

Constitutional Economics
Economics 828
Fall 2007
Rm. 318 Enterprise Hall
Monday 4:30-7:00

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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”.

Our primary method of learning will be reading and critical dialogue. I will limit my lectures on the topic to 45 minutes, we will then break, and upon our return we will have an informed discussion on the topic amongst ourselves. 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 be the discussion leader, but it will be my intent to intervene in a very limited capacity. Though obviously I will reserve the right to steer the conversation in more productive directions if I fear we are going astray. As we get used to this seminar style, I will be asking each of you to bring 3 questions, to be distributed to me and your classmates, each week. 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. Jean-Paul Sartre famously stated in *No Exit* that “hell is other people.” This may indeed be true, but it is also true that 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. This cooperation in anonymity is at the core of our understanding of social order. As 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.

GRADING

In theory, 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. Despite this equal weighting in theory, honesty demands that I reveal that in practice I will tend to weight the research paper more than the others so if you are going to make a trade-off in your efforts, do not trade-off the work effort on the research paper. My personal pecking order in grading will be the paper, contribution to discussion, final exam. It is my sincere belief, though, that if you focus on the readings and the discussion, you will write a much better research paper and you will also be able to write the final exam with ease. In short, I do not see the trade-off that many students will assume is evident after looking at the syllabus. Instead, I see complementarities in the scholarly quest to understand.

DATE	TOPIC	READINGS
August 27	Course Introduction	Madison, <i>Federalist</i> , #10, #51 Grover Cleveland, Veto of Texas Seed Bill (1887)
September 3 (Labor Day)		
September 10	History of Constitutional Practice: Athens to England	Scott Gordon, <i>Controlling the State</i> , 1-222.
September 17	History of Constitutional Practice: The Modern Experience	Scott Gordon, <i>Controlling the State</i> , 223-357. Acemoglu and Robinson, <i>Economic Origins of Dictatorship and Democracy</i> , 1-47; 173-220.
September 24	The Intellectual History of Limited Government: Smith to Mises	Mises, <i>Liberalism</i> . Hayek, <i>The Constitution of Liberty</i> , 1-130.
October 1	The Intellectual History of Limited Government: Hayek to Buchanan	Hayek, <i>The Constitution of Liberty</i> , 133-249. Hayek, <i>Law, Legislation, and Liberty</i> , Vol. 1. James Buchanan and Gordon Tullock, <i>The Calculus of Consent</i> , 3-111; 291-331. Geoffrey Brennan and James Buchanan, <i>The Reason of Rules</i> , 3-75.
October 9 (Tuesday)	The Claims of Justice in Political and Economic Philosophy	Rawls, <i>Theory of Justice</i> , 3-192; 258-332. Hayek, <i>Law, Legislation and Liberty</i> , Vol. 2. Brennan and Buchanan, <i>The Reason of Rules</i> , 108-148. Nozick, <i>Anarchy, State and Utopia</i> , 149-275.

October 15	The Claims of Justice in Political and Economic Philosophy	Schmidtz, <i>The Elements of Justice</i> , 183-227.
October 22	The Paradox of Government and the Economics and Ethics of Constitutional Order	Buchanan, <i>The Limits of Liberty</i> , 3-135.
October 29	The Meaning of Democracy	Ostrom, <i>The Meaning of Democracy and the Vulnerability of Democracies</i> , 33-60; 119-174; 201-223; 271-302.
November 5	The Vulnerability of Democracies	Ostrom, <i>The Meaning of Democracy and the Vulnerabilities of Democracies</i> , 3-32; 61-87; 89-116. Caplan, <i>The Myth of the Rational Voter</i> , 1-49; 94-209.
November 12	Making Democracy Work	Hayek, <i>Law, Legislation and Liberty</i> , Vol. 3. Buchanan and Congleton, <i>Politics By Principle, Not Interest</i> , 3-16; 35-54; 199-209. Besley, <i>Principled Agents</i> , 1-44; 98-173; 228-233.
November 19 (SEA)		
November 26	Government Against Governance	Nozick, <i>Anarchy, State and Utopia</i> , 276-334. Buchanan, <i>The Limits of Liberty</i> , 136-228. Stringham, ed., <i>Anarchy and the Law</i> , 1-192; 538-679.
December 3	The Philosophy and Political Economy of Freedom	Sen, <i>Development as Freedom</i> , 54-145; 282-298. Rasmussen and Den Uyl, <i>Norms of Liberty</i> , 111-205.

December 3 -- Research paper are due.

December 10 -- Final exams are due.