



**FREE MARKET
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TEXAS TECH
Research & Innovation

McLane Teammates Reading Program

The Economics of Knowledge

Participants examine the economics of education, innovation, and information. Key questions include:

- What is the role of education in a modern economy?
- What roles do markets and states perform in encouraging innovative economic activity?
- What is the role of experts in guiding public policy?
- What are the more general tradeoffs between expert planning and market competition?

Reading Schedule

Session 1 – The Division of Knowledge

- Hardin, Russel. (2009) “Ordinary Knowledge.” In *How Do You Know? The Economics of Ordinary Knowledge*. Princeton, NJ: Princeton University Press. 1-27.
- Ridley, Matt. (2010) “The Collective Brain: Exchange and Specialisation after 200,000 Years Ago.” In *The Rational Optimist: How Prosperity Evolves*. New York, NY: HarperCollins Publishers. 47-84.
- Lavoie, Don. (1985) “Coordination in Society: Tradition, Market, and Planning.” In *National Economic Planning: What Is Left?* Washington, DC: Cato Institute. Reprinted with permission by the Mercatus Center at George Mason University, 2016. 25-50.

Session 2 – Diversity

- Page, Scott E. (2007) “Diversity and Problem Solving: Darwin’s Brass Tacks.” In *The Difference: How the Power of Diversity Creates Better Groups, Firms, Schools, and Societies*. Princeton, NJ: Princeton University Press. 131-174.
- ——— (2007) “The Empirical Evidence: The Pudding.” 313-336.
- Hardin, Russel. (2009) “Liberalism.” In *How Do You Know? The Economics of Ordinary Knowledge*. Princeton, NJ: Princeton University Press. 83-100.

Session 3 – Forecasting

- Tetlock, Philip E. and Dan Gardner. (2015) “An Optimistic Skeptic.” In *Superforecasting: The Art and Science of Prediction*. New York, NY: Broadway Books. 1-23.
- ——— (2015) “Keeping Score.” 46-80.
- Page, Scott E. (2007) “Models of Information Aggregation: Mindless Signals.” In *The Difference: How the Power of Diversity Creates Better Groups, Firms, Schools, and Societies*. Princeton, NJ: Princeton University Press. 175-185.
- ——— (2007) “Diversity and Prediction: The Crowd of Models.” 222-236.



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Session 4 – Planning

- Boettke, Peter J. (2018) “Hayek and Market Socialism.” In *F.A. Hayek: Economics, Political Economy and Social Philosophy*. London, UK: Palgrave Macmillan. 119-139.
- Lavoie, Don. (1985) “The Knowledge Problem.” In *National Economic Planning: What Is Left?* Washington, DC: Cato Institute. Reprinted with permission by the Mercatus Center at George Mason University, 2016. 51-92.
- Sunstein, Cass R. (2014) “Cost-Benefit Analysis and the Knowledge Problem.” October 12. Accessed at: <http://nrs.harvard.edu/urn-3:HUL.InstRepos:16152306>.
- Tetlock, Philip E. and Dan Gardner. (2015) “Are They Really So Super?” In *Superforecasting: The Art and Science of Prediction*. New York, NY: Broadway Books. 231-249.

Session 5 – Education I

- Caplan, Bryan. (2018) “The Magic of Education.” In *The Case Against Education: Why the Education System is a Waste of Time and Money*. Princeton, NJ: Princeton University Press. 9-30.
- ——— (2018) “The Puzzle is Real: The Handsome Rewards of Useless Education.” 69-95.
- Oreopoulos, Philip and Kjell G. Salvanes. (2011) “Priceless: The Nonpecuniary Benefits of Schooling.” *Journal of Economic Perspectives*, Vol. 25, No. 1. 159-184.
- Blundell, Richard, Lorraine Dearden, Costas Meghir, and Barbara Sianesi. (1999) “Human Capital Investment: The Returns from Education and Training to the Individual, the Firm and the Economy.” *Fiscal Studies*, Vol. 20, No. 1. 1-23.

Session 6 – Education II

- Caplan, Bryan. (2018) “The Signs of Signaling: In Case You’re Still Not Convinced.” In *The Case Against Education: Why the Education System is a Waste of Time and Money*. Princeton, NJ: Princeton University Press. 96-123.
- ——— (2018) “Nourishing Mother: Is Education Good for the Soul?” 238-261.



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Session 7 – Education Policy

- Caplan, Bryan. (2018) “The White Elephant in the Room: We Need Lots Less Education.” In *The Case Against Education: Why the Education System is a Waste of Time and Money*. Princeton, NJ: Princeton University Press. 195-224.
- ——— (2018) “ $1 > 0$: We Need More Vocational Education.” 225-237.
- *The Economist*. (2017) “Special Report: Learning and Earning.” January 14. Accessed at: https://www.economist.com/sites/default/files/learning_and_earning.pdf.
- Dynarski, Susan M. (2014) “An Economist’s Perspective on Student Loans in the United States.” September 18. Economic Studies Working Paper Series. Washington, DC: Brookings Institution.

Session 8 – Innovation

- Ridley, Matt. (2010) “The Invention of Invention: Increasing Returns after 1800.” In *The Rational Optimist: How Prosperity Evolves*. New York, NY: HarperCollins Publishers. 247-278.
- Mazzucato, Mariana. (2015) “Technology, Innovation, and Growth.” In *The Entrepreneurial State: Debunking Public vs. Private Sector Myths*. New York, NY: PublicAffairs. 35-62.
- Munger, Michael C. (2018) “The Answer is ‘Transaction Costs’ – Uber Sells Triangulation, Transfer, and Trust.” In *Tomorrow 3.0: Transaction Costs and the Sharing Economy*. New York, NY: Cambridge University Press. 71-106.

Session 9 – Innovation Policy

- Mazzucato, Mariana. (2015) “Thinking Big Again.” In *The Entrepreneurial State: Debunking Public vs. Private Sector Myths*. New York, NY: PublicAffairs. 1-20.
- ——— (2015) “From Crisis Ideology to the Division of Innovative Labour.” 21-34.
- Mingardi, Alberto. (2015) “A Critique of Mazzucato’s Entrepreneurial State.” *Cato Journal*, Vol. 35, No. 3. 603-625.
- Thierer, Adam. (2016) “Why Permissionless Innovation Matters.” In *Permissionless Innovation: The Continuing Case for Comprehensive Technological Freedom*. Arlington, VA: Mercatus Center at George Mason University. 7-21.
- Boldrin, Michele and David K. Levine. (2013) “The Case Against Patents.” *Journal of Economic Perspectives*, Vol. 27, No. 1. 3-22.
- Gilbert, Richard. (2011) “A World without Intellectual Property? A Review of Michel Boldrin and David Levine’s *Against Intellectual Monopoly*.” *Journal of Economic Literature*, Vol. 49, No. 2. 421-432.



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Session 10 – Politics

- Hardin, Russel. (2009) “Democratic Participation.” In *How Do You Know? The Economics of Ordinary Knowledge*. Princeton, NJ: Princeton University Press. 60-82.
- Caplan, Bryan. (2007) “The Myth of the Rational Voter: Why Democracies Choose Bad Policies.” May 29. *Cato Institute Policy Analysis*, No. 594. Washington, DC: Cato Institute.
- Landemore, Hélène. (2013) “The Maze and the Masses.” In *Democratic Reason: Politics, Collective Intelligence, and the Rule of the Many*. Princeton, NJ: Princeton University Press. 1-26.
- Somin, Ilya. (2011) “Foot Voting, Political Ignorance, and Constitutional Design.” *Social Philosophy and Policy*, Vol. 28, No. 1. 202-227.

Session 11 – Reflections

- Caplan, Bryan. (2018) “Five Chats on Education and Enlightenment.” In *The Case Against Education: Why the Education System is a Waste of Time and Money*. Princeton, NJ: Princeton University Press. 262-284.
- ——— (2018) “Conclusion.” 285-290.
- Page, Scott E. (2007) “A Fertile Logic: Putting Ideas to Work.” In *The Difference: How the Power of Diversity Creates Better Groups, Firms, Schools, and Societies*. Princeton, NJ: Princeton University Press. 339-370.
- Tetlock, Philip E. and Dan Gardner. (2015) “Perpetual Beta.” In *Superforecasting: The Art and Science of Prediction*. New York, NY: Broadway Books. 174-192.
- Hayek, Friedrich A. (1989) “The Pretence of Knowledge.” *The American Economic Review*, Vol. 79, No. 6. 3-7.