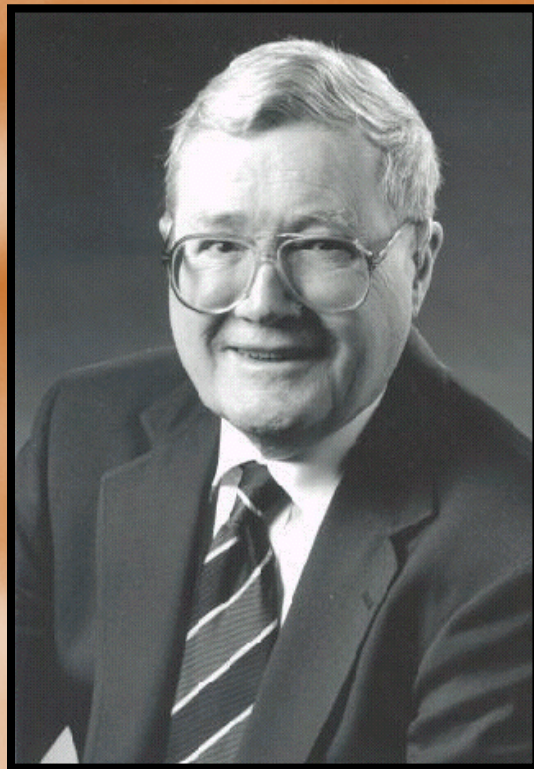


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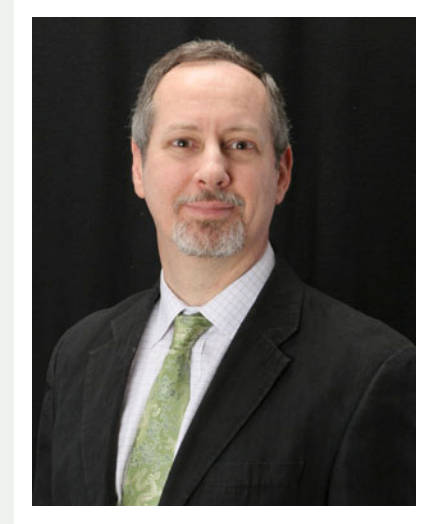
Annual Report 2014



Gordon Tullock, 1922-2014

From the Director

One of the unexpected delights of working at George Mason was that the great Gordon Tullock would often pop his head into my office to ask a question. And never an ordinary question like “Would you like to go for lunch?” but, to give just one example barked at me one afternoon, “Why don’t we invade Brazil?” Gordon wasn’t in favor of invading Brazil but he wanted to understand why, after growing for hundreds of years, colonialism faded in the 19th and 20th centuries. It’s a good question. I gave an answer at the time about the increasing value of human to physical capital and the greater difficulty of conquering the former. Gordon wasn’t satisfied with my answer, probably correctly. I continue to think about the question.



Gordon had many other questions. Why vote? Why are there revolutions? Why is so little spent on political campaigns? Why so much stability? What is so great about democracy? Gordon’s questions were a constant source of inspiration to students looking for dissertation topics and a constant source of irritation for people who thought they knew it all.

What Gordon wrote in *The Organization of Inquiry*, “I have been unable to find any indications that scientists have asked the questions to which I address myself” could have been said about much of his work. Gordon’s questions weren’t just unusual, however. Like Socrates, Gordon asked questions about things that everyone else took for granted. Gordon was the fish that asked about water. As a result, his questions weren’t easy to answer and they made some people uncomfortable.

Under Socrates’s questioning, the wisest citizens of Greece were shown to have little understanding about the things that they professed to know with greatest certainty. In the classic dialogue with Meno, Socrates asks what virtue is and Meno replies that “There will be no difficulty, Socrates, in answering your question.” But Meno is soon brought to aporia, a state of confusion and uncertainty, a shaking of his epistemic foundations. Meno is rich, successful and highly regarded and, like many such people, he doesn’t like his foundations to be shaken. In a not so subtle threat he tells Socrates that this kind of questioning of the powerful leads to jail or worse.

Many people felt the same epistemic shaking under Gordon’s questioning. As far as I know, Gordon was never threatened with jail, at least not after his work for the Foreign Service in China, but it’s not difficult to see in his career the costs of iconoclasm. Indeed, after being subject to Gordon’s questioning I was surely not the first person who began to have some sympathy for Socrates’s fellow citizens. I confess to such thoughts, however, only in a moment of weakness. I treasured Gordon’s questioning.

Gordon has left us a magnificent library of thought but his presence is greatly missed.

Alex Tabarrok
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John Nye Interview

Q. John, you have done pioneering work in the economic history of France and Great Britain but more recently you have become very interested in digits, i.e. fingers! You have measured the length of the 2nd (index finger) relative to the length of the 4th (ring finger) of many students in Moscow and Manila. Tell us why!



John Nye

A. *Now that economists have learned to accept that different institutions (including legal rules and informal norms) shape economic development, we're moving to understand why the same rules work so differently with many peoples and places and why different peoples respond differently in otherwise similar circumstances. This makes biology – including both nutritional and genetic endowments – an ever more important consideration for economics. I had the chance to work with the Higher School of Economics in Moscow, who are able to conduct a huge number of different surveys of their own student body and of the Russian population at large.*

Around the same time, Aldo Rustichini of Minnesota gave a talk about how 2D4D digit ratios (the length of the index finger divided by the fourth/ring finger) is inversely related to the levels of exposure to prenatal testosterone and that these measures surprisingly correlate with an astonishingly large number of life outcomes and individual characteristics. So we decided to combine standard analyses (e.g. how college test scores predict grades or income or success) with biological measures (e.g. how prenatal T affects risk-taking and aggression and thus success or lack thereof in school and on the job).

Q. What does this tell you about beliefs and behavior?

A. *We have published work now showing that for students in both Moscow and Manila, women but not men show an inverted U link between prenatal T and grades/test scores. More precisely, women with prenatal testosterone exposure that is around the average tended to get the highest grades. Those with very low or very high testosterone exposure tended to do somewhat more poorly. More recently we were given access to a huge sample of 1000 representative families and were able to examine the link between 2D4D and incomes and we found the same basic result. Women with more average 2D4D exposure tended to have the highest salaries. Those with low or high prenatal T had lower salaries. In both papers there was no significant effect for men.*

In another published work (just accepted at Personality and Individual Differences) we found that women in Moscow who were in what psychologists call enterprising jobs (e.g. lawyers or managers) showed greater prenatal T exposure than those in jobs such as nursing, primary school teaching, or working as cleaners or caretakers in firms.

We also have a parallel research project looking at how brighter and more educated people are more willing to trust others throughout all of Europe – in both East and West – despite the fact that on average different nations have very different levels of trust. Furthermore, the more educated are more likely to favor markets over government control of the economy even for older Russians or Ukrainians who were educated purely in Soviet times and who generally are distrustful of markets.

Q. So what does an economic historian bring to this project?

A. *In many ways, economic historians were the original Freakonomists. We're used to dealing with a range of strange and often incomplete data to figure out how the economy functioned or how people adapted to different rules and conditions to make their way in the world. Sometimes, things that are seemingly as different as witchcraft trials and the taste for wine or beer are driven by reactions to state regulation, imperfect property rights, or high taxes. In that sense, I'm always on the lookout for very odd looking links between different factors that might explain interesting, yet important aspects of economic development.*

Also, I have long had an interest in development and education and have published work on test scores and college admissions as well as policy papers on development in the Philippines. Work in Moscow helps me to combine these interests.

Q. Let me ask you about different kind of digits. Benford's law is the finding that in many kinds of naturally occurring data the number 1 occurs as the first digit about 30% of the time, while the number 2 occurs first only about 17% of the time, and the number 9 occurs first less than 5% of the time. What does this pattern tell us about macroeconomic data?

A. *My colleague (Charles Moul of Miami University) and I were the first to publish a paper in economics to show that the GDP data for African countries and the Eastern Bloc (then-communist nations used in economic research through the 1990s) was clearly biased and most likely subject to manipulation. The unusually high pattern of ones in some cases – for example – indicated that these nations had been artificially inflating their GDP in ways that violated the random patterns we would expect with naturally occurring results.*

More recently, we have looked at how banks reported their total holdings of value of at risk assets. These were not regulated before the 2008 crisis and we found nothing anomalous for that period. But after 2008, this statistic came under government scrutiny and for post 2008 data we noticed that the numbers being reported seemed substantially at variance with the Benford distribution.

Q. John, you are also involved with the Angara Centre for Law and Economics in the Philippines, which brings together many of your interests in development economics and public choice. Tell us about your work with the Centre and the prospects for the Philippines.

A. *One of the reasons I got into economics in the first place was to work on problems of political economy and economic development. Since I'm originally from the Philippines, I had long thought of directing my attention to problems of underdevelopment in Southeast Asia and had begun to do some joint work with the World Bank and other institutions. My work attracted the attention of now-retired Senator Angara of the Philippines, who created a research centre to promote work that addressed policy issues from a rigorous academic perspective while still being accessible to the layperson. The senator asked me to serve as a director of the Angara Centre, helping organize conferences and research to bring important thinkers to the Philippines to address issues of interest to policy analysts, economists, lawyers, and legislators. Since that time, we have had a number of conferences and programs on issues ranging from the direction of structural reform, to the effects of computerization on the Philippine national elections, to the territorial conflicts with China and others in Southeast Asia, to our most recent conference last December on the effects of the proposed ASEAN integration on business and the economy in Southeast Asia.*

The Public Choice Outreach Conference 2014

Our annual Public Choice Outreach Conference was a big success in 2014. Held this year in Arlington VA, close to the sights of Washington DC, we welcomed 35 students from 5 countries and 15 states. The participants were evenly split between graduate and undergraduate students, with the primary areas of study being economics, math, education and philosophy. We also had two post doctorate participants – one economist who planned to co-author a book on Public Choice, and a sociology post doc interested in using Public Choice theory in his work with the deaf community.

As usual we had a superb group of speakers. We were especially pleased to have Donald Marron join us to give a talk about Public Choice from the trenches. Donald has a PhD in economics from MIT and is currently director of economic policy initiatives at the Urban Institute. He has also been chief economist of the President's Council of Economic Advisers (CEA), acting director of the Congressional Budget Office (CBO), and executive director of Congress's Joint Economic Committee (JEC).



Students at the annual Public Choice Outreach Conference 2014.



Professors Alex Tabarrok, Bryan Caplan, and Thomas Stratmann at the annual Public Choice Outreach Conference.

Wed Seminar Speakers 2014

**Spring
2014**

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. Koyama and Johnson along with Jane Perry for coordinating the program, and the following scholars for presenting papers in 2014:

Name	Affiliation	Paper
Alberto Simpser	University of Chicago	<i>The Inter-Generational Persistence of Attitudes Toward Corruption</i>
Gabriel Mathy	American University	<i>Persistent Unemployment and Mismatch in the Great Depression and Today</i>
Raphael Franck	Bar Ilan University	<i>The Lawyer's Comparative Advantage in Parliamentary Elections</i>
Scott Abramson	Princeton University	<i>The Economic Origins of the Territorial State</i>
Noel Johnson	George Mason University	<i>From State Capacity to Rule of Law in Old Regime France</i>
C. Hoyt Bleakley	University of Chicago	<i>Land Openings on the Georgia Frontier and the Coase Theorem in the Short- and Long-Run</i>
Jonathan Dingel	University of Chicago	<i>The Determinants of Quality Specialization</i>
Yannay Spitzer	Northwestern University	<i>Pogroms, Networks and Migration</i>
Richard Hornbeck	Harvard University	<i>Railroads and American Economic Growth: A "Market Access" App</i>
Alberto Simpser	University of Chicago	<i>The Inter-Generational Persistence of Attitudes Toward Corruption</i>

**Fall
2014**

Name	Affiliation	Paper
Tuan-Hwee Sng	Singapore National University	<i>Unified China and Divided Europe</i>
Alex Teytelboym	Massachusetts Institute of Technology	<i>Friending</i>
Nancy Qian	Yale University	<i>The Institutional Causes of China's Great Famine, 1959-1961</i>
Mauricio Drelichman	University of British Columbia	<i>Housing and the Cost of Living in Early Modern Toledo</i>
Saumitra Jha	Stanford University	<i>Swords into Bank Shares: Financial Innovation and Innovators in Solving the Political Economy Challenges of Development</i>
Robin Hanson	George Mason University	<i>The Age Of Em: Economic Implications Of Brain Emulations</i>
Mark Dincecco	University of Michigan	<i>Is Africa Different? Historical Conflict and State Development</i>
Jenny Guardado	New York University	<i>Office-Selling, Corruption, and Long-Term Development in Peru</i>
Jim Siodla	Colby College	<i>Razing San Francisco: The 1906 Disaster as a Natural Experiment in Urban Redevelopment</i>
Daniel Klein	George Mason University	<i>Some Uses for the Distinction Between Direct and Overall Liberty</i>
Tim Groseclose	George Mason University	<i>Cheating: An Insider's Report on the use of Race in Admissions at UCLA</i>

2014 Doctorates



David Hebert

David Hebert defended his dissertation, “Towards a Catalactic Approach to Taxing and Spending.” Dr. Donald Boudreaux served on his committee.



Zeynab Masoudnia

Zeynab Masoudnia defended her dissertation, “The Market for Afterlife Salvation: On Endogenous Establishment and Abolishment of Purgatory in Christianity and its Effects on the Printing Industry.” Drs. David Levy, Daniel Houser, and Mark Koyama served on her committee.



Shawn DuBravac

Shawn DuBravac defended his dissertation, “Sentiment: On the Predictive Power of Search, Uncertainty Through the Business Cycle, and Abnormal Stock Returns.” Drs. Tyler Cowen, Alex Tabarrok, and Garrett Jones served on his committee.



Zachary Gochenour

Zachary Gochenour defended his dissertation, “The Political Economy of Immigration.” Drs. Bryan Caplan and Don Boudreaux served on his committee.



Alexander Schibuola

Alexander Schibuola defended his dissertation, “Money, Capital, and Business Cycles.” Drs. Tyler Cowen and Garrett Jones served on his committee.



Don Boudreaux

Don Boudreaux continued to lecture and write with frequency during 2014, contributing a column twice a month for the *Pittsburgh Tribune-Review*. He also continued to write for Café Hayek, his blog with Dr. Russ Roberts, which can be found at www.cafehayek.com. Dr. Boudreaux's work also appeared in such publications as *Forbes*, *Barron's*, and the *Wall Street Journal*.



Bryan Caplan

Bryan Caplan had another productive year. He continues to blog for EconLog, one of the world's most popular economics blogs. His "A Radical Case for Open Borders," co-authored with Vipul Naik, will appear in Oxford University Press's forthcoming volume *Immigration: From Social Science to Public Policy*, edited by Benjamin Powell of Texas Tech. In May, Powell's Free Market Institute hosted a major tie-in immigration debate between Caplan and Stephen Balch of Texas Tech's Institute for the Study of Western Civilization.

Caplan's primary project, however, remains his book in progress, *The Case Against Education*. This multi-year project argues that the neglected signaling model of education explains most of what goes on in classrooms around the world. Contrary to popular and academic belief, the "return to education" largely reflects rent-seeking rather than genuine creation of human capital. Dr. Caplan's book argues that government support for education largely rests not on interest-group politics, but bad economics. *The Case Against Education's* latest chapters exhaustively examine the selfish and social returns to educational investments. Selfishly speaking, Caplan finds that higher education is a good investment for good students, a mediocre investment for mediocre students, and a poor investment for poor students. Socially speaking, in contrast, even the returns for excellent students seem to be poor. *The Case Against Education* will probably be done in early 2017, and see print by December 2017.



Tyler Cowen

Tyler Cowen wrote a significant chunk of a book manuscript, a comparative examination of the historical economic development of the United States and China, during 2014. This eventually will come out as a full-length book. He also finished his book-length manuscript on the philosophical foundations of a free society. In late 2014, Japanese and Spanish language editions of this book came out, with a good deal of attendant publicity.

He has continued as a once every five weeks economics columnist for *The New York Times*, the Sunday Business section. He also has continued his column work in a new series for *The New York Times*, in their section known as The Upshot. Additionally, he now seems to have become the standard economics book reviewer for the Times Literary Supplement, having written four reviews over the last year and a half, most recently on the economics of student debt.

During this year, Dr. Cowen and co-author Alex Tabarrok finished the preparation of the third edition of their *Modern Principles: Microeconomics*, and also *Macroeconomics*. Those are now out and in use, published with Freeman Worth.

Cowen made ongoing radio and media appearances, and in Washington he debated Robert Solow and Brad DeLong on the Thomas Piketty book and more generally on the issue of income inequality.

He and Alex Tabarrok continued the daily blogging of economic and other ideas for www.marginalrevolution.com, with readers including such economists as Greg Mankiw, Steve Levitt, Paul Krugman, Luigi Zingales, and many others. 2014 saw the further continuation of MRuniversity.com, a site for the on-line teaching of economics, in conjunction with Alex Tabarrok. Cowen and Tabarrok now have over a dozen classes up and running, including Development Economics, The Eurozone, Economics of the Media, The Economy of Mexico, International Economics, and International Finance, among others.



Tim Groseclose

Tim Groseclose is the latest addition to the academic colleagues at the Center for Study of Public Choice, arriving at the Center in July 2014.

In April 2014, Dr. Groseclose published a book, *Cheating: An Insider's Report on the Use of Race in Admissions at UCLA*. He also published thirteen op-eds on Breitbart.com that discussed the book. The book was reviewed at several outlets, including foxnews.com, mindingthecampus.com, The College Fix, The Daily Caller, City Journal, and RealClearPolitics.

He participated in several media interviews, including ones at Fox & Friends, the Dennis Prager Show, PJTV, Breitbart Radio, and the Larry Elder Show.

Dr. Groseclose continues to write occasional posts for the blog, Richochet.com. His video lecture on the Laffer Curve for Prager University (a series of 5-minute videos sponsored by radio host Dennis Prager) has reached over two million views.



Robin Hanson

Robin Hanson continued to participate in an IARPA (Intelligence Advanced Research Projects Activity) grant that funds SciCast, a combinatorial prediction market to forecast progress in science and technology. He has also continued to focus on and develop his unprecedentedly broad book, *The Age of Em: Economics of Brain Emulations*. Dr. Hanson also has another book proposal under review, *The Elephant in the Brain: Our Unseen Agendas in Posture, Humor, Ads, School, News, Stories, Medicine, Charity, Politics, Religion, and More*, this one with coauthor Kevin Simler, on the subject of Dr. Hanson's homo hypocritus account of human nature. Dr. Hanson has already published the book *The Hanson-Yudkowsky AI-Foom Debate* with Eliezer Yudkowsky.

Dr. Hanson gave over a dozen academic presentations, and wrote dozens of posts at his blog *Overcoming Bias*. His publications during 2014 included "When the Economy Transcends Humanity" in *The Futurist*; "What Will It Be Like To Be An Emulation" in the book *Intelligence Unbound*; and "Should Earth Shut the Hell Up?" at *CATO Unbound*.



Ron Heiner

Ron Heiner continued his research on the evolution of cooperation, combining standard game theory with signal detection theory from behavioral psychology. He is currently writing a book titled *Cooperation in Prisoners' Dilemmas: the Critical Case of One-Shot Interactions* (World Scientific Press, forthcoming 2015). During this year, Dr. Heiner figured out how to solve a problem that he had pursued over the last ten years.

Dr. Heiner is glad to report he recently discovered how to prove there will always exist a unique Nash equilibrium within the contingently cooperative sub-population: where all continent cooperators choose to be equally cautious in detecting signals from their partners.

Consequently, no continent cooperator can benefit from unilaterally becoming more cautious in detecting signals. The resulting *stable* Nash equilibrium among continent cooperators guarantees they will grow until they take over the whole population, eventually cooperating at the maximum frequency possible without being outperformed by always defecting players.



Noel Johnson

Noel Johnson continued to work on several writing projects during 2014, including working papers titled "Jewish Persecutions and Weather Shocks: 1100–1800" (with Warren Anderson and Mark Koyama); "Did Government Crowd Out Religious Schooling in Late Nineteenth Century France?" (with Raphael Franck); and "Identity and Integration: Language Fractionalization and the Vote for the Eurozone in France" (with Megan Teague).

Additionally, Dr. Johnson worked on "Taxes, National Identity, and National Building: Evidence from France," which he presented at several conferences, including ISNIE (Durham, NC, June 2014); the Economic History Association (Columbus, Ohio, Sept. 2014; Columbia University) and the University of Vermont (Burlington, VT, Spring 2014). He presented the paper "Bones, Bacteria and Breaks: The Effects of the Black Death on Urban Economic Development" (co-authored with Remi Jedwab and Mark Koyama) at the Washington Area Economic History Workshop in January 2014.

In addition to two papers co-authored with Dr. Mark Koyama, two additional publications appeared in print in 2014: "Establishing a New Order: The Growth of the State and the Decline of Witch Trials in France" (with John V. C. Nye and Mark Koyama), in John Nye, Avner Greif, and Lynn Kiesling, eds., *Institutions, Innovation, and Industrialization: Essays in Economic History and Development*, a festschrift volume in the honor of Prof. Joel Mokyr (Princeton University Press) and a review of Guy Rowlands, "The Financial Decline of a Great Power: War, Influence, and Money in Louis XIV's France," which appeared in the *Journal of Economic History*.

CSPC colleagues Drs. Johnson and Koyama submitted the proposal and first few chapters of their book *The Birth of Religious Freedom: Liberalism, Rule of Law, and State Capacity, 1100–1800* to Cambridge University Press in 2014.

Dr. Johnson continued to help with the organizing of the weekly Public Choice Seminar Series during 2014, as well as to serve as an organizer for the Washington Area Economic History Seminar series. The latter meets once a month with outside speakers, and brings together scholars from area universities. Johnson also continued to coordinate the Washington Area Economic History Workshop series, which brings together academics and grad students from around the world to present their work at a twice-yearly mini-conference.



Garrett Jones

Garrett Jones published three academic articles this year and submitted the manuscript for his forthcoming book under contract with Stanford University Press. The book is entitled *Hive Mind: How Your Nation's IQ Matters so Much More than Your Own*.

Two of the articles form part of the research underlying the book: In a paper coauthored with Niklas Potrafke and published in the psychology journal *Intelligence*, Jones found that national test scores, whether IQ-type scores or math and reading-type scores, are good predictors of a nation's level of property rights enforcement. In a paper coauthored with R.W. Hafer and published in *Small Business Economics*, Jones found that IQ-type scores are good predictors of nation's level of pro-entrepreneurship policies. A third paper published in *Studies in Emergent Order* reviewed Dan Klein's *Knowledge and Coordination*, and noted how economic education often leaves out classical liberal insights that can't easily fit into mathematical models.

In addition, Dr. Jones discussed Piketty's bestselling *Capital in the 21st Century* for *Reason* magazine in a review that garnered some media attention. *The New Republic* compared Jones to some other reviewers of Piketty, concluding that "...unlike Garrett Jones, they lack the courage of their convictions..." Dr. Jones appeared also on the Fox News show *Stossel*, noting the high cost of minimum wage laws, the underappreciated benefits of frugality, and the downside of price gouging laws. Jones also spent a week co-teaching a course at the European Forum Alpbach, a 70-year old conference of ideas frequented for decades by Friedrich Hayek.



Mark Koyama

Mark Koyama completed several projects during the year. In 2014 Dr. Koyama, together with CSPC colleague Dr. Noel Johnson, completed a book proposal entitled: *The Birth of Religious Freedom: Liberalism, Rule of Law, and State Capacity, 1100-1800*.

Several of Dr. Koyama's papers appeared in print in 2014 including "Taxes, Lawyers, and the Decline of Witch Trials in France" in the *Journal of Law and Economics* and "Tax Farming and the Origins of State Capacity" in *Explorations in Economic History*. Both papers were co-authored with Dr. Noel Johnson. Koyama's paper "The Law & Economics of Private Prosecutions in Industrial Revolution England" was published in the April issue of *Public Choice* and was awarded the Gordon Tullock Prize for the best paper published in *Public Choice* by a young scholar. Another paper "Monetary Stability and the Rule of Law" with Blake Johnson, a graduate student at GMU, was published in the *Journal of Monetary Stability*.

Dr. Koyama also began several new projects in 2014. Together with Melanie Meng Xue, a GMU graduate student, he completed a draft of a paper entitled “The Literary Inquisition: The Persecution of Intellectuals and the Accumulation of Human Capital in Imperial China.” He also began working with Theresa Finley on a paper called “Plague, Politics, and Pogroms: The Black Death, Fragmented States, and the Persecution of Jews in Medieval Germany.”

In January 2014, Dr. Koyama co-organized a second one-day workshop on economic history and development economics with Noel Johnson and Remi Jedwab, where he presented his work comparing political fragmentation in Europe with political unification in China. In March 2014, Koyama presented his work at the Economic History Society Conference in Warwick. In May he presented at a conference on economic growth hosted by Oded Galor at Brown University. Throughout spring 2014 Dr. Koyama was involved in several Adam Smith Fellowship workshops. During the summer, he visited the NUS in May and June 2014 to present his work and work with his co-authors there. In June 2014 he presented at ISNIE at Duke Law School in North Carolina. In August 2014, Koyama organized a one-day Economic History Workshop at the Mercatus Center.

In fall 2014, Dr. Koyama gave a paper at the Economic History Association Conference in Columbus, Ohio. He presented new work with Melanie Meng Xue at the Adam Smith Seminar series in October. In November 2014 he also visited Colby College to talk about his work and gave a seminar at American University.

Dr. Koyama continued to act as the Job Market Placement Officer at GMU, as well as Coordinator of the weekly Public Choice Seminar Series. He also continued as a coordinator for the Washington Area Economic History Seminar series.



Peter Leeson

Peter T. Leeson is the Duncan Black Professor of Economics and Law at George Mason University. He is also North American Editor of *Public Choice* and a Senior Scholar of the F. A. Hayek Program for Advanced Study in Philosophy, Politics, and Economics.

Dr. Leeson’s work studies the economics of non-market decision making, in particular law and legal systems. He published a number of articles during 2014. Leeson’s newest book, *Anarchy Unbound: Why Self-Governance Works Better than You Think* (Cambridge University Press, 2014), analyzes the economics of self-governing societies.

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



David Levy

David Levy had another very productive year in 2014 in his joint work with Sandra Peart to understand how the central figures at the Thomas Jefferson Center of the University of Virginia, James Buchanan, Ronald Coase and Warren Nutter, provided roots for the Public Choice Center.

The first of Levy and Peart's manuscript discoveries, G. Warren Nutter's, "A Traveler's Tale of the Soviet Economy: A Witness to the Actual World" has been published online in the *Review of Austrian Economics*. The subtitle makes reference to the Levy-Peart discovery reported in a 2011 article in the *Journal of Economic Behavior and Organization* of the mathematical absurdity in the sequence of major American economics textbooks in the 1960–80 period—Paul Samuelson's in particular—in which the Soviet economy is invariably described as growing faster than the American economy, but it

never catches up. This contradiction shows that world is impossible. There is a good deal to be said for restricting our attention to at least possible worlds.

The second of the Levy and Peart manuscript discoveries, the history of the Thomas Jefferson Center's failed grant proposal to the Ford Foundation, has been deposited on SSRN under the title "Almost Wholly Negative': The Ford Foundation's Evaluation of the Virginia School." This document collection and commentary was presented at the Duke University History of Political Economy workshop and Rutgers University Economic History workshop.

The third discovery came as a result of a memo that Ronald Coase wrote detailing his experience with the Ford Foundation. Responding to their characterization of his thinking as private market dogmatics, he pointed to his role in the Fabian Society's proposal to reform the BBC in the late 1940s. Coase wrote that he had provided the memo that guided the Fabian discussion. As this episode was not noted in the standard history of British broadcasting, a trip to the London School of Economics archives was made. The resulting paper (with Sandra Peart) is also on SSRN, titled "When Ronald Coase Was Asked to Testify for the Fabians."

More manuscript work will be laid out in 2015. Levy and Peart are co-directing a Liberty Fund Conference on Milton Friedman's continuing importance at which they'll be presenting a paper, "Milton Friedman, Analytical Egalitarian." Helpful background to Ayn Rand's angry response to the Friedman-Stigler, *Roofs or Ceilings?* was discovered in the process of researching the paper. By happenstance, John Rawls's letter to both Jim Buchanan and Gordon Tullock about their *Calculus of Consent* was discovered.

The Levy-Peart expert book in progress has a new title—*Escape from Democracy: From Discussion to Expert Fiat*. Lastly, the Peart-Levy Summer Institute for the Preservation of the History of Economics will be resumed in June 2015 after a one-year hiatus.



John Nye

John Nye continued his very productive work with colleagues at GMU, Higher School of Economics Moscow, and in Manila during 2014. Dr. Nye's published papers appeared in the *Journal of Law, Economics, and Organization* and in *Explorations in Economic History* as well as in *Inequality in Asia and the Pacific* (Kanbur, et al., eds.) from the Asian Development Bank. Editing was completed on the volume *Institutions, Innovation, and Industrialization: Essays in Economic History and Development*, written jointly with Lynne Kiesling and Avner Greif, and it is scheduled to appear from Princeton University Press early in 2015. Other papers were accepted at *Personality and Individual Development* and the *Journal of Comparative Economics*.

Nye organized conferences on regional inequality and structural reform in the summer of 2014 and then another on ASEAN integration in December of 2014 for the Angara Centre for Law and Economics in the Philippines. He was a lecturer in the RSSIA summer school 2014 and the Ronald Coase Institute workshop, December 2014. He spoke at the Southern Economics Association meetings in November on his work with Melanie Meng Xue on "Raising Dragons."

Other work on political economy, development, human capital, and biology is ongoing and will continue to occupy his attention in 2015.

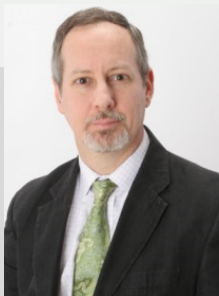


Thomas Stratmann

Thomas Stratmann worked on several projects in the Public Choice area during 2014. In the area of experimental public choice, one project involves developing an answer to the long-standing puzzle in economics and political science of why people vote. Drawing on the literature on altruistic punishment, Stratmann shows that voters are willing to incur the cost of voting, simply to punish incumbents who did not keep their election promises. They do so, even if the voter is indifferent between the proposed platform of the incumbent and that of the challenger, and even if the voter did not personally experience a decrease in welfare due to the broken promise. In a separate project, Dr. Stratmann studies the determinants of administrative earmarks. He studies whether federal agencies are more likely

to fund projects in districts that are core supporters of the president, or whether they are more likely to allocate funds to swing districts. He further studies the stock trading patterns of Congressmen.

In 2014, Dr. Stratmann published articles in areas of Public Choice and applied microeconomics. His article "The Effects of Earmarks on the Likelihood of Reelection" was published in *European Journal of Political Economy*. He co-authored (with John Nye and Ilia Rainer) the article "Do Black Mayors Improve Black Relative to White Employment Outcomes?" which appeared in the *Journal of Law, Economics, and Organization*. Stratmann's paper with Adam Leive, "Do Cancer Screening Guidelines Reduce Mortality?" is forthcoming in the *Journal of Population Economics*.



Alex Tabarrok

Alex Tabarrok is the director of the Center for Study of Public Choice and the Bartley J. Madden Chair in Economics at the Mercatus Center.

Dr. Tabarrok's principles of economics textbook, *Modern Principles of Economics* (with Tyler Cowen) published this year in its 3rd edition. A notable feature of the new edition is embedded video content! *Marginal Revolution University* (with Tyler Cowen) continues to expand with more free online courses economics. Cowen and Tabarrok this year produced a new course on the principles of microeconomics.

Dr. Tabarrok also published several articles this year including a paper on online education in the *American Economic Review* (May) that was also featured in a session at the AEA meetings. He also published on guns and suicide in the *International Review of Law and Economics* with PhD student Justin Briggs and on patents with newly graduated PhD student Shawn Miller in *Econ Journal Watch*. In addition, with Tufts researchers Joseph A. DiMasi and Christopher-Paul Milne, Dr. Tabarrok published *An FDA Report Card: Wide Variance in Performance Found among Agency's Drug Review Divisions*. This *Manhattan Institute* report, which also features a foreword by former FDA commissioner Dr. Andrew C. von Eschenbach, received notable media coverage, especially in the medical media. In addition, the report led to Dr. Tabarrok giving testimony on FDA reform to House members of the Energy and Commerce Committee. Dr. Tabarrok also contributed to an Amicus Brief for the Supreme Court in the case of *Williams-Yulee v. The Florida Bar* and he continues to write regularly at *Marginal Revolution*.



Yong Yoon

Yong Yoon worked during 2014 to complete his book titled *Individualism and Political Disorder*, which is scheduled to appear in March 2015 by Edward Elgar Publishing. The title suggests the book's theme that is in contrast and comparison to Hayek's book, *Individualism and Economic Order*. The book consists of an introductory chapter by Dr. Yoon and thirteen papers, eleven of which were co-authored by Yoon and Dr. James M. Buchanan. Two additional papers in the volume were authored by Dr. Buchanan.

Yoon's activities in 2014 included a visit to Dr. Buchanan's Alma Mater, Middle Tennessee State University, at the invitation of their business school and the Buchanan Honor Scholar program. He gave a talk titled "Buchanan's Last Book," based on his earlier version of the introductory chapter to their book *Individualism and Political Disorder*.

Dr. Yoon has also been working on a continuing research project on anticommons and its applications. A book with the tentative title *Stackelberg on the Danube and Other Tragedies* is planned. In addition, Yoon wrote "Stackelberg on the Danube River: Games in Anticommons," which is forthcoming in *Public Finance and Public Choice*. He also wrote "Private Interest of Public Men and Political Decay," which appeared in *Review of Institutions and Economics* (in Korean). He is currently revising the draft "Anticommons and Increasing Returns," an earlier version of which was presented at the Buchanan Memorial Conference at George Mason University in September 2013. He plans to submit this paper to *Constitutional Public Economy*. He presented the paper "Stackelberg on the Danube River: Games in Anticommons" at the Public Choice Society meetings in Charleston, S.C. in March 2014. He is currently working on a draft paper "Monopsony in Anticommons" for presentation at the 2015 Public Choice Society meetings in San Antonio, TX.

Center Staff



Jo Ann Burgess



Lisa Hill-Corley



Jane Perry

Jo Ann Burgess In her tenure at GMU, Jo Ann served as the Archivist/Librarian of the Buchanan House collection of Buchanan's papers, books and memorabilia. She also played 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 scholar's entrance into the United States. Jo Ann also served as the center's videographer, and captured many historic moments, such as the last debate between James Buchanan and Gordon Tullock in 2006 and Dr. Buchanan's last visit to Fairfax in 2012. She retired in the summer of 2014.

Lisa Hill-Corley assists with the support of the main resident faculty at Carow Hall with administrative, visitor and office manager tasks. She also manages the main budget and grants for Center, and maintains the Center website. In addition Lisa coordinates the graduate funding for all of the Economics Department.

Lisa also coordinated another successful Outreach Conference in June. This year's conference moved to its new home at the Hyatt Arlington in Rosslyn and welcomed thirty-five participants from fifteen states and five countries.

She is grateful for the valuable administrative team of Jane Perry, Mary Jackson and Dana Vogel, who continue the tradition of excellence of support to the Center and to graduate funding. Here's to another successful year in 2015!

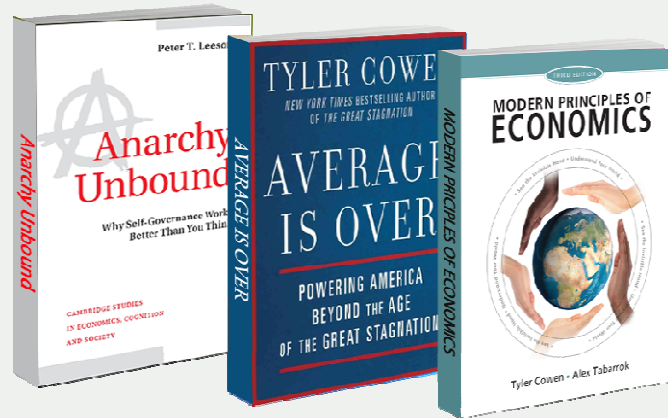
Jane Perry shares duties of providing administrative support to resident Carow Hall faculty, as well as for the daily admin operations and coordination of Carow Hall. She enjoys welcoming and assisting faculty, students, visiting scholars, and other visitors at the Center for Study of Public Choice.

Jane is the staff administrative and logistical coordinator for each of the weekly Public Choice Seminar Series presentations, held during the fall and spring semesters. Additionally, she assumed the duties of facilitating the visits of the Center's visiting scholars, upon the retirement of administrative colleague Jo Ann Burgess in 2014.

She serves as the Center's resident proofreader, and her proofreading skills are increasingly in demand for various projects throughout the year, including numerous professional journal articles, book chapters, and other works authored by Center faculty.

As always, she enjoys and greatly appreciates working with outstanding admin team colleagues Lisa Hill-Corley, Dana Vogel, and Mary Jackson on various projects and events throughout the year.

Selected Faculty Publications



Don Boudreaux

Articles:

“Why Government Fails and Why Ideas Matter.” *Cato Policy Report* (Nov./Dec. 2014)

<http://www.cato.org/policy-report/novemberdecember-2014/why-governments-fail-why-ideas-matter>

WebBlog:

Café Hayek, with Russ Roberts. <http://www.cafehayek.com>

Bryan Caplan

Book Chapter:

“A Radical Case for Open Borders,” (with Vipul Naik). In *Immigration: From Social Science to Public Policy*, ed. Benjamin Powell. Oxford: Oxford University Press, forthcoming.

Debate:

“Debate on Immigration: Should the United States Significantly Liberalize Immigration?” (with Stephen Balch; moderated by Benjamin Powell). Lubbock, TX, Texas Tech University, May 6, 2014 (co-hosted by The Free Market Institute and the Institute for the Study of Western Civilization).

Media:

The Atlantic; *The Economist*; *The Wall Street Journal*; and many others.

WebBlog:

EconLog, with David Henderson and Scott Sumner. <http://econlog.econlib.org/>

Tyler Cowen

Articles:

“The Industrial Organization of Online Education,” (with Alex Tabarrok). *American Economic Review* 104(5) (May 2014): 519–522.

Media:

The New York Times; *The Economist*; *The Wall Street Journal*; *The Washington Post*; *The Financial Times*; NPR, and many others.

WebBlog:

Marginal Revolution, with Alex Tabarrok. <http://www.marginalrevolution.com>

Online education website:

MRUniversity, with Alex Tabarrok. <http://mruniversity.com/>

Tim Groseclose**Book:**

Cheating: An Insider's Report on the Use of Race in Admissions at UCLA. Indianapolis: Dog Ear Pub., 2014.

Media:

Fox & Friends, the Dennis Prager Show, PJTV, Breitbart Radio, and the Larry Elder Show.

Robin Hanson**Articles:**

"When the Economy Transcends Humanity." *The Futurist* (Jan.-Feb. 2014): 27-30.

Book Chapter:

"What Will it Be Like to be an Emulation?" In *Intelligence Unbound: The Future of Uploaded and Machine Minds*, ed. Russell Blackford and Damien Broderick, pp. 298-309. New York: Wiley-Blackwell, 2014.

"A Tale of Two Transitions." In *The End of the Beginning: Life, Society and Economy on the Brink of Singularity*, ed. Ben Goertzel and Ted Goertzel, forthcoming.

WebBlog:

Overcoming Bias. <http://www.overcomingbias.com/>

Noel Johnson**Articles:**

"Corruption, Regulation, and Growth: An Empirical Study of the United States," (with William Ruger, Jason Sorens, and Steven Yarmarik). *Economics of Governance* 15(1) (Feb. 2014): 51-69.

"From Internal Taxes to National Regulation: Evidence from a French Wine Tax Reform at the Turn of the Twentieth Century," (with Raphael Franck and John V. C. Nye). *Explorations in Economic History* 51 (January 2014): 77-93.

"Tax Farming and the Origins of State Capacity in England and France," (with Mark Koyama). *Explorations in Economic History* 51 (January 2014): 1-20.

“Taxes, Lawyers, and the Decline of Witch Trials in France,” (with Mark Koyama). *Journal of Law and Economics* 57(1) (Feb. 2014): 77–112. <http://www.jstor.org/stable/10.1086/674900>

Book Chapter:

“Establishing a New Order: The Growth of the State and the Decline of Witch Trials in France,” (with John V. C. Nye and Mark Koyama)” In *Institutions, Innovation, and Industrialization: Essays in Economic History and Development* (edited by Avner Greif, Lynne Kiesling, and John V. C. Nye). Princeton: Princeton University Press, 2014.

Book Review:

Review of Guy Rowlands, “The Financial Decline of a Great Power: War, Influence, and Money in Louis XIV’s France.” *Journal of Economic History*, forthcoming.

Garett Jones

Articles:

“Are Entrepreneurship and Cognitive Skilled Related? Some International Evidence,” (with R. W. Hafer). *Small Business Economics* (June 2014) <http://link.springer.com/article/10.1007%2Fs11187-014-9596-y>

“Human Capital and National Institutional Quality: Are TIMSS, PISA, and National Average IQ Robust Predictors?” (with Niklas Potrafke). *Intelligence* 46 (Sept.-Oct. 2014): 148–155.

“Knowledge and Coordination: A Call to Renewal for Academic Economists,” *Studies in Emergent Order* 7 (2014): 1–7.

Media:

The New Republic; *Reason*; John Stossel’s Fox Business program, and many others.

Mark Koyama

Articles:

“Monetary Stability and the Rule of Law,” (with Blake Johnson). *Journal of Monetary Stability* (September 2014, in press). <http://www.sciencedirect.com/science/article/pii/S1572308914000862>

“Tax Farming and the Origins of State Capacity in England and France,” (with Noel Johnson). *Explorations in Economic History* 51 (January 2014): 1–20.

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“The Law & Economics of Private Prosecutions in Industrial Revolution England.” *Public Choice* (159) (1-2, April 2014): 277–298. <http://link.springer.com/article/10.1007%2Fs11127-012-0046-6>

Book Chapter:

“Establishing a New Order: The Growth of the State and the Decline of Witch Trials in France,” (with John V. C. Nye and Mark Koyama) In *Institutions, Innovation, and Industrialization: Essays in Economic History and Development* (edited by Avner Greif, Lynne Kiesling, and John V. C. Nye). Princeton: Princeton University Press, 2014.

Peter Leeson**Articles:**

“A Note on the Market Provision of National Defense,” (with C. Coyne and T. Duncan). *Journal of Private Enterprise* 29(2) (2014): 51–55.

“Celestial Anarchy,” (with A. Salter). *Cato Journal* 34(3) (2014): 581–596.

“Earw(h)ig: I Can’t Hear You because Your Ideas are Old,” (with P. Boettke and C. Coyne). *Cambridge Journal of Economics* 38(3) (2014): 531–544.

“God Damn: The Law and Economics of Monastic Malediction.” *Journal of Law, Economics, and Organization* 30(1) (2014): 193–216.

“*Homo Economicus* Lives: Some Implications for Humanitarian Assistance.” *Studies in Emergent Order* 7(1) (2014): 103–112.

“Human Sacrifice.” *Review of Behavioral Economics* 1(1-2) (2014): 137–165.

“Pirates, Prisoners, and Preliterates: Anarchic Context and the Private Enforcement of Law.” *European Journal of Law and Economics* 37(3) (2014): 365–379.

“The Costs of Conflict,” (with A. Smith, D. Houser, and R. Ostad). *Journal of Economic Behavior and Organization* 97(1) (2014): 61–71.

“Wife Sales,” (with P. Boettke and J. Lemke). *Review of Behavioral Economics* 1(4) (2014): 349–379.

Book:

Anarchy Unbound: Why Self-Governance Works Better than You Think. Cambridge: Cambridge University Press, 2014.

David Levy**Articles:**

“G. Warren Nutter’s ‘Traveler’s Tale of the Soviet Economy’: Witness to the Actual World,” (with Sandra Peart). *Review of Austrian Economics* (Nov. 2014) <http://link.springer.com/article/10.1007%2Fs11138-014-0297-1>

“Increasing Returns to Scale, Price Dispersion, and the distribution of Returns to Innovation,” (with Michael Makowsky). *Macro Dynamics* (Jan. 2014)
<http://journals.cambridge.org/action/displayAbstract?fromPage=online&aid=9160862&fileId=S1365100513000436>

“Raising the Price of Talk: An Experimental Analysis of Transparent Leadership,” (with Daniel Houser, Kail Padgett, Sandra Peart, and Erte Xiao). *Journal of Economic Behavior & Organization* 105 (Sept. 2014): 208–218.

Book Chapters:

“On ‘Strong Fortified Minds’: Discussion, Self-restraint and co-operation,” (with Sandra Peart). In *Liberal Learning and the Art of Self-Governance*. Edited by Emily Chamlee Wright. Routledge, forthcoming.

“Sympathy from Darwin to Eugenics,” (with Sandra Peart). In *Concept of Sympathy*. Edited by Eric Schliesser. Oxford, forthcoming.

“The Ethics Problem: Towards a Second-Best Solution to the Problem of Economic Expertise,” (with Sandra Peart). In *Oxford Handbook on the Professional Ethics of Economists*. Edited by George de Martino and Deirdre McCloskey. Oxford, forthcoming.

Presentations:

“When Ronald Coase was Asked to Testify for the Fabians,” (with Sandra Peart). History of Economics Society, Montreal.

“‘Almost Wholly Negative’: The Ford Foundation’s Evaluation of the Virginia School,” (with Sandra Peart). Duke University History of Political Economy Workshop; Rutgers Economic History Workshop.

“On ‘Strong Fortified Minds’: Discussion, Self-restraint and co-operation,” (with Sandra Peart). Southern Economic Association, Atlanta.

John Nye

Articles:

“Do Black Mayors Improve Black Relative to White Employment Outcomes? Evidence from Large US Cities,” (with Thomas Stratmann and Ilia Rainer). *Journal of Law, Economics, and Organization* (2014, in press).

“From Internal Taxes to National Regulation: Evidence from a French Wine Tax Reform at the Turn of the Twentieth Century,” (with Noel Johnson and Raphael Franck). *Explorations in Economic History* 51 (January 2014): 77–93.

Book:

Institutions, Innovation, and Industrialization: Essays in Economic History and Development (edited by Avner Greif, Lynne Kiesling, and John V. C. Nye). Princeton: Princeton University Press, 2014.

Book Chapter:

“Institutions and Economic Inequality in Asia: Disentangling Policy and Political Structure.” In *Inequality in Asia and the Pacific*, ed. Ravi Kanbur, et al. Manila: Asian Development Bank, 2014.

Thomas Stratmann**Articles:**

“Do National Cancer Screening Guidelines Reduce Mortality?” (with Adam Leive). *Journal of Population Economics* (2014, in press).

“Do Black Mayors Improve Black Relative to White Employment Outcomes? Evidence from Large US Cities,” (with John V. C. Nye and Ilia Rainer). *Journal of Law, Economics, and Organization* (2014, in press).

Alex Tabarrok**Articles:**

“An FDA Report Card: Wide Variance in Performance Found among Agency’s Drug Review Divisions,” (with Joseph A. DiMasi and Christopher-Paul Milne). *Manhattan Institute for Policy Research Project FDA Report 7* (April 2014). http://www.manhattan-institute.org/html/fda_07.htm#.VMEZ8y43ksI

“Firearms and Suicides in the US States,” (with Justin Briggs). *International Review of Law and Economics* 37 (March 2014): 180–188.

“Ill-Conceived, Even if Competently Administered: Software Patents, Litigation, and Innovation,” (with Shawn Miller). *Econ Journal Watch* 11(1) (Jan. 2014): 37–45.

“The Industrial Organization of Online Education,” (with Tyler Cowen). *American Economic Review* 104(5) (May 2014): 519–522.

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The Wall Street Journal, *The New York Times*, *The Economist*, and many others.

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Online education website:

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Yong Yoon

Articles:

“Individualism and Political Disorder: Introduction, Political Disorder and Decay,” (with James M. Buchanan). *GMU Working Paper in Economics* 14-43 (December 2014).

Book:

Individualism and Political Disorder (with James M. Buchanan). Cheltenham, U.K.: Edward Elgar Pubs. Ltd., forthcoming 2015.

Presentations:

“Buchanan’s Last Book.” Middle Tennessee State University, October 2, 2014.

“Stackelberg on the Danube River: Games in Anticommons.” Public Choice Society, Charleston, SC, March 2014.

**The Public Choice Center
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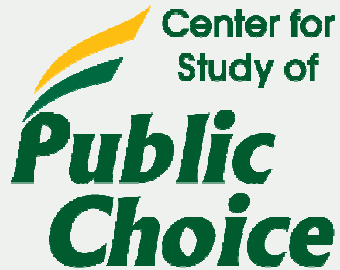
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The Center for Study of Public Choice is a unique research institution at George Mason University. It provides a single location where eminent scholars conduct innovative research, publish their findings and conclusions in a variety of print and electronic media, and teach the science of public choice. The Center builds on the groundbreaking economic and political science theories for which James Buchanan was awarded the Nobel Prize in economics. The Center draws both visiting and resident scholars and students from all over the world. Its faculty and researchers lecture and conduct seminars locally, across the United States, and abroad.

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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