political competition work?

Simmons, Ch. 16 (13 pages)

Buchanan, James M. *The Demand and Supply of Public Goods*, Chapter 8. (Available on Blackboard)

The Federalist, Nos. 10, 47, and 51. http://avalon.law.yale.edu/18th_century/fed51.asp

Week 7: Law and Jurisprudence

- Common law as a spontaneous order
- Legislation and civil law
- What do judges and justices maximize?
- Legal systems and growth

Zywicki, Todd J. "Spontaneous Order and the Common Law: Gordon Tullock's Critique." *Public Choice*, vol. 135, no. 1/2, 2008, pp. 35–53. *JSTOR*, www.jstor.org/stable/27698249.

Simmons, Ch. 8 (16 pages)

Mahoney, Paul G. "The Common Law and Economic Growth: Hayek Might Be Right." *The Journal of Legal Studies* 30, no. 2 (2001): 503–25. doi:10.1086/322053.

Week 8: Bureaucracy

- The growth of the bureaucratic state
- The problem of bureaucratic incentives

- Legislators or bureaucrats: who's really in charge?

Simmons, Chs. 7 & 12 (36 pages)

Hayek, Chapter 10

Week 9: Regulation

- Regulation as pre-emptive law
- Arguments for and against
- Regulation and economic growth

Simmons, Ch. 9 & 10 (31 pages)

Hayek, F. A. "The Use of Knowledge in Society." *The American Economic Review*, vol. 35, no. 4, 1945, pp. 519–530. *JSTOR*, www.jstor.org/stable/1809376.

Mises, Ludwig von. *Bureaucracy*, Chapters 3&4.

https://mises.org/system/tdf/Bureaucracy_3.pdf?file=1&type=document . (17 pages)

Week 10: Special Interests and Entangled Political Economy

- What is entangled political economy?
- Politics as investment banking
- The growth of lobbying
- Rent-seeking vs. Rent-extraction

Simmons, Ch. 14 (14 pages)

Wagner, Richard. "Property, State, and Entangled Political Economy."

http://mason.gmu.edu/~rwagner/Zimmermann_Festschrift.pdf. (20 pages)

Week 11: The Provision of Public Goods

- Public vs. Private Goods
- Public vs. Private Production & Provision
- The calculation and free-rider problems
- The Ostroms, Bloomington School, and *Governing the Commons*

Simmons, Ch. 5 (18 pages)

Buchanan, James M. *The Demand and Supply of Public Goods*, Chapters 9 & 10. (Available on Blackboard).

Week 12: The Social Dilemma: Autocracy, Revolutions, and War

- Autocracies in history
- Autocratic behavior
- The Paradox of Revolution
- The J-Curve and the Dictator's Dilemma

Tullock, Gordon. "The Economics of Repression," from *The Social Dilemma: The Economics of War and Revolution*. 1987. (14 pages, Available on Blackboard).

Tullock, Gordon. "The Paradox of Revolution," from *The Social Dilemma: The Economics of War and Revolution*. 1987. (23 pages, Available on Blackboard).

Hayek, Chapter 7

Week 13: Non-Market Decision Making, Pt I

- Exploring applications of non-market decision making outside of politics
- Crime and punishment
- Obscure legal practices

***Readings will be divided up into groups and we will share and give summaries**

Allen, Douglas W., and Yoram Barzel. 2011. "The Evolution of Criminal Law and Police during the Pre-Modern Era." *Journal of Law, Economics, and Organization* 27: 540-567.
<http://www.jstor.org/stable/41261733>.

Friedman, David. 1999. "Why Not Hang them All? The Virtues of Inefficient Punishment." *Journal of Political Economy* 107: S259-S269. <http://www.jstor.org/stable/10.1086/250110>.

Leeson, Peter T. 2012. "Ordeals." *Journal of Law and Economics* 55: 691-714.
<http://www.jstor.org/stable/10.1086/664010>.

Leeson, Peter T. 2013. "Vermin Trials." *Journal of Law and Economics* 56: 811-836.
<http://www.jstor.org/stable/10.1086/671480>.

Week 14: Non-Market Decision Making, Pt. II

- Applications of economic theory beyond traditional politics
- Miscellaneous topics (Marriage, Sports, Religion, etc.)

***Readings will be divided up into groups and we will share and give summaries**

Allen, Douglas W., and Vera Lantinova. 2013. "The Ancient Olympics as a Signal of City-State Strength." *Economics of Governance* 14: 23-44. (Available on Blackboard)

Cohen, Lloyd. "Marriage, Divorce, and Quasi Rents; Or, 'I Gave Him the Best Years of My Life.'" *The Journal of Legal Studies*, vol. 16, no. 2, 1987, pp. 267-303. *JSTOR*, www.jstor.org/stable/724349.

Allen, Douglas W. 1995. "Order in the Church: A Property Rights Approach." *Journal of Economic Behavior and Organization* 27: 97-117. (Available on Blackboard)

Schwartz, Warren F., et al. "The Duel: Can These Gentlemen Be Acting Efficiently?" *The Journal of Legal Studies*, vol. 13, no. 2, 1984, pp. 321-355. *JSTOR*, www.jstor.org/stable/724239.

Suggested Readings for Book Reviews:

Political Theory & Philosophy

The Federalist Papers by James Madison, Alexander Hamilton, and John Jay
The Anti-Federalist Papers and the Constitutional Convention Debates by Ralph Ketcham
Capitalism: the Unknown Ideal by Ayn Rand
The Constitution of Liberty by Friedrich Hayek
Socialism by Ludwig von Mises
Bureaucracy by Ludwig von Mises
The Limits of Liberty by James M. Buchanan
Anarchy, State, and Utopia by Robert Nozick
The Machinery of Freedom by David D. Friedman
Free to Choose by Milton and Rose Friedman
Chicago Studies in Political Economy by George Stigler
The Logic of Collective Action by Mancur Olson

General Policy

Illiberal Reformers by Thomas C. Leonard
Reflections of a Political Economist by William A. Niskanen
The Demand and Supply of Public Goods by James M. Buchanan

Autocracy and Conflict

The Dictator's Handbook by Bruce Bueno de Mesquita
The Social Dilemma by Gordon Tullock

Welfare and Poverty

Wealth, Poverty, and Politics by Thomas Sowell
The Tragedy of American Compassion by Marvin Olasky

The Great Depression

Lessons of the Great Depression by Thomas Rustici
FDR's Folly by Jim Powell

Industrial and Labor Policy

The New Left: the Anti-Industrial Revolution by Ayn Rand
The Antitrust Paradox by Robert Bork
The Economics of the Business Firm by Harold Demsetz
The Farm Fiasco by James Bovard
Child Labor and the Industrial Revolution by Clark Nardinelli
Labor Policy of the Free Society Sylvester Petro
How China Became Capitalist by Ronald Coase and Ning Wang

Race and Demographics

The Economics of Discrimination by Gary Becker

Race & Economics by Walter Williams

The State Against Blacks by Walter E. Williams

Intellectuals and Society by Thomas Sowell

Competition and Coercion: Blacks in the American Economy, 1865-1914 by Robert Higgs

Law and Property Rights

Pirates, Prisoners, and Lepers: Lessons from Life Outside the Law by Paul H. Robinson and Sarah M. Robinson

Takings by Richard Epstein

The Logic of the Law by Gordon Tullock

Other People's Property by Bernard Seigan

The Firm, the Market, and the Law by Ronald Coase

Non-Market Economics

WTF?!: An Economic Tour of the Weird by Peter T. Leeson