

Center For Study of Public Choice

Annual Report 2011



From the Director

It's a great honor for me to follow Don Boudreaux in the role of Director of the Center for Study of Public Choice. Under Jim Buchanan and Gordon Tullock, the Center revolutionized how economists and political scientists think about and study politics; as I like to put it, Buchanan and Tullock overthrew the benevolent dictator--the benevolent dictator assumption that is! Buchanan and Tullock also demonstrated the power of the economic way of thinking in understanding new domains.

The Center played a formative role in my own thinking and worldview. Twenty years ago I was a PhD student at GMU learning from Buchanan, Tullock and many others and it's with great pleasure and some trepidation that I have now come full circle to my roots as a scholar. My goal is to continue to make the ideas of the Center as vibrant and central to the careers of new students as they have been to mine.



*The Center had a great year in 2011 with many notable publications. Tyler Cowen's *The Great Stagnation* was, according to New York Times columnist David Brooks, "**the most debated nonfiction book published this year.**" *The Great Stagnation* places our current economic problems in the context of long-run problems with innovation and productivity.*

*Bryan Caplan's *Selfish Reasons to Have More Kids* is a fascinating book about parenting that draws on economics and behavioral genetics. Steven Pinker, professor of psychology at Harvard and author of *The Blank Slate*, wrote that Caplan's book is "Original, lively, well-researched, and wise." I agree! See my Spotlight interview with Bryan for a lively discussion.*

*Roger Congleton's magnum opus, *Perfecting Parliament: Constitutional Reform, Liberalism and the Rise of Western Democracy*, is a wonderful book that combines a deep knowledge of history with the economic way of thinking to explain the origins of western democracy. Roger moves on this year to West Virginia University, although we have lost a valued colleague, we are very pleased that Roger has agreed to be a Center adjunct and thus will continue his long association with the Center for Study of Public Choice.*

Under the leadership of Economics Chairman Daniel Houser and Thomas Stratmann, the Center is also pioneering a new approach to public choice and political science, experimental public choice. Experimental public choice combines the ideas of George Mason's two Nobel Laureates, Jim Buchanan and Vernon Smith. Houser, Stratmann and co-authors have already produced novel results on the effects of campaign spending and advertising on political participation and voting.

The Center has a great history and a great future. I thank you for participating in that future. Please do not hesitate to contact me if you would like to find out more about the Center and its continuing influence on academics and the world.

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Spotlight on the CSPC's Bryan Caplan

Last year Bryan Caplan published an unusual book, *Selfish Reasons to Have More Kids*. Bryan's book, a bestseller, is part parenting manual, part scientific investigation of nature and nurture and part applied economics. We sat down with Bryan to find out more.

Q: People have been arguing about nature and nurture for thousands of years. How could anyone have anything new to say about this topic – much less claim to have “the answer”?

A: People have indeed argued about nature and nurture for millennia. In the typical family, nature and nurture are seamlessly intertwined, so most of the evidence we have is virtually useless. But in recent decades, social scientists finally figured out how to get to the bottom of this age-old dispute: studying adoptees and twins.

Q: How does that help?

A: Families with adoptees and twins are special. Since adoptees don't share the genes of the family that raises them, we can use them to pinpoint the effect of nurture. Since identical twins share all their genes, and fraternal twins share only half, we can use them to pinpoint the effect of nature.

Q: And these methods have actually been applied?

A: Psychologists, medical researchers, economists, sociologists, and political scientists have applied them to almost every trait imaginable: health, intelligence, happiness, success, and more. The punch line is that the effect of parenting is greatly overrated, especially in the long-run.

Q: Very interesting, but why on earth would an economist write this book?

A: Twin and adoption researchers usually present their work as pure science. They publish in obscure journals almost no one reads. The more I learned about their research, the more I kept thinking, “Someone should tell the world's parents – and that someone should be an economist.”

A central lesson of economics is that when you learn new facts, it usually makes sense to adjust your behavior. So I wanted to do more than merely summarize the evidence; I wanted to summarize it from a parent's-eye view. One-sentence version: If belief in the power of parental investment naturally leads to Tiger Mothering, then disbelief in the power of parental investment naturally leads to the relaxed parenting style I advocate.



Spotlight on the CSPC's Bryan Caplan

Q: How does the title of the book fit in?

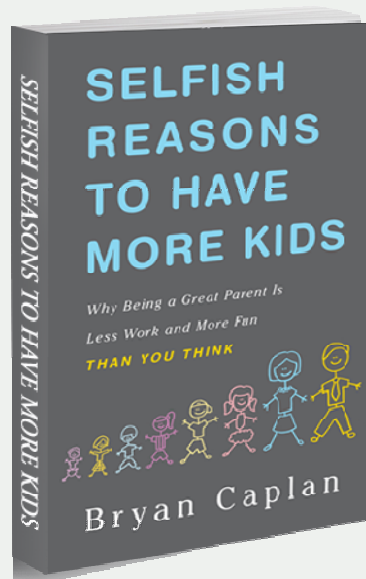
A: Simple: If you need massive parental investment to turn your kid into a decent adult, kids are expensive. Common sense – and basic economics – tell you to respond by having fewer kids. I reverse this reasoning. Since massive parental investment is not required to turn your kid into a decent adult, kids are a lot cheaper than they look. You might as well stock up.

Q: OK, I can see why an economist is writing this book. But why an economist at the Center for Study of Public Choice?

A: Well, don't forget that that Gordon Tullock made pioneering contributions to sociobiology and even the economics of non-human societies! The original idea behind public choice wasn't just about using economics to study government; it was about using economics to study "non-market decision-making" – to extend economics into non-traditional areas. The economics of nature/nurture and parenting definitely qualifies.

Q: When you wrote your book, you already had two identical twin sons, and a baby boy. Are you going to have any more?

A: Yes. We're expecting our first daughter in April. I do practice what I preach!



Outreach Conference 2011

The Public Choice Outreach Conference is a program specifically designed for young scholars who are planning professional careers in academia, law, or public policy. The Conference is taught by distinguished faculty, and provides an introduction to public choice. The Conference offers a unique opportunity for graduate and advanced undergraduate students to learn from, and socialize with, some of the most important public choice scholars in the world.



2011 Participants and speakers



Above: We were honored to welcome the family of Doug Rogers, a Ph.D student who passed away in January of 2011. They are shown here with graduate student assistant Alberto Batinti.

Right: 2011 Outreach staff — Alberto Batinti, Jane Perry, Lisa Hill-Corley and Don Boudreaux



2011 Doctorates



Andrew Wallen

Andrew Wallen defended his dissertation, "The Blessings of Security: Economic Consequences of Conflict," under Dr. John Nye. Dr. Thomas Stratmann served on his committee.

Robert Warren Anderson defended his dissertation, *"How To Expect the Portuguese Inquisition,"* under Dr. John Nye.

Kenneth Lee defended his dissertation, *"Essays in Health Economics: Empirical Studies on the Determinants of Health,"* under Dr. Robin Hanson. Dr. David Levy served on his committee.

William Christie defended his dissertation, *"Laboratory Experiments in Voter Behavior,"* under Dr. John Nye. Dr. Thomas Stratmann served on his committee.

Thomas L. Hogan defended his dissertation, *"Essays on Money, Banking, and Finance."* Dr. Tyler Cowen served on his committee.

In Memoriam



Douglas Rogers

Douglas Rogers was awarded his doctorate posthumously for his dissertation, "Organizing Crime: Towards a Theory of the Criminal Firm," under Dr. Peter Leeson.

Wednesday Public Choice Seminar Series

**Spring
2011**

The Seminar Series, now over 30 years old, invites scholars from around the world to share their work in a formal lecture, followed by a rigorous question and answer session with students and faculty. We thank Drs. Jones and Johnson along with Jane Perry for coordinating the program, and the following scholars for presenting papers in 2011:

Jason Dana	University of Pennsylvania	<i>Is Profit Evil?</i>
Colleen Shogan	Congressional Research Service	<i>Political Science in Practice: Lessons from the Field</i>
Hans Noel	Georgetown University	<i>Interpreting Legislative Ideal Points With Help from the Ideological Discourse</i>
Michael Makowsky	Towson University	<i>Unemployment, Politics, and the Enforcement of Immigration Law</i>
Michael Clemens	Center for Global Development	<i>Economics and Emigration: A Research Agenda on one of Earth's Greatest Economic Distortions</i>
Allan Drazen	University of Maryland	<i>Kosher Pork</i>
Steven Durlauf	University of Wisconsin	<i>Identification of Social Interactions</i>
Louis Putterman	Brown University	<i>State or Nature? Formal vs. Informal Sanctioning in the Voluntary Provision of Public Goods</i>
Seth Carpenter	Federal Reserve System	<i>Money, Reserves, and the Transmission of Monetary Policy: Does the Money Multiplier Exist?</i>
Gregory Huber	Yale University	<i>Do Ballot Secrecy Perceptions Affect Turnout?: Evidence from a Field Experiment</i>
Larry Arnhart	Northern Illinois University	<i>Darwinian Conservatism versus Metaphysical Conservatism</i>
Raquel Fernandez	New York University	<i>Women's Rights and Development</i>

**Fall
2011**

Adam Looney	Brookings Institute	<i>Are Earnings Falling? The Causes and Consequences of Declining Job Opportunities for American Workers</i>
Eric Chaney	Harvard University	<i>Revolt on the Nile: Economic Shocks, Religion and Political Power</i>
Frank Gunter	Lehigh University	<i>Entrepreneurship in Post-Conflict Iraq</i>
John Wallis	Univ. of Maryland	<i>Governments and States</i>
Phillip Swagel	Univ. of Maryland	<i>Reform of the GSEs and Housing Finance</i>
Tuan-Hwee Sng	Princeton University	<i>Size and Dynastic Decline: The Principal-Agent Problem in Late Imperial China 1700-1850</i>
David D. Friedman	Santa Clara University	<i>Schelling Points and Self-enforcing Contracts</i>
Rikhil Bhavnani	Univ. of Wisconsin	<i>Corruption Among India's Politicians: Suggestive Evidence from Asset Disclosures</i>
Douglas Irwin	Dartmouth College	<i>Did France Cause the Great Depression?</i>
Alexander Field	Santa Clara University	<i>Chained Index Methods and Productivity Growth During the Depression</i>
Charles Calomiris	Columbia University	<i>Did Doubling Reserve Requirements Cause the Recession of 1937-1938?</i>

Center Staff



Jo Ann Burgess



Lisa Hill-Corley



Jane Perry

Jo Ann Burgess began work for two major projects in 2011: the first was for the 2012 celebration of the fiftieth anniversary of *The Calculus of Consent: Logical Foundations of Constitutional Democracy* by James M. Buchanan and Gordon Tullock. She also prepared for the 2012 Public Choice Society's second world congress of all public choice societies.

In her daily duties, Jo Ann is the Archivist/Librarian of the Buchanan House collection of Buchanan's papers, books and memorabilia. In addition, she plays an important role as the Center's Visiting Scholar Facilitator in administering and coordinating with the Office of International Programs and Services to secure appropriate paperwork and forms required for the visiting scholars' entrance into the United States.

She would also like to take this time to thank Cambridge, Liberty Fund, and Springer for their generous contributions at the conclusion of the Public Choice Society meetings to our small, but select, center library.

Lisa Hill-Corley was glad to be a part of the very able admin team along with Jane and Jo Ann. She assists with the support of the main resident faculty at Carow Hall with administrative, visitor and office manager tasks. She also coordinates the main budget and grants for Center along with several research grants for individual professors.

Lisa returned to the Mason Inn in August of 2011 to coordinate another successful Outreach Conference, which welcomed twenty-five participants from all over the country.

She continues to work on the Annual Reports and website for the center, as well as helping the admin team coordinate the foreign national visitors for programs throughout the year. She is also a Mason graduate student—she is beginning her thesis work in the Masters in Fine Arts program for Creative Writing.

Jane Perry continues to share duties of providing resident faculty support and responsibilities for the daily admin operations and management of Carow Hall as a member of the CSPC administrative team. She enjoys welcoming faculty, students, visiting scholars and other visitors to Carow Hall. Jane also serves as the staff administrative and logistical coordinator for each of the weekly Public Choice Seminar Series presentations.

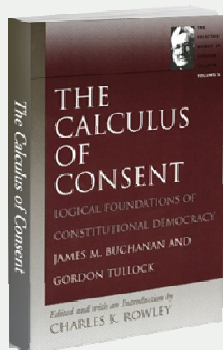
Throughout the year, Jane's proofreading skills continued to be in demand on numerous projects, including a number of professional journal articles authored by Center faculty.

In December 2011, Jane celebrated a milestone 5 years at GMU and the Center for Study of Public Choice! As always, she enjoys working with her talented admin team colleagues Lisa Hill-Corley and Jo Ann Burgess on various projects and events, including the highly popular 2011 Outreach Conference. And she's looking forward to another exciting year at the Center in 2012!

Focus on Faculty



James Buchanan



James Buchanan and Yong Yoon are working on a prospective Public Choice paper that clarifies the nature of the alternatives that are necessarily confronted in any collective process. Drs. Buchanan and Yoon delayed work on *The Extent of the Market* due to a shift of attention and interest to questions about economists' failure to predict or explain the Great Recession. They are returning to the project in 2012.

Dr. Buchanan still travels and speaks at events such as The Summer Institute for History of Economics in Richmond, VA. He also gave presentations in Charlottesville, Fairfax, and Washington, DC. The papers presented at the 2010 Academic Conference in Honor of James M. Buchanan by the Fund for the Study of Spontaneous Order and Atlas Economic Research Foundation, were published this year in a special issue of *Journal of Economic Behavior & Organization*.

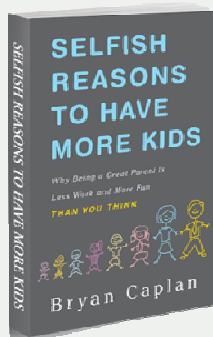


Don Boudreaux

Don Boudreaux completed a successful tenure as the Center's director in the fall of 2011. During that time he resumed his decades-long affiliation with the Public Choice Outreach Conference. He finished a book of letters-to-the-editor, which contains pieces that aim to explain either a basic principle of economics or a relevant fact of economic history. It will be published in June of 2012. In addition, he continued his twice-monthly column for the *Pittsburgh Tribune-Review*, and a column for the monthly magazine *President & CEO*. The blog he writes with Dr. Russell Roberts, *Café Hayek*, can be found at www.cafehayek.com.



Bryan Caplan



Bryan Caplan had an extraordinary year. His new book, *Selfish Reasons to Have More Kids* (Basic Books, 2011) enjoyed global attention and glowing reviews. He appeared on FoxNews, MSNBC, the BBC, NPR, and Freakonomics Radio, and was profiled by the *New York Times*, Yahoo!, the *Atlantic*, *Globe and Mail*, and *The Times of London*. He discussed his research on *WSJ.com* and *Freakonomics*, and debated "Tiger Mom" Amy Chua for *The Guardian*.

Dr. Caplan completed his article on "systematically biased beliefs about political influence" with Eric Crampton, Wayne Grove, and Ilya Somin. This piece is now under submission at the *Journal of Politics*. His next major project is a third book, *The Case Against Education*. It argues that the neglected signaling model of education explains most of what goes on in classrooms around the world – and that, contrary to popular and academic belief, the externalities of education are therefore largely negative. To a large extent, the "return to education" reflects rent-seeking rather than genuine creation of human capital. Dr. Caplan's book argues that government support for education primarily rests not on interest-group politics, but on popular neglect of the negative externalities of education. In keeping with the thesis of his new book, Dr. Caplan and his wife are expecting their fourth child in April 2012.



Roger Congleton



Roger Congleton had a productive year in 2011. He finished up a number of ongoing research projects, gave a variety of talks at universities and research centers in Europe and the U.S., and continued serving on the editorial boards of several journals. His long term book project *Perfecting Parliament* (Cambridge University Press, 2011) produced a number of invitations for talks, including a symposium at the University of Oslo in Norway.

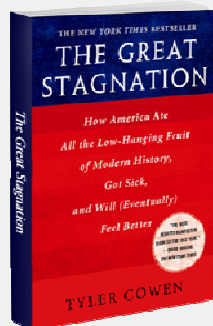
He wrote two new papers for publication in *Public Choice* during 2011. The first, “Why Local Governments Do Not Maximize Profits: On the Value Added by the Representative Institutions of Town and City,” provides an explanation for the dearth of towns based on profit maximizing models. Congleton argues that towns run by entrepreneurs tend to suffer from the proprietor’s dilemma. He uses cases from the founding of the U.S. colonies to illustrate the relevance of the theory. The other paper, entitled, “On the Political Economy and Limits of Crisis Insurance: the Case of the 2008–2011 Bailouts,” argues that the democratic governments have routinely extended what he terms crisis insurance—that is to say “bailouts” that attempt to reduce losses generated by various kinds of crises.

Dr. Congleton also published another shorter paper which attempts to show how economic and political liberalism may be associated with each other, and how trade liberalization may trigger a series of reforms that liberalize both a nation’s domestic economy and its political system. Copies of all of his forthcoming and recently published papers are available at <http://rdc1.net/forthcoming/index.htm>.

He spent the summer at the University of Muenster where he taught courses in constitutional political economy and public choice. In August, Dr. Congleton moved from GMU to West Virginia University, where he holds the BB&T professorship in Economics. However, he will continue his affiliation with the Center as an adjunct scholar.



Tyler Cowen



Tyler Cowen published his book *The Great Stagnation: How America Ate all the Low-Hanging Fruit of Modern History, Got Sick, and Will (Eventually) Feel Better* with Penguin/Dutton. This book represents his vision for macroeconomics, asks whether innovation has stagnated, and it interprets the past history of U.S. growth and looks at where the country is headed. Within the first week of release it was written up by *The Economist*, the *New York Times*, *The Washington Post*, and numerous other outlets. It has been called “the most debated non-fiction book of the year” and it was a *New York Times* bestseller.

In 2011, Dr. Cowen was named one of the Top 100 Global Thinkers by *Foreign Policy* magazine. A feature story in *Bloomberg Businessweek* called him “America’s Hottest Economist,” and a poll from *The Economist* rated him as one of the most influential economists of the decade.

*Dr. Cowen and his co-author, Alex Tabarrok, published revised editions of their macroeconomics and microeconomics textbooks **Modern Principles: Macroeconomics** and **Modern Principles: Microeconomics**.*

*Dr. Cowen completed work on his next book, called **An Economist Gets Lunch: New Rules for Everyday Foodies**, which will be published in April of 2012. He also continued to work on his manuscript on the case for a free society. His current project is a “sequel” to **The Great Stagnation**, which will focus on how economic growth and technological progress will resume in America, the importance of artificial intelligence for our future, and the forthcoming evolution of labor markets.*

*He also wrote for numerous media outlets. He continued his monthly columns for **The New York Times** on economic policy, wrote for the **Times** on-line, for **Capital** magazine in Spain, and he was also a contributor to **The Economist** online. He started an economics of sports column at **Grantland.com** with Kevin Grier and started a weekly book review column for **The New York Times Sunday Magazine**. He and Alex Tabarrok continued their daily weblog **Marginal Revolution**, which now has over forty-six million unique visits and was named the top economics blog by the **Wall Street Journal**.*



Robin Hanson

Robin Hanson put together a team that won a bid on a prediction-market related program sponsored by IARPA (Intelligence Advanced Research Projects Activity) in the spring of 2011. The team’s first year of funding of the \$2.2 million started flowing in the summer. The program is expected to continue for four years.

*Dr. Hanson also gave eleven academic presentations, had eight media mentions, and wrote hundreds of posts at his blog at **overcomingbias.com**. He continued to use the freedom that academic tenure offers to focus on his risky long-term intellectual project: developing an integrated “man the sly rule bender” or “homo hypocritus” view that much of modern human behavior can be usefully understood*

by evolved capacities and human beings’ tendencies to believe they do one thing while they really do another. He has begun a book on this topic.

He taught a law and economics course in the fall semester. He also taught environmental economics, where for the first time in many years he tried to tie in futurism elements, which produced mixed results at best! For the spring semester, Dr. Hanson taught health econ and graduate industrial organization.

In addition to serving on the Individual Organization Preliminary exam committee, Robin supervised Ph.D. research by Ken Lee, who completed an excellent thesis on health economics.



Ron Heiner

Ron Heiner continued his work on the evolution of cooperation in one-shot prisoners' dilemmas. His analysis incorporates communication and signaling costs, and demonstrates how contingent cooperators can maintain their competitive advantage even if they can forecast their partner's behavior no better than pure chance.

He is currently writing a book for the World Scientific Press, titled *Cooperation in Prisoners' Dilemmas: the Critical Case of One-Shot Interactions*. The book analyzes the causal basis for analyzing behavior in strategic game theory settings. This includes using signals to forecast a partner's future decisions, showing that it rests on the same causal basis used to forecast events in the natural sciences — analogous to forecasting weather with barometer signals that are caused by changes in atmospheric pressure that also causally influence how much rain versus sunshine will happen.

Dr. Heiner wrote two related papers for journals. The first generalizes earlier expected utility axioms by Savage and Fishburn. The new axioms allow past events to causally influence a decision maker's preferences and beliefs; enabling one to prove that rational behavior is fully consistent with cooperating in one-shot prisoners' dilemmas. The second paper uses graph theory mathematics to extend game tree diagrams to a more general form, called a causal network."



Noel Johnson

Noel Johnson completed work on two papers in 2011. The first, "Trust Games: A Meta- Analysis" with Alex Mislin will be published in the *Journal of Economic Psychology*. The other, "How Much Should We Trust the World Values Survey Trust Question?" also with Alex Mislin, is forthcoming in *Economics Letters*.

Dr. Johnson has also been busy writing and presenting papers. In October he presented a paper he wrote with Mark Koyama entitled, "Taxes, Lawyers, and the Decline: Trade Taxes and Terror of Witch Trials in France" at Harvard University. He also presented this paper at the Osher Lifelong learning center. In the spring, he presented a paper he co-authored with John Nye and Raphael Franck entitled "Trade, Taxes, and Terroir" at the Cliometric Society Meetings and the International Society for New Institutional Economics (ISNIE). Along with Matthew Mitchell and Steve Yamarik, he completed a working paper version of "Pick Your Poison: Do Politicians Regulate When They Can't Spend?" which he also presented at ISNIE.

Dr. Johnson also presented a paper co-authored with CSPC colleagues John Nye and Mark Koyama entitled "Establishing a New Order: The Growth of the State and the Decline of Witch Trials in France" at a Festschrift in honor of Joel Mokyr at Northwestern in June. This essay will be published as a chapter in an edited volume published by Princeton University Press.

In addition to his research, he enjoyed organizing the Public Choice Seminar with his colleagues Garrett Jones and John Nye.



Garrett Jones

Garrett Jones is the BB&T Professor for the Study of Capitalism at the Mercatus Center, associate editor of the *New Palgrave Dictionary of Economics*, and a member of the editorial board for the *Journal of Neuroscience, Psychology, and Economics*.

In 2011, he presented his research into positive spillovers from IQ at the Asian Development Bank, the Inter-American Development Bank, the Econometric Society meetings in St. Louis and Seoul, the Association of Private Enterprise Education, and the Public Choice Society meetings.

This year, Dr. Jones published an article in the *Asian Development Review* entitled “National IQ and National Productivity: The Hive Mind Across Asia.” He also published an article in the *New Palgrave Dictionary of Economics* entitled “IQ and National Productivity.” He had an article accepted for publication in *Economic Systems* on national IQ and technology diffusion. Also, he and colleague Tim Kane had an article accepted by the *Journal of Defense and Peace Economics* on U.S. troop presence as a predictor of higher economic growth. In addition, his article on the long-run fiscal situation of the United States was accepted by the *Econ Journal Watch*.

His survey and interview research with Daniel Rothschild into the 2009 stimulus package was the subject of an editorial in the *Wall Street Journal*, noted in a column by George Will, and widely discussed in the media. His television and print media appearances included C-Span, Fox Business, The New York Times, and Bloomberg Businessweek.

Dr. Jones also served as co-host for the Public Choice Center's weekly seminar series.



Mark Koyama

Mark Koyama joined George Mason University and the Center from the University of York in August 2011.

Throughout 2011, Dr. Koyama continued to pursue his research program in economic history, political economy, and the economics of religion. In the spring he was invited to present his joint paper with Jean-Paul Carvalho on the emergence of Reform and ultra-Orthodox Judaism at the PPE workshop at George Mason and at ASREC in Washington, DC. The paper is currently under review.

He and Dr. Carvalho have begun work on two new papers that explore the relationship between modernity and religious and cultural polarization. Dr. Koyama also continued work on a project exploring private order legal institutions. In June, he was invited to present his paper “Prosecution Associations in Industrial Revolution England: Private Providers of Public Goods?” at ISNIE 2011 at Stanford; this was a prize for winning the best paper award at ISNIE 2010. This paper is forthcoming in the *Journal of Legal Studies* in January 2012.

*In April, Dr. Koyama began new research on the rise of the state and the decline in witchcraft trials in early modern France. Together with Noel Johnson and John Nye, he wrote a broad outline paper on this subject for Joel Mokyr's *Festschrift*. He and Dr. Johnson completed a more detailed research paper exploring the role placed by the tax state in the decline of witch trials econometrically in October, and he presented this at the London School of Economics in June and at the Southern Economic Association Meetings in Washington D.C. in November. The paper garnered a great deal of attention and was featured in various blogs. He and Dr. Johnson have since begun a new project on tax farming in early modern England and France. In July, he completed a paper with Chris Briggs on medieval credit markets which is currently a revise and resubmit at the *Journal of Economic History*.*

Finally, Dr. Koyama was also part of a roundtable discussion on litigation and the use of the courts in medieval England at the World Medieval Congress in Leeds.



Peter Leeson

Peter Leeson began a formal affiliation with the Center in Fall 2011. He is a member of the GMU Economics faculty, a BB&T Professor for the Study of Capitalism and the North American Editor of *Public Choice*.

Dr. Leeson's work studies the economics of non-market decision making, in particular law and legal systems. In 2011, he won George Mason University's Emerging Scholar Award and the Association of Private Enterprise Education's Distinguished Scholar Award.

To follow his current work or find his published papers, visit his personal website: www.PeterLeeson.com.



David Levy

David Levy and his co-author Sandra Peart continued work on their expert project. After many years of hard work, they were pleased to see the "Soviet growth" article published with full color prints in the *Journal of Economic Behavior and Organization*. The article discussed the fact that Soviet – American growth comparisons became important in textbooks just at the moment that publishers were moving to color printing. Reproducing the graphs in color helps preserve that memory and perhaps captures some of the impact.

*Drs. Levy and Peart also had a spinoff of the textbook project accepted for publication in the *Research in the History of Economic Thought & Methodology* archival series. While it is common knowledge that Rose Wilder Lane's review of Lorie Tarshis's textbook in Merwin K. Hart's *Economic Council Review* began years of controversy, they discovered that Lane couldn't distinguish between Ludwig von Mises's political views and those of Lorie Tarshis since they were both democrats of a majoritarian variety. They then collected the von Mises – Lane correspondence, some correspondence between Watts and von Mises, and some records of the Hart – Lane campaign to remove Tarshis's book from college classrooms to describe a debate between liberals, either of a Tarshis or von Mises variety, and those who called themselves individualists.*



John Nye

John Nye was on sabbatical in the first half of 2011, and had a very busy summer. He spoke at a conference in Manila, for the Asian Development Bank, and his paper was subsequently published as the lead article in the Asian Development Review. He also met with new Philippine President Benigno Aquino III for a private discussion of economic policy.

He then spent time at the Stanford Center for International Development where he presented several papers, including work with Noel Johnson on the demographic significance of Asian superstitions entitled, "Does Fortune Favor Dragons?" This paper subsequently appeared in print in the Journal of Economic Behavior and Organization. With Desiree Desierto, he published an article entitled "The Evolution of Institutions: The Medium, the Long, and the Ultra-Long Run" which will appear in the Journal of Institutional and Theoretical Economics. Another joint article with Prof. Desierto, "Why Do Weak States Prefer Prohibition to Taxation?" appeared in The Political Economy of Institutions (Elsevier, 2011).

Dr. Nye also began research on education and human capital with the Higher School of Economics in Moscow, where he serves as a Research Director. His group is taking advantage of an unusually large survey of Russian students at the university to look at the links between college performance and high school test scores and also prenatal exposure to testosterone as measured by the second to fourth digit ratios.

Over the summer, he served as a lecturer at the Ronald Coase Institute 2011 workshop at the University of Chicago. In June, he flew to Northwestern for a conference that he helped to organize in honor of Professor Joel Mokyr. Dr. Nye will edit a volume drawn from the conference papers to be published by Princeton University Press.

He also continued his research in Moscow, where he lectured at the RSSIA workshop. In the Philippines, he gave numerous talks on development policy at the Philippine Central Bank, Asia United Bank, and Bank of Commerce. His work was featured in half a dozen newspaper articles in Manila. Dr. Nye also did work for the Asian Development Bank, the World Bank, and the Department of Agrarian Reform.

Dr. Nye returned to GMU in the Fall and continued his research on economic history, experimental economics, education, and institutions. He was an invited speaker at the LACEA meetings of the Latin American Econometric Society on a panel with Deirdre McCloskey and Jeffrey Williamson. He also served on the International Advisory Council for the Higher School of Economics in Moscow in November. He finished the year giving another talk on Institutions and Inequality for the Asian Development Bank.

Additionally, Dr. Nye's paper on the eighteenth century British beer industry appeared in The Economics of Beer (Oxford, 2011) which was chosen as a holiday book recommendation by The New York Times.



Ilia Rainer

Ilia Rainer had a productive year in 2011. He received a revise and resubmit from the *American Political Science Review* for the paper he wrote with Raphael Franck entitled, “Does the Leader’s Ethnicity Matter? Ethnic Favoritism, Education and Health in Sub-Saharan Africa,” which he recently resubmitted. Using data from 18 African countries, the paper shows that the ordinary members of African ethnic groups received substantial education and health benefits from having a co-ethnic leader in power.

Professor Rainer has also completed a new draft of his paper, “Do Black Mayors Improve Black Employment Outcomes? Evidence from Large U.S. Cities,” which he wrote with John Nye and Thomas Stratmann. He has been invited to present it at several conferences. The paper shows that black employment and income rise during the tenure of black mayors both in absolute terms and relative to whites. This increase in black employment is particularly pronounced in municipal government, but occurs in the private sector as well. The paper has been recently submitted to the *Journal of Public Economics*.

Dr. Rainer has also made significant progress in his and Francesco Trebbi’s ambitious effort to construct a new dataset on ethnicity of ministers in a large number of countries of Sub-Saharan Africa between 1960 and 2004. In 2011, he was awarded a \$110K grant by the Social Sciences and Humanities Research Council of Canada in support of this project. Based on the completed dataset for fifteen countries, he prepared the first draft of his paper “How is Power Shared in Africa?” and presented it at the NBER conference in Zanzibar. The paper shows that the African governments display a surprising degree of ethnic inclusiveness and proportionality even in periods of autocracy.



Thomas Stratmann

Thomas Stratmann is working on several projects in the field of experimental public choice. He is analyzing how voters react in their voting decisions when they know there is a chance that the candidate issued deceptive campaign advertisements. Also, he is studying the effect of broken election promises by incumbents on voter turnout and voter decisions for whom to cast a ballot. In this research area, Dr. Stratmann, together with Dan Houser and Rebecca Morton have published an article in the *European Journal of Political Economy*. Drs. Stratmann and Houser have also written a forthcoming paper in *Public Choice*, which shows how Gordon Tullock influenced the current thinking in experimental economics.

Further, in the field of law and economics Dr. Stratmann finished a forthcoming paper in the *Journal of Law and Economics* which shows the effectiveness of traffic law enforcement on the reduction in car accidents. He continues his work in other areas of applied microeconomics as shown by this year’s publications in the *Journal of Health Economics*, *Social Science and Medicine*, the *American Journal of Law and Economics*, and the *American Law and Economics Review*.



Alex Tabarrok



Alex Tabarrok is the new director of the Center for Study of Public Choice, the Bartley J. Madden Chair in Economics at the Mercatus Center and the director of research for The Independent Institute.

Dr. Tabarrok recently published his book, *Launching the Innovation Renaissance* with TED books. *Launching the Innovation Renaissance* is, in the words of one reviewer, “a crisp and thought provoking” look at innovation and patents, prizes, regulation, education and what we need to do to increase innovation for the long run. Also appearing this year is the 2nd edition of *Modern Principles*, his principles of economics textbook with Tyler Cowen.

Dr. Tabarrok continues to make many media appearances, including a television appearance on John Stossel's show, NPR, Radio Rounds and Freakonomics radio. He was also one of the featured experts in a Time magazine special on the debt debate. His work was also in the Wall Street Journal, The Atlantic, and The Economist and it was quoted in The Washington Post, The New York Times, The Christian Science Monitor, Slate and many other newspapers and magazines.

Marginal Revolution, his blog with Tyler Cowen, continues to be one of the top 100 blogs in the world, according to Technorati. The Wall Street Journal ranked *Marginal Revolution* as one of the top economics blogs, stating: “*Marginal Revolution* is like nipping into a world-class local bar, where the drinks are always perfectly mixed, the atmosphere is relaxed and civilized, while intelligent conversation and serendipity are available on tap.”



Yong Yoon

Yong Yoon worked on two research projects in 2011. One was on the Extent of Markets, a joint project with James M. Buchanan, and the other was on Collective Action, also a joint project with Dr. Buchanan. As a spinoff of the first project, he published his article, “Science, Scientific Institution, and Economic Progress” in *Institutional Economics and National Competitiveness*. In this article, Dr. Yoon applied Adam Smith’s theory of economic progress to demography and to explain the decline of technologies in Tasmania.

He has also presented seminars based on his draft “Language and Economic Progress” at Seoul National University, Seoul, Korea. He also presented this paper at the Osher Lifelong Learning Center in September. In this paper, he attempted to explain the sophistication of language by Adam Smith’s principle of economic progress.

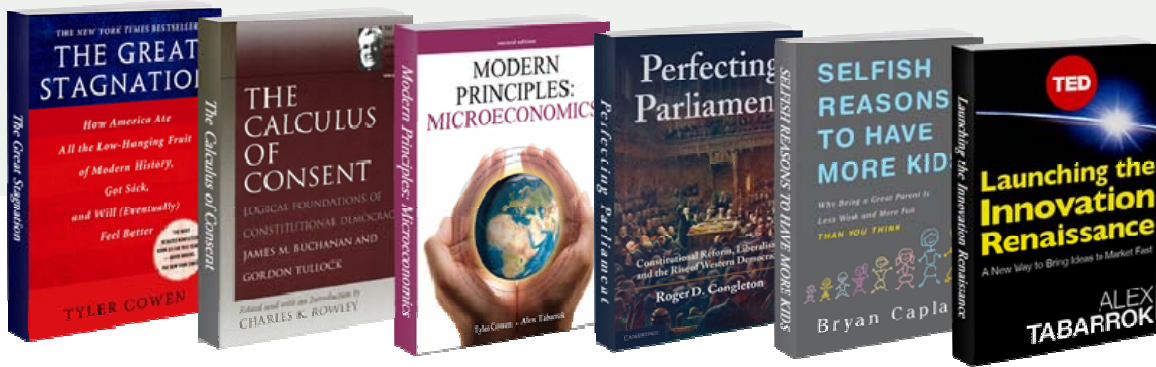
Dr. Yoon had several activities related to the second project on Collective Action. He and Dr. Buchanan finished a manuscript entitled "Choosing for Others: A Neglected Element in the Theory of Collective Action." In this paper they will emphasize that in collective action, in voting or other ways of participation, individuals evaluate alternatives as vectors rather than as a uni-dimensional alternative. Much as Herbert Simon and Ronald Heiner have done, Dr. Yoon is developing a mathematical model that will explain generality principles and ideologies in politics by the bounded capacity for computation under complex environment.

For the Public Choice Society meetings in March, 2011, he organized a session entitled "Anticommons and Public Goods." In it, he presented a paper, "Generalizing the Lighthouse Argument: Private Provision of Public Goods." He also presented "All Voting is Strategic" at the Chinese University of Hong Kong in June, 2011. His talk was based on the earlier published paper with the same title and its current extensions. In July 2011, he participated in Japanese Public Choice Society meeting. In a session dedicated to Kazu Kurokawa, he discussed "Kurokawa and Public Goods," discussing imaginative interpretation of public goods by K. Kurokawa.



Dr. Jones introduces a Wednesday seminar speaker

Selected Faculty Publications



James M. Buchanan

Conference Presentations:

"Ideology or Error: Economists and the Great Recession," at Summer Institute for the History of Economic Thought, University of Richmond, June 2011.

Don Boudreaux

Columns:

Monthly in the Pittsburgh Tribune-Review and many others including The New York Post and President & CEO Magazine.

Bryan Caplan

Book:

Selfish Reasons to Have More Kids: Why Being a Great Parent is Less Work and More Fun Than You Think. New York: Basic Books, 2011.

Editorials:

"Twin Lessons." April 11, 2011. WSJ.com.

"The Economics and Genetics of Parenting." April 11, 2011. Freakonomics.

"Why Economists and Parents Need to Discover Behavioral Genetics." April 18, 2011. Psychology Today Blog.

"Genetically Oblivious: How 'Chinese' and 'Western' Parenting Make the Same Mistake." June 27, 2011. Psychology Today Blog.

Media:

FoxNews; MSNBC; BBC; NPR and Freakonomics Radio; The New York Times; Yahoo!; The Atlantic; Globe and Mail; The Times of London; WSJ.com; The Guardian

Other articles:

"The Case for Having More Kids: Interview with David Leonhardt." April 7, 2011. NYTimes.com.

"Population, Fertility, and Liberty." May, 2011. Cato Unbound. (lead article)

"The Conversation: Is Strict Parenting Better for Children?" June 11, 2011. The Guardian.

Roger Congleton

Articles:

"Why Local Governments Do Not Maximize Profits: On the Value Added by the Representative Institutions of Town and City," *Public Choice* 149: 187-207 (2011).

Book:

Perfecting Parliament: Constitutional Reform, Liberalism, and the Rise of Western Democracy. Cambridge: Cambridge University Press, 2011.

Book Chapters:

"Rent Extraction, Liberalism, and Economic Development," In: *Institutions and National Competitiveness* (Y. B. Choi, ed.). Ch. 4. London: Routledge, 2011.

Tyler Cowen

Books:

The Great Stagnation: How America Ate all the Low-Hanging Fruit of Modern History, Got Sick, and Will (Eventually) Feel Better. A Penguin eSpecial. New York: Dutton, 2011.

Article:

"Rule Consequentialism Makes Sense After All," *Social Philosophy & Policy* 28: 212-231 (2011).

Media:

The New York Times; *The Economist*; *The Wall Street Journal*; *The Washington Post*; *Foreign Policy* magazine; *Bloomberg Businessweek*; *CNN Money*; *Capital* magazine (Spain).

Noel Johnson

Articles:

"Corruption is Bad for Growth (Even in the United States)," (with C. LaFontaine and S. Yarmarik). *Public Choice* 147 (3-4) (2011).

"Does Fortune Favor Dragons?" (with J. Nye). *Journal of Economic Behavior and Organization* 78 (1-2): 85-97 (2011).

Garett Jones

Articles:

"National IQ and National Productivity: The Hive Mind Across Asia." *Asian Development Review* 28(1): 51-71 (2011).

"IQ and National Productivity." In: *The New Palgrave Dictionary of Economics* (online edition) (S. N. Durlauf and L. E. Blume, eds.) (2011).

Media:

C-Span; *Fox Business*; *The New York Times*; *Bloomberg Businessweek*.

Peter Leeson

Articles:

"Government, Clubs, and Constitutions," *Journal of Economic Behavior and Organization* 80(2): 301-308 (2011).

"Hate Groups and Hate Crime," (with M. Ryan). *International Review of Law and Economics* 31(4): 256-262 (2011).

"Opportunism and Organization Under the Black Flag," *Organizational Dynamics* 40(1): 34-42 (2011).

"Quasimarket Failure," (with P. Boettke and C. Coyne). *Public Choice* 149(1-2): 209-224 (2011).

"Race, Politics, and Punishment," (with R. Sobel). *European Journal of Law and Economics* 31(3): 265-285 (2011).

"Trial by Battle," *Journal of Legal Analysis* 3(1): 341-375 (2011).

"Was Privateering Plunder Efficient?" (with A. Nowrasteh). *Journal of Economic Behavior and Organization* 79(3): 303-317 (2011).

"What Aid Can't Do: Reply to Ranis," (with D. Skarbek). *Cato Journal* 31(1): 83-86 (2011).

David Levy

Articles:

"Leadership, Cheap Talk and Really Cheap Talk," (with D. Houser, K. Padgitt, S. Peart, and E. Xiao). *Journal of Economic Behavior and Organization* 77: 40-52 (2011).

"Soviet Growth and American Textbooks: An Endogenous Past," (with S. Peart). *Journal of Economic Behavior and Organization* 78: 110-25 (2011).

Book Review:

The Hesitant Hand, by Steven Medema. Reviewed for *Erasmus Journal for Philosophy and Economics* 4 (Autumn 2011).

John Nye

Articles:

"Does Fortune Favor Dragons?" (with N. Johnson). Journal of Economic Behavior and Organization 78 (1-2): 85-97 (2011).

"Taking Institutions Seriously: Rethinking the Political Economy of Development in the Philippines." Asian Development Review 28(1): 1-21 (2011).

Book Chapter:

"Brewing Nation: War, Taxes, and the Growth of the British Beer Industry in the 18th and 19th Centuries." In: The Economics of Beer (J. F. M. Swinnen, ed.) Oxford: Oxford University Press, 2011.

"Why do Weak States Prefer Prohibition to Taxes," (with D. Desierto). In: Political Economy of Institutions, Democracy and Voting (N. Schofield and G. Caballero, eds.) Berlin; Heidelberg: Springer, 75-94 (2011).

Ilia Rainer

Articles:

"Does the Leader's Ethnicity Matter? Ethnic Favoritism, Education and Health in Sub-Saharan Africa," (with R. Franck). American Political Science Review

Thomas Stratmann

Articles:

"Campaign Contributions – What Do They Buy and Should They be Capped?" CESifo DICE Report, 9(1): 17-20, 05 (2011).

"Effects of Prenatal and Early Life Malnutrition: Evidence from the Greek Famine," (with S. Neelsen). Journal of Health Economics 30(3): 479-488 (2011).

"Institutionalized Bailouts and Fiscal Policy: Consequences of Soft Budget Constraints," (with A. Fink). Kyklos 64(3): 366-395 (2011).

Book Chapters:

"Fiscal Policy, Government Institutions, and Sovereign Creditworthiness," (with B. Akitoby). In Sovereign Debt: From Safety to Default (R. W. Kolb, Ed.) New York: Wiley, 2011.

Alex Tabarrok

Books:

Launching the Innovation Renaissance: A New Path to Bring Smart Ideas to Market Fast. TED Books, 2011.

Articles:

"The Bounty Hunter's Pursuit of Justice," The Wilson Quarterly (Winter 2011)

Media:

Fox Business (John Stossel); NPR, Radio Rounds and Freakonomics; The Wall Street Journal; The Atlantic; The Economist; The Washington Post; The New York Times; The Christian Science Monitor; Slate

Yong Yoon

Book Chapters:

"Science, Specialization, and Increasing Returns," In: Institutions and National Competitiveness. (Y. B. Choi, ed.) London: Routledge, 2011.

Adjunct Scholars



Peter Bernholz



Geoffrey Brennan



Roger Congleton

Peter Bernholz Emeritus Professor of Economics, University of Basel Switzerland; Center for Study of Public Choice research fellow. He visited the Center in September.

Geoffrey Brennan Professor of Philosophy, University of North Carolina and on the staff at the Social and Political Theory Program of the Research School of Social Sciences at Australian National University. An economist, Brennan works actively on issues at the intersection of economics, rationality, and political philosophy.

Roger Congleton BB&T Professor of Economics, West Virginia University. Dr. Congleton was a Center faculty member from 1995 to 2011. During this time he served as general director from 1999-2002 and was active in the visitors program, bringing scholars from around the world to George Mason.

Hartmut Kliemt Professor for Practical Philosophy, University of Duisburg-Essen. Main areas of interest: political philosophy, health ethics and economics, philosophy of economics, foundations of game theory and game theoretic modeling.

Dwight Lee Ramsey Professor of Private Enterprise and Economics, Terry College of Business, University of Georgia. Areas of expertise: public choice, public finance, natural resource and environment economics.

James C. Miller III is a Senior Advisor to Husch Blackwell Sanders, LLP, an international commercial law firm; he has been a distinguished fellow since 1988.

Sandra Peart University of Richmond. She and co-author David Levy direct the Summer Institute for the Preservation of the History of Economic Thought. She serves on the Editorial Board of JHET.

Robert Tollison Professor of Economics, Clemson University and BB&T Senior Fellow, is one of the world's foremost scholars in the field of public choice.



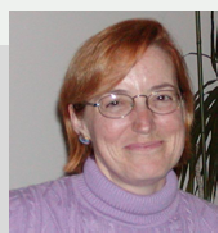
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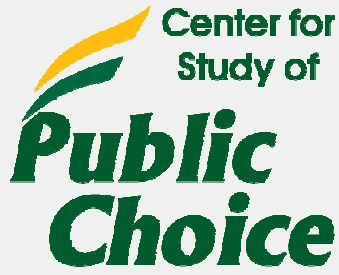
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The Center serves as the institutional home for the Public Choice Research Program, which has developed and matured over the past half-century. Created in 1957 at the University of Virginia, the Center was initially called the Thomas Jefferson Center for Studies in Political Economy. In 1969, the Center was reconstituted at Virginia Tech under its present name. In 1983, the Center shifted its operations to George Mason University. The Center's alumni includes doctoral students from George Mason, Virginia Tech, and the University of Virginia. From its historical association with three of Virginia's major universities, the Center's academic footprint is often dubbed the "Virginia School of Political Economy."

Public Choice scholarship has profoundly influenced thinking in the scientific community and the formation of public attitudes. Economics traditionally focuses on the behavior of firms and consumers and how individuals interact in market settings. As a research program, public choice extends the tools of economics to analyze the behavior of voters, candidates, legislators, bureaucrats, judges, and expert economists themselves. Research by scholars at the Center also focuses on other non-market institutions such as religion, the family, clubs, and culture.

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