Contents

Lis	t of Figures	page x
Lis	t of Tables	xiii
Ac	nowledgments	xv
	DAREY INTRODUCTION CHINES	1
	PART I INTRODUCTORY THEMES	1
1	Introduction	3
	1.1 Introduction	3
	1.2 Discussion	7
	1.3 Linear versus Cyclical Policy Goals	8
	1.4 Exogenous versus Endogenous Goals	10
	1.5 Transparency	12
	1.6 Sympathetic Bias	14
	1.7 Ideology	15
	1.8 Systems Gone Wrong	16
	1.9 Some Possible Remedies	18
	1.10 Concluding Thoughts	24
	PART II THE DISCUSSION TRADITION	27
2	On "Strongly Fortified Minds": Self-Restraint and Cooper	ation
	in the Discussion Tradition	29
	2.1 Introduction	29
	2.2 Discussion, the Self, and Trade: Adam Smith	30
	2.3 Discussion and Learning: J. S. Mill	33
	2.4 Fair Play and Language	37
	2.5 Discussion and Cooperation: Experimental Evidence	e 39
	2.6 Conclusion	44

viii Contents

3	The Knightian Moment		40
	3.1	Introduction	46
	3.2	Frank Knight's Disciple, George Stigler	50
	3.3	Free-Market Experts and Ordinary People	52
	3.4	Milton Friedman's Consumption Function	56
	3.5	The Thomas Jefferson Center Proposal to	
		the Ford Foundation	61
	3.6	Conclusion	66
4	The Rise of New Welfare Economics: An End to Discussion?		68
	4.1	Introduction	68
	4.2	Lionel Robbins and Goal Endogeneity	70
	4.3	New Welfare Economics	80
	4.4	Conclusion	84
		PART III WHEN LINEAR MODELS FAIL: TWO CASES	89
5	Experts and Eugenics: "Science" Privileges a Social Goal		
	5.1	Introduction	91
	5.2	Experts on Ends: Human Happiness versus Progress	94
	5.3	Charles Bradlaugh, Annie Besant, and Charles Darwin:	
		Competing Experts	97
	5.4	Expert Advice Cascades: Economists Change Course	103
	5.5	Experts Who Pick Results to Support the Ends	105
	5.6	Conclusion	107
6	Expert Judgment and Soviet Growth		
	6.1	Introduction	110
	6.2	Soviet Growth in US Economics Textbooks	114
	6.3	Poor Forecasts: Ideology or Model Failure?	128
	6.4	A Second-Best Test	132
	6.5	Conclusion	134
		PART IV AN END TO DISCUSSION: SECRECY	
		AND THE TEMPTATION TO BIAS	137
7	_	perts and the Philosopher's Stone: John Law's	
	Sec	ret Financial Alchemy	139
	7.1	Introduction	139
	7.2	John Law and the Mississippi Bubble	141

Contents ix

	7.3	The Hidden: Alchemy in the Great Mirror of Folly	144	
	7.4	Uncovering the Fraud: Desiderius Erasmus on Alchemy in		
		the Great Mirror of Folly	149	
	7.5	Conclusion	155	
8	The Consequence of Suppressing Discussion: Imprudence			
	with Biased Experts			
	8.1	Introduction	157	
	8.2	The Early Criticism of Rating Agencies in Regulation	161	
	8.3	Gilbert Harold's Prudent Estimator of Investment Quality	162	
	8.4	The Corporate Bond Study Responds to a Critic	167	
	8.5	The Corporate Bond Project of the National Bureau of		
		Economic Research	174	
	8.6	Conclusion	176	
		PART V GETTING THE BEST FROM EXPERTS	179	
9	A Proposal for a Revised Code of Ethics for Experts			
	9.1	Introduction	182	
	9.2	The Expert Economist's Dilemma, Historically Considered	184	
	9.3	Experts as Truth Seekers: A First-Best Option	188	
	9.4	Toward a (Partial) Solution to the Ethical Dilemmas		
		of Expertise	190	
	9.5	Conclusion	193	
10	Mitigating the Consequences of Factional Expertise		197	
	10.1	Introduction	197	
	10.2	Gordon Tullock and the "Racket"	199	
		Karl Popper on Scientific Faction	202	
	10.4	Bringing Out the Best of Expertise	204	
	10.5	Conclusion	207	
11	Inducing Greater Transparency		210	
	11.1	Introduction	210	
	11.2	Clients and Experts: The Statisticians' View	213	
		A Model of Sympathetic Expertise	214	
		Governance by Jury	220	
		Is Transparency Incentive Compatible?	222	
		Making Transparency Incentive Compatible	226	
	11.7	Conclusion	229	

x Contents

	PART VI	CONCLUSION	233
12	Vox Populi?		235
	12.1 Returning to Discussion		235
	12.2 A Radical Proposal		240
Bib	liography		243
Index			265