

Favorite Quotations and Passages

- (1) “Happiness consists in tranquillity and enjoyment. Without tranquillity there can be no enjoyment; and where there is perfect tranquillity there is scarce anything which is not capable of amusing... The great source of both the misery and disorders of human life, seems to arise from over-rating the difference between one permanent situation and another. Avarice over-rates the difference between poverty and riches: ambition, that between a private and a public station: vain-glory, that between obscurity and extensive reputation. The person under the influence of any of those extravagant passions, is not only miserable in his actual situation, but is often disposed to disturb the peace of society, in order to arrive at that which he so foolishly admires.” ~ Adam Smith (*The Theory of Moral Sentiments*, 1759, Part III, Chapter III)

- (2) “[T]he problem is one of choosing the appropriate social arrangement for dealing with the harmful effects. All solutions have costs and there is no reason to suppose that government regulation is called for simply because the problem is not well handled by the market or the firm.” (p.18) “It seems to me preferable to use the opportunity cost concept and to approach these problems by comparing the value of the product yielded by factors in alternative uses or by alternative arrangements. The main advantage of a pricing system is that it leads to the employment of factors in places where the value of the product yielded is greatest and does so at less cost than alternative systems (I leave aside that a pricing system also eases the problem of the redistribution of income).” (p. 40) ~ Ronald Coase (“The Problem of Social Cost,” *Journal of Law and Economics*, 1960)

- (3) “Anyone who is persuaded in one evening (or even ten one-hour evenings) is not really persuaded. He can be converted by the next person of opposite views with whom he spends an evening. The only person who can truly persuade you is yourself. You must turn the issues over in your mind at leisure, consider the many arguments, let them simmer, and after a long time turn your preferences into convictions.” ~ Milton Friedman and Rose D. Friedman (*Free to Choose: A Personal Statement*, 1980, pp. xv-xvi)

- (4) “(1) Use mathematics as a shorthand language, rather than as an engine of inquiry. (2) Keep to them till you have done. (3) Translate into English. (4) Then illustrate by examples that are important in real life. (5) Burn the mathematics. (6) If you can't succeed in (4), burn (3). This last I did often... And I think you should do all you can to prevent people from using Mathematics in cases in which the English language is as short as the Mathematical...” ~ Alfred Marshall (in a 1906 letter to Arthur Bowley; see also *Journal of Law and Economics*, 1975, pp. 30-31)
- (5) “[T]he ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economists..., it is ideas, not vested interests, which are dangerous for good or evil.” ~ John Maynard Keynes (*The General Theory of Employment, Interest, and Money*, 1936, pp. 383-384)
- (6) “In a social order where all values are reduced to the money measure..., a considerable fraction of the most noble and sensitive characters will lead unhappy and even futile lives. Everyone is compelled to play the economic game and be judged by his success in playing it, whatever his field of activity or type of interest, and has to squeeze in as a side line any other competition, or noncompetitive activity, which may have for him a more intrinsic appeal.” ~ Frank Knight (“The Ethics of Competition,” *Quarterly Journal of Economics*, 1923, p. 612)