



**FREE MARKET
INSTITUTE**

TEXAS TECH
Research & Innovation

McLane Teammates Reading Program

Economic Freedom and Entrepreneurship

Participants examine selections from the works of Adam Smith, John Maynard Keynes and other giants of economics both past and present. Selections focus on the treatment of entrepreneurship in the history of economic thought, classic debates about whether capitalism is prone to creating volatile business cycles, the socialist calculation debate and market process theory, and the relationship between entrepreneurship and economic development.

Reading Schedule

Session 1 – The Division of Labor

- Smith, Adam. (1776, 1981). “Bk. I, Ch. I: Of the Division of Labour.” In *An Inquiry into the Nature and Causes of The Wealth of Nations*. Indianapolis, IN: Liberty Fund, Inc. 13-24.
- ——— (1776, 1981). “Bk. I, Ch. II: Of the Principle Which Gives Occasion to the Division of Labour.” 25-30.
- ——— (1776, 1981). “Bk. I, Ch. III: That the Division of Labour is Limited by the Extent of the Market.” 31-36.
- ——— (1776, 1981). “Bk. II, Ch. III: Of the Accumulation of Capital, or of Productive and Unproductive Labour.” 330-349.
- Say, Jean-Baptiste (1803, 1859). “Of Operations Alike Common to All Branches of Industry.” In *A Treatise on Political Economy: Or, the Production, Distribution, and Consumption, of Wealth*. Philadelphia, PA: J.B. Lippincott. 79-85.
- ——— (1803, 1859). “Bk. I, Ch. VI: Of the Transformations Undergone by Capital in the Progress of Production.” 105-108.
- ——— (1803, 1859). “Bk. I, Ch. X: Of the Formation and Multiplication of Capital.” 109-118.
- ——— (1803, 1859). “Bk. I, Ch. XI: Of the Right of Property.” 127-132.
- ——— (1803, 1859). “Bk. I, Ch. XIV: Of the Formation and Multiplication of Capital.” 109-118.
- ——— (1803, 1859). “Bk. I, Ch. XV: Of the Demand or Market for Products.” 132-140.
- ——— (1803, 1859). “Bk. II, Ch. VII: Of the Revenue of Industry.” 324-342.



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Session 2 – Capitalism and Crisis

- Malthus, Thomas (1820, 1836). “Bk. II, Ch. I, Sec. III: Of Accumulation, or the Saving from Revenue to Add to Capital, Considered as a Stimulus to the Increase of Wealth.” In *Principles of Political Economy*, 2nd Ed. London, UK: W. Pickering. Accessed at <https://oll.libertyfund.org/titles/malthus-principles-of-political-economy>.
- ——— (1820, 1836). “Bk. II, Ch. I, Sec. IV: Of the Distribution Occasioned by Personal Services and Unproductive Consumers Considered as the Means of Increasing the Exchangeable Value of the Whole Produce.”
- Ricardo, David (1820, 2004). “Notes on Bk. II, Ch. I, Sec. III: Of Accumulation, or the Saving from Revenue to Add to Capital, Considered as a Stimulus to the Increase of Wealth.” In *The Works and Correspondence of David Ricardo, Vol. II: Notes on Malthus’s Principles of Political Economy*, Piero Sraffa and M.H. Dobb, Eds. Indianapolis, IN: Liberty Fund, Inc. 301-331.
- ——— (1820, 2004). “Notes on Bk. II, Ch. I, Sec. IV: Of the Distribution Occasioned by Personal Services and Unproductive Consumers Considered as the Means of Increasing the Exchangeable Value of the Whole Produce.” 421-436.
- Say, Jean-Baptiste (1821, 1967). “Letter I.” In *Letters to Mr. Malthus*. New York, NY: Augustus M. Kelley Publishers. 1-23.
- Ricardo, David (1820, 2004). “392. Ricardo to Malthus. October 9, 1820.” *The Works and Correspondence of David Ricardo, Vol. VIII: Letters, 1819-1821*, Piero Sraffa and M.H. Dobb, Eds. Indianapolis, IN: Liberty Fund, Inc. 276-280.
 - (1820, 2004). “395. Malthus to Ricardo. October 26, 1820.” 285-286.
 - (1820, 2004). “402. Ricardo to Malthus. November 24, 1820.” 300-302.
 - (1820, 2004). “404. Malthus to Ricardo. November 27, 1820.” 308-309.
 - (1820, 2004). “405. Ricardo to Malthus. November 29, 1820.” 310-311.
- Ricardo, David (1820, 2004). “440. Malthus to Ricardo. July 7, 1821.” *The Works and Correspondence of David Ricardo, Vol. IX: Letters, 1821-1823*, Piero Sraffa and M.H. Dobb, Eds. Indianapolis, IN: Liberty Fund, Inc. 9-11.
 - (1820, 2004). “442. Ricardo to Malthus. July 9, 1821.” 14-18.
 - (1820, 2004). “443. Malthus to Ricardo. July 16, 1821.” 18-22.
 - (1820, 2004). “444. Ricardo to Malthus. July 21, 1821.” 23-27.



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Session 3 – Exploitation and Capital

- Marx, Karl (1867, 1909). “The General Formula for Capital.” In *Capital: A Critique of Political Economy, Vol. 1: The Process of Capitalist Production*, Frederick Engels, Ed. Translated from the 3rd German Ed., by Samuel Moore and Edward Aveling. Chicago, IL: Kerr and Co. 108-113. Accessed at <http://oll.libertyfund.org/title/965>.
- ——— (1867, 1909). “The Buying and Selling of Labour-Power.” 121-126.
- ——— (1867, 1909). “The Labour-Process and the Process of Producing Surplus-Value.” 127-141.
- Marx, Karl (1867, 1978). “Capital, Volume One.” In *The Marx-Engels Reader*, Robert C. Tucker, Ed. New York, NY: W.W. Norton & Company. 419-438.
- ——— (1867, 1978). “Capital, Volume Three.” 439-442.
- ——— (1867, 1978). “Crisis Theory.” 443-465.
- Marx, Karl and Frederick Engels (1848, 1969). “Bourgeois and Proletarians.” In *Manifesto of the Communist Party*. 14-21. Accessed at <https://www.marxists.org/archive/marx/works/download/pdf/Manifesto.pdf>.
- ——— (1848, 1969). “Proletarians and Communists.” 22-27.
- ——— (1848, 1969). “Position of the Communists in Relation to the Various Existing Opposition Parties.” 34.

Session 4 – Industrial Organization

- Marshall, Alfred (1890, 1920). “Industrial Organization.” In *Principles of Economics*, 8th Ed. London, UK: Macmillan Co., Ltd. 240-249.
- ——— (1890, 1920). “Industrial Organization, Cont. Division of Labour. The Influence of Machinery.” 250-266.
- ——— (1890, 1920). “Industrial Organization, Cont. Business Management.” 291-313.
- ——— (1890, 1920). “Conclusion. Correlation of the Tendencies to Increasing and to Diminishing Return.” 314-322.
- ——— (1890, 1920). “General Influences of Economic Progress.” 668-688.



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Session 4 – Industrial Organization (Continued)

- ——— (1890, 1920). “Appendix A: The Growth of Free Industry and Enterprise.” 723-753.

Session 5 – Socialist Calculation

- von Mises, Ludwig (1920, 1935). “Economic Calculation in the Socialist Commonwealth.” In F.A. Hayek, ed., *Collectivist Economic Planning*. London, UK: Routledge & Kegan Paul Ltd. 87-130.
- von Mises, Ludwig (1952, 2008). *Profit & Loss*. Auburn, AL: Ludwig von Mises Institute.
- Lange, Oskar (1936). “On the Economic Theory of Socialism: Part One.” *The Review of Economic Studies*, Vol. 4, No. 1. 53-71.
- Lange, Oskar (1937). “On the Economic Theory of Socialism: Part Two.” *The Review of Economic Studies*, Vol. 4, No. 2. 123-142.

Session 6 – Knowledge and Discovery

- Hayek, Friedrich A. (1945). “The Use of Knowledge in Society.” *The American Economic Review*, Vol. 35, No. 4. 519-530.
- Hayek, Friedrich A. (2002). “Competition as a Discovery Procedure.” *The Quarterly Journal of Austrian Economics*, Vol. 5., No. 3. 9-23.
- Hayek, Friedrich A. (1948). “Individualism: True and False.” In *Individualism and Economic Order*. Chicago, IL: University of Chicago Press. 1-32.
- Hayek, Friedrich A. (1960). “The Creative Powers of a Free Civilization.” In *The Constitution of Liberty*. Chicago, IL: University of Chicago Press. 22-38.
- ——— (1960). “The Common Sense of Progress.” 39-53.
- Hayek, Friedrich A. (1974, 1989). “The Pretence of Knowledge.” *The American Economic Review*, Vol. 79, No. 6, Nobel Lectures and 1989 Survey of Members. 3-7.



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Session 7 – Animal Spirits

- Keynes, John Maynard (1936, 2018). “The General Theory.” In *The General Theory of Employment, Interest, and Money*. London, UK: Palgrave Macmillan Cham. 3-4.
- ——— (1936, 2018). “The Postulates of the Classical Economics.” 5-20.
- ——— (1936, 2018). “The Principles of Effective Demand.” 21-30.
- ——— (1936, 2018). “The State of Long-Term Expectation.” 129-143.
- Hutt, William H. (1974). “Introduction.” In *A Rehabilitation of Say’s Law*. Athens, OH: Ohio University Press. 1-12.
- ——— (1974). “Definitions (with some Explanations).” 13-23.
- ——— (1974). “Say’s Law Revisited.” 23-29.
- Akerlof, George A. and Robert J. Shiller (2010). “Confidence and Its Multipliers.” In *Animal Spirits: How Human Psychology Drives the Economy, and Why It Matters for Global Capitalism*. Princeton, NJ: Princeton University Press. 11-18.
- ——— (2010). “Why Do Economies Fall into Depression?” 59-73.
- Hayek, Friedrich A. (1981, 2012). “The Flow of Goods and Services.” In *The Collected Works of F.A. Hayek, Vol. 8: Business Cycles, Part II*. Chicago, IL: University of Chicago Press. 331-346.

Session 8 – Mainline Economics

- Boettke, Peter J. (2012). “Economics for Yesterday, Today, and Tomorrow.” In *Living Economics: Yesterday, Today, and Tomorrow*. Oakland, CA: The Independent Institute. 1-16.
- ——— (2012). “Where Did Economics Go Wrong? Modern Economics as a Flight from Reality.” 265-315.
- ——— (2012). “Man as Machine.” 316-329.
- ——— (2012). “The Limits of Economic Expertise.” 330-360.



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Session 9 – Creative Destruction

- Schumpeter, Joseph A. (1942). “Part II: Can Capitalism Survive?” In *Capitalism, Socialism and Democracy*. London, UK: Routledge. 59-164.

Session 10 – Competition and Coordination

- Kirzner, Israel M. (1997). “Entrepreneurial Discovery and the Competitive Market Process: An Austrian Approach” *Journal of Economic Literature*, Vol. 35, Issue 1. 60-85.
- Kirzner, Israel M. (2000). “The Limits of the Market: Real and Imagined” In *The Driving Force of the Market: Essays in Austrian Economics*. London, UK: Routledge Foundations of the Market Economy. 77-87.
- Kirzner, Israel M. (1996). “Reflections on the Misesian Legacy in Economics.” *The Review of Austrian Economics*, Vol. 9, No. 2. 143-54.
- Kirzner, Israel M. (1998). “Coordination as a Criterion of Economic ‘Goodness.’” *Constitutional Political Economy*, Vol. 9. 289-301.
- Kirzner, Israel M. (1999). “Creativity and/or Alertness: A Reconsideration of the Schumpeterian Entrepreneur.” *The Review of Austrian Economics*, Vol. 11. 5-17.

Session 11 – Property Rights and Development

- De Soto, Hernando (2000). “The Five Mysteries of Capital.” In *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*. New York, NY: Basic Bk.s. 1-14. Chs. 1, 2, 3, 5
- ——— (2000). “The Mystery of Missing Information.” 15-38.
- ——— (2000). “The Mystery of Capital.” 39-68.
- ——— (2000). “The Missing Lessons of U.S. History.” 105-152.



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Session 12 – Unproductive Entrepreneurship

- Buchanan, James M. (1980, 1999). “Rent-seeking and Profit-Seeking.” In *The Collected Works of James M. Buchanan, Vol. 1: The Logical Foundations of Constitutional Liberty*. Indianapolis, IN: Liberty Fund, Inc. 103-115.
- Baumol, William J. (1990). “Entrepreneurship: Productive, Unproductive, and Destructive.” *Journal of Political Economy*, Vol. 98, No. 5. 893-921.
- Baumol, William J., Robert E. Litan, and Carl J. Schramm (2007). “Entrepreneurship and Growth: A Missing Piece of the Puzzle.” In *Good Capitalism, Bad Capitalism, and the Economics of Growth and Prosperity*. New Haven, CT: Yale University Press. 1-14.
- ——— (2007). “Capitalism: The Different Types and Their Impacts on Growth.” 60-92.
- ——— (2007). “Unleashing Entrepreneurship in Less Developed Economies.” 133-184.

Session 13 – The Culture of Innovation

- Phelps, Edmund (2013). “How Modern Economies Got Their Dynamism.” In *Mass Flourishing: How Grassroots Innovation Created Jobs, Challenge, and Change*. Princeton, NJ: Princeton University Press. 19-40.
- ——— (2013). “The Experience of Modern Life.” 55-76.
- ——— (2013). “The Third Way: Corporatism Right and Left.” 135-169.
- ——— (2013). “Weighing the Rivals on Their Terms.” 170-192.
- ——— (2013). “The Good Life: Aristotle and the Moderns.” 268-288.