

Constitutional Economics

Economics 828

Spring 2012

Rm. 318 Enterprise Hall

Monday 4:30-7:10pm

Peter J. Boettke

Office Hours: by appointment

Rm. 324 Enterprise Hall

703.993.1149 or pboettke@gmu.edu

Alexander Hamilton argued in *Federalist #1* that the American experiment would reveal “whether societies of men are really capable or not of establishing good government from reflection and choice, or whether they are forever destined to depend for their political constitutions on accident and force.” This class will explore Hamilton’s question and its implication for political economy. To provide a satisfactory answer, we will be forced to look at this question from a variety of perspectives that come to us from the disciplines of political philosophy, analytical economics, and historical interpretation. We will strive to learn from writings old and new that have been offered as contributions to tackling the question of how and with what means can men construct the “good society”.

These questions are not just a matter of mere “philosophical speculation” but ultimately very practical questions about the scale and scope of governance and, thus, public finance. The current public debt crisis in Europe and the US led *The Economist* to declare that the “taming of Leviathan” is the most pressing political issue of our age. Answers, in other words, to the political philosophical question as to what constitutes a “good society” are intimately tied to the economic analysis of the scale and scope of governmental services.

Our primary method of learning will be reading and critical dialogue. In other words, if you are not committed to doing the reading and participating in the discussion, this is probably not the right class choice. I will present a short lecture each week, and then turn the discussion over to the designated discussion leader for that week. It will be my intent to intervene in a very limited capacity in this discussion. Though, obviously, I will reserve the right to steer the conversation in more productive directions if I fear we are going astray. I will be asking each of you to bring 3 questions each week to class. You will be judged on the questions you ask as well as the answers you can provide during the class discussion.

In short, I want you to take ownership over your learning in the field of constitutional political economy and public choice. Once you take ownership over your learning, I believe, you will want to contribute to the literature in constitutional political economy since the questions are of such a fundamental nature to our existence as human beings living in societies made up of other human beings that you simply cannot stop seeking satisfactory answers once you open your mind to this intellectual journey.

Our daily survival depends upon the cooperation of hundreds (perhaps thousands) of individuals who we will never know and who in most instances will never know each other. Adam Smith argued that: “In civilized society he stands at all times in need of the cooperation and assistance of great multitudes, while his whole life is scarce sufficient to gain the friendship of a few persons.” This cooperation in anonymity is at the core of our understanding of social order. As Ludwig von Mises put it “What alone enables mankind to advance and distinguishes man from the animals is social cooperation.” But our ability to realize the benefits of social cooperation under the division of labor is a function of the informal and formal rules of governance and their enforcement that are in place. Ultimately, answering these questions of governance and social cooperation will unlock the answers to the fundamental questions of the peaceful co-existence, generalized prosperity, and the progress of human civilization.

READINGS

- Albert Hirschman, *The Passions and the Interests*
- Ludwig von Mises, *Liberalism*
- F. A. Hayek, *The Road to Serfdom*
- F.A. Hayek, *The Constitution of Liberty*
- Milton Friedman, *Capitalism and Freedom*
- James M. Buchanan, *The Logical Foundations of Constitutional Liberty* (vol. 1 of *Collected Works*)
- James M. Buchanan & Gordon Tullock, *The Calculus of Consent*
- James M. Buchanan, *The Limits of Liberty*
- Robert Nozick, *Anarchy, State and Utopia*
- Loren Lomasky, *Persons, Rights and Moral Community*
- David Schmidtz, *Rational Choice and Moral Agency*
- Doug Rasmusen and Doug Den Uyl, *The Norms of Liberty*
- Chandran Kukathus, *Liberal Archipelago*
- Gerald Gaus, *The Order of Public Reason*
- Vincent Ostrom, *The Meaning of Democracy and the Vulnerabilities of Democracies*

GRADING

The first night of class I will be giving you a test on basic economics, political economy and public finance. This will establish your initial grade for the class, and the baseline for your subsequent performance. From the starting point, your grade will then be determined based on the questions on the reading as well as your participation in discussion will count for 1/3 of your grade. A take-home final intended to prepare you for the field exam in Constitutional Economics will represent another 1/3. Finally, a research paper that is intended for publication will represent 1/3.

DATE	TOPIC	READINGS
January 23	Introduction to Course - Public Finance and Political Economy	
January 30	The Taming of Man and the Taming of Leviathan	Hirschman (1977)
Feb. 6	Classical Liberalism	Mises (1927)
Feb. 13	Liberalism, Socialism, and Democracy	Hayek (1944)
Feb. 20	A Framework for Liberty	Hayek (1960)
Feb. 27	Capitalism and Liberalism	Friedman (1962)
March 5	The Analytical Foundations of Modern Political Economy	Buchanan Vol. 1, 28-59; 75-102; 191-277; 311-345; 377-395; 419-441; 455-468
March 19	The Logical Foundations of Constitutional Democracy	Buchanan and Tullock (1962)
March 26	Constraining Leviathan	Buchanan (1975)
April 9	Modern Libertarianism	Nozick (1974)
April 16	Personal Projects, Moral Worth, and the Liberal Project	Lomasky (1987) Schmidtz (1996)
April 23	Rights Theory and Modern Liberalism	Rasmusen and Den Uyl (2005)
April 30	Strangers Nowhere in This World	Kukathus (2007)
May 7	Public Reason Liberalism	Gaus (2010)

May 14	Tocqueville, Self-Governance, and Epistemic Choice as the Future of Public Choice	Ostrom (1997)

April 30 -- Research papers are due.

May 14 -- Final exams are due.