

[Note to Undergraduates: For Undergraduates who enroll in the course as Econ 496-004 (CRN 24712), the requirements will be less. The term-paper recommended length will be only **12 pages**, and the number of reflections due each week will be two (rather than three). Contact me about obtaining an override to register.]

Econ 827
Economic Philosophy
(CRN 24713)
George Mason University
Spring 2021
Friday 1:30-4:15
Location: TBA

Liberty, Coordination, and Knowledge

Prof. Daniel Klein
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Office: Mason Hall D161

Office hours: By appointment: *Email me to arrange a meeting that suits us both!*

Brief Course Description: The course develops a Smithian outlook. The central statement of the outlook is that, by and large, in a choice between two policy reforms, the more-liberty reform is the more desirable. Thus the outlook advances a presumption of liberty. Three broad rubrics cover much of the course discussion:

- **Liberty**
- **Coordination**
- **Knowledge**

Core texts:

- For the first topic, **liberty**, we will read selections from David Hume, Adam Smith, Jeremy Bentham, Ronald Coase, Murray Rothbard, Thomas Merrill and Henry Smith, Richard Epstein, and others. We will explore the configuration of ownership and the idea of property as a “bundle of rights.” This part of the course will focus on the *meaning* of liberty.
- The other parts of the course will focus on classical-liberal (or Smithian) *claims* for liberty. For the second and third topics, **coordination** and **knowledge**, the chief source will be my book [*Knowledge and Coordination: A Liberal Interpretation*](#) (available in paperback). But other readings from Smith, Thomas Schelling, David K. Lewis, Friedrich Hayek, Michael Polanyi, Israel Kirzner and others will be assigned.

The class format will be lecture and discussion, based on pre-assigned readings.

Composition of Course Grade:

1. **Attendance:** 7% of grade.
2. **Reading Discussion Leadership:** 4%
3. **Other (General) Class Participation:** 9% of grade.
4. **Weekly His Point-My Point Reflection Written Assignments on the Readings:** each assignment should be a minimum of 1, maximum of 2 pages; 24% of grade.
5. **McCloskey Assignment:** 6% of grade.
6. **Term paper:** 25% of grade.
7. **Final Exam:** 25% of grade.
 - **Final exam date:** Friday May 8, 1:30-4:15.

Required Readings:

- Adam Smith [you must have [the Liberty Fund edition](#)]
The Theory of Moral Sentiments
The Wealth of Nations
- Thomas C. Schelling:
Strategy of Conflict 1960
Micromotives and Macrobehavior 1978
- Deirdre McCloskey, *Economical Writing*
- Daniel Klein
[Knowledge and Coordination: A Liberal Interpretation](#) (Oxford UP 2012, paperback issued in 2013).
- Weekly readings to be distributed as we go

Explanation of Term Paper:

Students will be required to do a major term paper. It should be at least 20 pages, double-spaced, 12-pt font, and normal margins. *Include an abstract of 100-175 words.* That paper is due the day of the final exam.

Other Responsibilities:

The Weekly Writing Assignments will be on two or three of the readings assigned for that week's lecture. Thus, you are expected to think critically about the readings. In class, we will devote time to general discussion, and the points you formulated in advance will help to ensure a good discussion.

Reading Discussion Leadership: Students will lead discussion on some of the assigned readings. When you lead discussion, you will present the paper in summary form, highlight its main interest for our purposes, and lead open discussion of the reading.

The *Final Exam* will be cumulative for all readings and class material.

Late Policy: For each weekday late I will subtract 5 percentage points from the paper score. Example: A paper on time worthy of an 80 will receive a 55 if exactly one week late. This is a heavy penalty so make every effort to get your papers in on time.

Getting Help: Four good ways to get help from me: (1) email me; (2) ask questions during class, (3) talk to me right after class; (4) talk by phone – but I call you (email your ph number to me) – **talking by phone usually works really well.** Email me, and we will go from there. I promise to respond quickly.

Format Guidelines for Writing Assignments: Deviation from the following guidelines will result in lower scores on the assignment:

1. Papers must be typed, double-spaced, 12 point font, 1 inch margins.
2. **Don't right justify.**
3. Pages must be numbered.
4. For your term paper: Include a title page (no numbering), with a title for your paper that states the main point or main issue of your paper. (Don't call it: "827 Term Paper"). The title page does not count as a page toward the length requirement.
5. At the end of the paper provide a list of referenced works, alphabetical by last name. A page with references does not count as a page toward the length requirement. In the paper use the citation format of the following example: . . . *greater availability of heroin led to an increase in usage (Wilson 1990, 25).* The number 25 means page 25.

Add/Drop dates: The last day to drop it without tuition penalty is Feb 3, 2021, with a tuition penalty is February 10.

Course goals and learning outcomes: (1) To gain competency in some of the subtle facets of knowledge and the desirable ("coordination"), especially in the practice of discourse as an economist. (2) To get a deeper understanding of the outlooks represented by Smith, Hume, Hayek, Coase, Stigler, Mises, Rothbard, Kirzner, Schelling, McCloskey, Epstein, David Friedman, and others – and to comparatively assess different broad outlooks of the political economist.

Accommodations for students with disabilities: If you are a student with a disability and you need academic accommodations, please see me and contact the [Office of Disability Services](#) at 703.993.2474 or ods.gmu.edu. All academic accommodations must be arranged through that office.

Other Possible Readings

I will announce assigned readings well in advance.

Bentham, Jeremy. Extract from his *Defence of Usury*:
<http://econjwatch.org/articles/gulphs-in-mankind-s-career-of-prosperity-a-critique-of-adam-smith-on-interest-rate-restrictions>

Booth, Wayne C. 1974. *Modern Dogma and the Rhetoric of Assent*. Chicago: University of Chicago Press.

Buchanan, James M. 2003. Public Choice: Politics without Romance. *Policy* 19(3), Spring: 13-18. [Link](#)

Cannan, Edwin. 1933. The Need for Simpler Economics. *Economic Journal* 43, September: 367-78.

- Caplan, Bryan. 2005. From Friedman to Wittman: The Transformation of Chicago Political Economy. *Econ Journal Watch* 2(1): 1-21. [Link](#)
- Clark J.R. and Dwight Lee. 2017. Econ 101 Morality: The Amiable, The Mundane, and The Market. *Econ Journal Watch* 14(1): 61-76. [Link](#)
- Coase, Ronald H. 1960. The Problem of Social Cost. *Journal of Law and Economics* 3: 1-44.
- Coase, Ronald H. 1975. "Economists and Public Policy." In *Large Corporations in a Changing Society*. Edited by J. Fred Weston (New York: New York University Press). Reprinted in Coase's *Essays on Economics and Economists*. Chicago: University of Chicago Press: 47-63. Reprinted in Klein 1999b: 33-52.
- Constant, Benjamin. 1819. The Liberty of the Ancients Compared with that of the Moderns. This speech of 1819 appears both in Benjamin Constant's *Political Writings* (Camb.UP 1988) and in David Boaz *The Libertarian Reader*.
- Davis, William L. 2004. Preference Falsification in the Economics Profession. *Econ Journal Watch* 1(2), Aug.: 359-368. [Link](#)
- Epstein, Richard A. 2011. Bundle-of-Rights Theory as a Bulwark against Statist Conceptions of Private Property. *Econ Journal Watch* 8(3): 223-235. [Link](#)
- Fleischacker, Samuel. 2004. *A Short History of Distributive Justice*. Harvard UP.
- Friedman, David D. "A Positive Account of Property Rights," *Social Philosophy and Policy* 11(2). [Link](#)
- Friedman, Milton. 1992. Obituary of George Stigler. National Academies Press. [Link](#)
- Gibson, Warren. 2005. The Mathematical Romance: An Engineer's View of Mathematical Economics. *Econ Journal Watch* 2(1), April: 149-158. [Link](#)
- Gordon, Donald F. 1955. Operational Propositions in Economics. *Journal of Political Economy* 63(2), April: 150-161.
- Graham, Frank D. 1942. *Social Goals and Economic Institutions*. Princeton: Princeton University Press. Pages xv-xx reprinted in Klein 1999b.
- Hayek 1937: "Economics and Knowledge"
 Hayek 1945: "The Use of Knowledge in Society"
 Hayek 1973: Cosmos and Taxis, from *Law, Legislation and Liberty* Vol. 1.
- Hayek, F.A. 1944 (lecture). On Being an Economist. First published in Hayek's *The Trend of Economic Thinking: Essays on Political Economists and Economic History*. Edited by W.W. Bartley III and Stephen Kresge. Chicago: University of Chicago Press, 1991: 35-48. Reprinted in Klein 1999b: 133-49.
- Hayek, F.A. 1952. *The Sensory Order: An Inquiry into the Foundations of Theoretical Psychology*. Chicago: University of Chicago Press.
- Hayek, F.A. 1978a. The Atavism of Social Justice. In FA Hayek, *New Studies in Philosophy, Politics, Economics, and the History of Ideas*. University of Chicago Press.
- Hayek, F.A. 1978b. Competition as a Discovery Procedure. In FA Hayek, *New Studies in Philosophy, Politics, Economics, and the History of Ideas*. University of Chicago Press.
- Hayek, F.A. 1988. Between Instinct and Reason, Chap. 1 of *The Fatal Conceit: The Errors of Socialism*. Chicago: University of Chicago Press.
- High, Jack. 1985. Is Economics Independent of Ethics? *Reason Papers* 10(1): 3-16. [Link](#)
- Hume, David. *A Treatise of Human Nature*, Book III, Part II: "Of Justice and Injustice," Sections I-VI:
 Sect I: Justice, Whether an Artificial or Natural Virtue?

Sect II: Of the Origin of Justice and Property
Sect III: Of the Rules, Which Determine Property
Sect IV: Of the Transference of Property by Consent
Sect V: Of the Obligations of Promises
Sect VI: Some Farther Reflexions Concerning Justice and Injustice
These six Sections are pp. 324-355 of the attached pdf.
Also, the notes are on pp. 426 to 433.

Hume, David. "Of the Original Contract," from his Essays.

Hutt, W.H. 1936. *Economists and the Public*. London: Jonathan Cape. Reprinted 1990 (New Brunswick, NJ: Transaction Publishers). Pp. 34-37, 207-17 of the book are reprinted in Klein 1999b: 53-68.

Johansson, Dan. 2004. Economics Without Entrepreneurship of Institutions: A Vocabulary Analysis of Graduate Textbooks. *Econ Journal Watch* 1(3), Dec.: 515-538. [Link](#)

Kirzner, Israel M. 1983. "Does Anyone Listen to Economists?" (A review of George Stigler's *The Economist as Preacher and Other Essays*). *Inquiry: A Libertarian Review*, April: 38-40. Reprinted in Klein 1999b: 125-31.

Kirzner, Israel M. 1985. *Discovery and the Capitalist Process*. Chicago: University of Chicago Press.

Kirzner, Israel M. 1992. The Austrian School of Economics. Chapter 3 in *The Meaning of the Market Process: Essays in the Development of Modern Austrian Economics*. Routledge: 1992. Originally in *The New Palgrave: Dictionary of Economics*, 1987. [Link](#)

Kirzner, Israel M. 1997. Entrepreneurial Discovery and the Competitive Market Process: An Austrian Approach. *Journal of Economic Literature*, 35(1), March: 60-85.

Kirzner, Israel M. 1998. Coordination as a Criterion of Economic "Goodness." *Constitutional Political Economy* 9: 289-301.

Klein, Daniel B. 2004. Mere Libertarianism: Blending Hayek and Rothbard. *Reason Papers* 7 (Fall): 7-43. [Link](#)

Klein, Daniel B. 2005a. The People's Romance: Why People Love Government (As Much as They Do). *The Independent Review* 10(1), Spring: 5-37. [Link](#)

Klein, Daniel B. 2016. Commutative, Distributive, and Estimative Justice in Adam Smith. *Adam Smith Review*, forthcoming. [Link](#)

Klein, Daniel B. and Michael J. Clark. 2010. Direct and Overall Liberty: Areas and Extent of Disagreement. *Reason Papers* 32 (Fall): 41-66. [Link](#)

Klein, Daniel B. and Erik W. Matson. 2019. Mere-liberty in David Hume. *A Companion to David Hume*. Ed. Moris Polanco. Universidad Francisco Marroquin. [Link](#)

Klein, Daniel B. and John Robinson. 2011. Property: A Bundle of Rights? *Econ Journal Watch* 8(3): 193-204. [Link](#)

Knight, Frank H. 1951. "The Role of Principles in Economics and Politics" (Presidential address at the American Economic Association, 1950). *American Economic Review*, 41, March. Reprinted in Knight's *On the History and Method of Economics*. Chicago: University of Chicago Press, 1956.

Kreft, Steven F. and Russell S. Sobel. 2005. Public Policy, Entrepreneurship, and Economic Freedom. *Cato Journal* 25(3), Fall: 595-616. [Link](#)

Kuran, Timur. 1995. *Private Truths, Public Lies: The Social Consequences of Preference Falsification*. Cambridge: Harvard University Press.

Lewis, David K. 1969. *Convention; A Philosophical Study*. Cambridge: Harvard University Press. [Link](#)

Lewin, Peter. 2007. Facts, Values, and the Burden of Proof. *The Independent Review* 11(4): 503-517.

- McCloskey, Deirdre N. 1985. *The Rhetoric of Economics*. Madison: University of Wisconsin Press.
- McCloskey, Deirdre N. 1994. *Knowledge and Persuasion in Economics*. New York: Cambridge University Press.
- McCloskey, Deirdre N. 1996. *The Vices of Economists, The Virtues of the Bourgeoisie*. Amsterdam: Amsterdam University Press.
- Merrill, Thomas W. and Henry E. Smith. 2001. What Happened to Property in Law and Economics? *Yale Law Journal*, 111(2), Nov: 357-398.
- Mises, Ludwig von. 1963. *Human Action: A Treatise on Economics*, 4th ed. [Link](#)
- North, Gary. 2002. Undermining Property Rights: Coase and Becker. *Journal of Libertarian Studies* 16(4), Fall: 75-100. [Link](#)
- Otteson, James R. 2002. *Adam Smith's Marketplace of Life*. NY: CUP.
- Polanyi, Michael. "The Span of Central Direction"
- Polanyi, Michael. 1962. *Personal Knowledge: Towards a Post-Critical Philosophy*. Chicago: University of Chicago Press.
- Quine, Willard van Orman. 1961. Two Dogmas of Empiricism. In Quine's *From a Logical Point of View*. 2nd ed. Cambridge: Harvard University Press: 20-46.
- Rothbard, Murray N. 1978. *For a New Liberty: The Libertarian Manifesto*. New York: Collier Books.
- Rubin, Paul A. 2003. Folk Economics. *Southern Economic Journal*, 70(1), July: 157-171.
- Sears, David O. and Carolyn L. Funk. 1999. Evidence of the Long-Term Persistence of Adults' Political Predispositions. *Journal of Politics* 61(1), Feb: 1-28.
- Smith, Vernon L. 1998. The Two Faces of Adam Smith. *Southern Economic Journal* 65(1), July: 1-19.
- Smith, Vernon L. 2004. Human Nature: An Economic Perspective. *Daedalus* 133(4), Fall: 67-76.
- Stigler, George J. 1961. The Economics of Information. *Journal of Political Economy*, 69, June: 213-25.
- Stigler, George J. 1976. "The Xistence of X-Efficiency." *American Economic Review*, March: 213-16.
- Stigler, George J. 1982. *The Economist as Preacher and Other Essays*. Chicago: University of Chicago Press.
- Stigler, George J. 1988. *Memoirs of an Unregulated Economist*. New York: Basic Books.
- Strauss, Leo. 1952. *Persecution and the Art of Writing*. Chicago: University of Chicago Press.
- Summers, Lawrence H. 1991. "The Scientific Illusion in Empirical Economics." *Scandinavian Journal of Economics*, 93(2): 27-39.
- Tullock, Gordon. Thinking about Thought.
- Tullock, Gordon. 1984. How to Do Well While Doing Good!, an address delivered during the early 1970s at Virginia Polytechnic Institute. Published in David C. Colander, ed., *Neoclassical Political Economy: The Analysis of Rent-Seeking and DUP Activities* (Cambridge, Massachusetts: Ballinger Publishing Company, 1984), pp. 229-240. Reprinted in Klein 1999b: 87-103.
- Viner, Jacob. 1927. Adam Smith and Laissez Faire. *Journal of Political Economy* 35, April: 198-232.
- Ziliak, Stephen T. and Deirdre N. McCloskey. 2004. Size Matters: The Standard Error of Regressions in the *American Economic Review*. *Econ Journal Watch* 1(2), Aug.: 331-358. [Link](#)