

NOT AN END... A NEW BEGINNING

Introducing the Bridwell Institute, Page 1



Tim Harford delivers the luncheon keynote at the O'Neil Conference





Lawson at the O'Neil Conference

A Message from the Director

This will be the final Annual Report for the O'Neil Center for Global Markets and Freedom. We're not going anywhere, nor are we changing our mission and personnel, but we are getting a new name—the Bridwell Institute for Economic Freedom.

After the 2019-20 academic year ended, SMU Cox Dean Matt Myers announced a \$15 million gift from Tucker Bridwell, a business school alum with a bachelor's degree in 1973 and an MBA in 1974, and his wife Gina. Half the money goes to the business school's new building and other half will upgrade the O'Neil Center into a research institute.

I'll let Dean Myers tell you about it: "Tucker and Gina's gift will enrich programs, impact our understanding of free enterprise in global markets and generate countless opportunities for SMU faculty and students. We are grateful for their belief in Cox and their service to SMU over the years."

I've enjoyed getting to know Tucker. A resident of Abilene, he's president of the Mansefeldt Investment Corp. and the Dian Graves Owen Foundation. He also manages MDJ Minerals, one of the largest oil and gas mineral positions in the Permian Basin.

As the Bridwell Institute, we'll still conduct research on economic freedom, including the indexes for nations, states and metropolitan areas. We'll still help SMU students explore the ideas of economic freedom through reading groups. We'll still engage the Dallas-Fort Worth community with Texas Economic Forums, speakers and other events. We'll still foster the teaching of free enterprise and its benefits in Texas high schools.

As we go forward as the Bridwell Institute, we will not forget our roots. It was a gift from SMU alum William J. O'Neil that created the center in 2008, and we carried the name proudly as a tribute to the legendary investors' faith

in American capitalism. I thank the O'Neil family for their support over the years and for graciously agreeing to the renaming.

The rest of this report focuses on the O'Neil Center's activities and accomplishments in the 2019-20 academic year. We had been conducting business as usual until the disruptive COVID-19 pandemic hit in the spring. Along with the rest of the SMU community, the Center carried on remotely – for example, we finished the semester's five reading groups with online sessions. As I write this, the COVID-19 precautions are continuing. Our Zoom skills are getting a workout.

I'm proud of the way the O'Neil Center faculty and staff have kept our research and educational mission moving forward in trying times. But we miss being on campus, working together. We look forward to the day when we can return to normal operations—as the Bridwell Institute.

Robert L. Lawson
Director, Bridwell Institute



WILLIAM J. O'NEIL CENTER FOR GLOBAL MARKETS AND FREEDOM ANNUAL REPORT 2019-20

The William J. O'Neil Center for Global Markets and Freedom (O'Neil Center) was established with an initial grant from William J. O'Neil, a 1955 SMU business school graduate, and his wife, Fay C. O'Neil. The Center's broad mission is the study of why some economies prosper and experience rapid growth while others remain poor and grow only slowly. The O'Neil Center focuses on two critical issues for the 21st-century economic environment—globalization and economic freedom. In doing so, it fosters an understanding of capitalism among the next generation of business leaders, policy makers, and the public. The Center is the only research institute with expertise in measuring economic freedom at all three levels of economic analysis—nations, states and metropolitan areas.

In the academic year 2019-20, the O'Neil Center once again pursued its broad mandate by focusing on three mutually supporting research agendas:

- Global Economic Freedom concentrates on measuring economic freedom and its impact on key metrics of national performance;
- Economic Freedom of North America takes a similar approach to studying state and metropolitan-area economic freedom;
- Texas Economic Freedom focuses on the Lone Star State and its largest cities, all of which rank high in our economic freedom indexes and outperform the rest of the nation on key metrics.

These three research agendas support the O'Neil Center's fourth initiative: Student Enrichment and Public

Outreach. The Center spreads the ideas of liberty and economic freedom to SMU students in classrooms and reading groups and to the broader community through public programs and the media.



Like nearly every other part of society, the O'Neil Center felt the impact of the coronavirus pandemic.

For the first nine months the 2019-20 academic year, it was business as usual at the Center, with a conference focused on the lessons of economic history, reading groups and events for students, a Texas Economic Forum on disruption in the energy industry, Teaching Free Enterprise events for high-school teachers in dozens of Texas cities and

several visiting speakers.

After the COVID-19 virus' dangers rose in March, SMU closed the campus, sent students home and moved classes online. The O'Neil Center's faculty and staff worked from home, continuing to teach, research and collaborate while heeding warnings to maintain social distance. On- and off-campus events and activities were either cancelled or held via remote connections.

Despite the COVID-19 pandemic interrupting routines and causing some adjustments in programs, O'Neil Center scholars published more than 40 articles for academic and non-academic publications and delivered almost 50 speeches, presentations and lectures. Teaching Free Enterprise had its biggest year ever

with more than 1,700 teachers attending workshops, plus the completion of four new curriculum units.

The O'Neil Center taught over 500 students in SMU classes, with more 100 students attending the Center's nine reading groups. The Workshop Series welcomed five researchers to the O'Neil Center for feedback on presentations of research in progress. These summary numbers compare favorably with recent pre-pandemic years.



After four years with the Teaching Free Enterprise program, Daniel Serralde left the O'Neil Center in the fall semester. Ray Hughel, a former high school economics teacher who had been assisting Serralde, took over leadership of the program early in the spring semester.

The rest of the O'Neil Center personnel remained in place:

- Robert Lawson, the Jerome M. Fullinwider Centennial Chair in Economic Freedom, completed his fifth year as director;

- Meg Tuszynski, research associate professor, finished her third year as the Center's assistant director and led our student reading groups while continuing her research activities;

- W. Michael Cox, founding director of the O'Neil Center, led the Texas Economic Freedom initiative and co-authored the center's Annual Report essay;

- Richard Alm, writer-in-residence, collaborated with Cox on the Texas Economic Freedom initiative and Annual Report essays;

- Dean Stansel, research associate professor, co-authored the Economic Freedom of North America (EFNA) report and led student reading groups;

- Ryan Murphy, research assistant professor, primarily worked with Lawson on measuring economic freedom and led the Center's advanced student reading groups;

- Mike Davis, senior lecturer, once again shouldered the Center's heaviest teaching load and was a versatile and quotable resource for local TV and other media;

- Program specialist Liz Chow assisted with logistics and marketing for the

Center's initiatives;

- Former SMU Cox Dean Al Niemi, the William J. O'Neil Chair in Global Markets and Freedom, continued his teaching and research.



The O'Neil Center relies primarily on donors to fund its operations. With an annual budget of over \$2 million, the Center is grateful for the generous support from the William E. Armentrout Foundation, McLane Company, Inc., the Charles G. Koch Charitable Foundation, the William J. O'Neil Foundation, the Deason Foundation, Richard W. Weekley, Tucker Bridwell, and numerous other individual donors. Their support goes beyond the financial contributions.

The 2019-20 academic year began on June 1, 2019, and ended on May 31, 2020. Details of the O'Neil Center's activities and accomplishments are presented on the following pages, sorted into the three mutually supporting research agendas, plus the Student Enrichment/Public Outreach initiative.

O'Neil Center Faculty and Staff, 2019-20



Robert Lawson



Meg Tuszynski



W. Michael Cox



Richard Alm



Dean Stansel



Ryan Murphy



Michael Davis



Ray Hughel

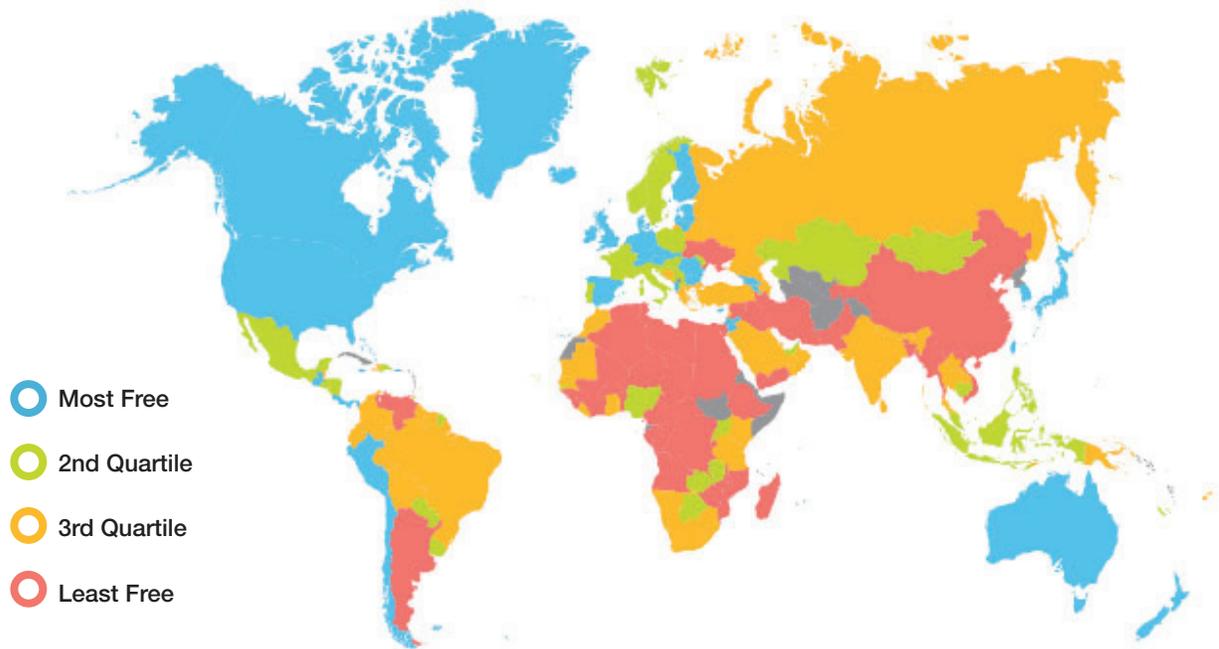


Liz Chow



Albert W. Niemi

GLOBAL ECONOMIC FREEDOM



EFW Report

The centerpiece of this O’Neil Center research agenda is the *Economic Freedom of the World (EFW)* report, which provides an empirical measure of economic freedom across countries based on the size of government, legal system and property rights, sound money, freedom to trade internationally and regulatory burdens.

The EFW index gives researchers a powerful tool to test ideas about free enterprise and its consequences. Numerous studies have found that high EFW scores correlate with higher incomes, faster economic growth, lower poverty rates, higher life expectancy and many other positive outcomes.



Lawson has been a key researcher on the EFW index for nearly three decades. At the O’Neil Center, he and Murphy compile the EFW data and calculate economic freedom ratings for 162 countries. Lawson and Murphy, along

with co-authors James Gwartney (Florida State) and Joshua Hall (University of West Virginia), released the latest EFW report in September 2019.

It showed that the most economically free places in 2017 were Hong Kong, Singapore, New Zealand, Switzerland, and the United States. Among five broad areas, the United States scored highly on sound money and regulation; its lowest scores were in size of government and legal system and property rights.

In addition to their empirical work, Lawson and Murphy contributed an *EFW* report chapter on their ongoing efforts to extend the index back in time from its current start in 1970. Their efforts produced economic freedom measures for 111 to 118 countries at five-year intervals, starting in 1950.



Each year, publication of the *EFW* generates research and public discussion

from members of the O’Neil Center:

- Under the title “Capitalism is (Slowly) Winning Around the World,” Lawson analyzed the latest EFW data for the fall issue of *The Catalyst*, a journal of ideas from the George W. Bush Institute, our neighbor on the SMU campus.

- *Exponents* magazine ran Murphy’s “What Country Has the Most Economic Freedom” in September 2019. Combining the EFW index and his measure of economic modernity leads to the conclusion that even social democrats ought to place some weight on economic freedom.

- Lawson reviewed the history and accomplishments associated with the EFW project in “The Consequences and Causes of Economic Freedom: Adam Smith Award Remarks,” published in the fall issue of the *Journal of Private Enterprise*. The essay is an edited transcript of his remarks upon receiving of the Association of Private Enterprise’s Adam Smith Award.

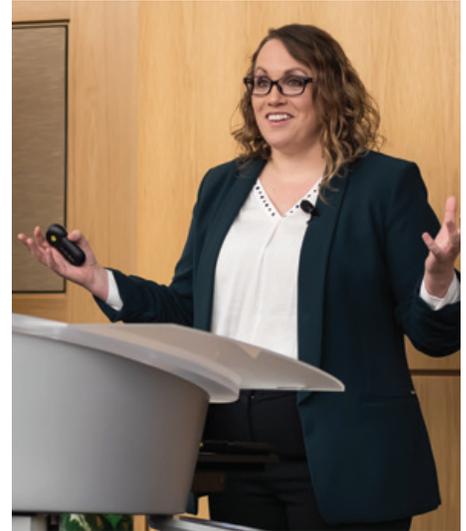
O'Neil Center Annual Conference



Douglas Irwin



Ning Wang



Jayme Lemke

Under the theme “Past as Prologue: What History Teaches Us About Today’s Economy,” November’s annual conference featured a half dozen speakers who addressed topics relevant to economic freedom.

The highlight of the half-day event was the luncheon keynote address by Tim Harford, senior columnist for the *Financial Times* (cover photo). He presented how-we-got-here nuggets from this recent book titled “50 Things That Made the Modern Economy.”

Harford spoke after presentations by:

- Dartmouth College economics

professor Douglas Irwin, the morning keynote speaker, who traced the antecedents of the current impulse to restrict international trade;

- Edward Stringham, president of the American Institute for Economic Research, who told the story of the emergence of more open financial markets;

- Ning Wang, a senior fellow at the Ronald Coase Institute, who examined the causes and events leading to China’s rise as a more capitalist economy;

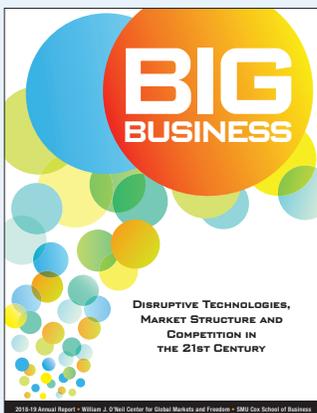
- Jayme Lemke, senior research fellow at George Mason University’s Mercatus

Center, who spoke about the struggles to give women greater economic freedom;

- Alm, who reported on his O’Neil Center project—a search for the historic forces that forged the 21st century’s highly successful Texas model of economic freedom.

- Cox gave a short synopsis of the “Big Business” Annual Report essay (*see below*), which was released at the event.

About 120 people attended the on-campus conference, most of them SMU students and O’Neil Center supporters from the DFW business community.



Annual Report Essay

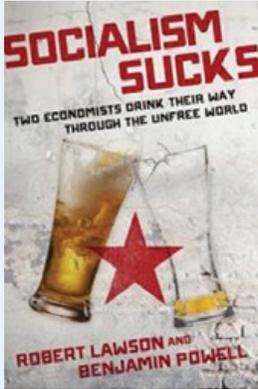
For their 10th O’Neil Center Annual Report essay, Cox and Alm wrote “Big Business: Disruptive Technologies, Market Structure and Competition in the 21st Century.”

The essay focuses on how the digital revolution has created a business ecosystem characterized by high fixed costs and low marginal costs. This cost revolution has led to bigger companies

and more concentrated industries—and not just in the tech sector.

The swing toward big business raises questions about pricing power, consumer welfare, profits, mergers and acquisitions, investing, corporate governance and the pace of innovation. More broadly, this new reality presents challenges for established views on growth, inflation, job creation, inequality and antitrust doctrine.

Two New Books in 2019-20



In the summer 2019, Regency Publishing released *Socialism Sucks: Two Economists Drink Their Way Through the Unfree World*, a book by Lawson and Benjamin Powell (Texas Tech University). The two economists traveled to past and present unfree countries—including Cuba, China, Korea, Venezuela and the old Soviet Union as well as the largest gathering of American socialists. They weave their experiences with scholarship to explain why socialism has always failed. As the title implies, they had a few beers along the way. The book was ninth overall among Amazon best-sellers in August 2019 and reach fifth during the authors’ publicity tour in March.



Lexington Books released Murphy’s *Markets Against Modernity: Ecological Irrationality, Public and Private* in early 2020. The volume centers on popularly held attitudes that just don’t make sense from an economic or analytical perspective. The targets include: buying local, fear of vaccines, the supposed morality of Buy American campaigns and many notions that touch on diet, health and the environment. Murphy ties these seemingly disparate illusions together by recognizing a common cause—“a fundamental mismatch between our minds and the institutional environment of modernity.”



Academic Publications

In the fall semester 2019:

- *Empirical Economics* published “Applying Panel Vector Autoregression to Institutions, Human Capital, and Output,” written by Murphy and co-author Colin O’Reilly (Creighton University). The paper shows that more economic freedom yields more output, and more education yields more economic freedom. It does not find positive effects for democracy.

- Murphy and O’Reilly joined forces for a second paper on “The Champions of Capitalism? National Leaders and the Institutional Channel,” published in *Applied Economics Letters*. It looks at the role of national leaders in economic performance and finds the ones with positive impacts delivered results by increasing their countries’ economic freedom.

- Murphy’s “Governance and the Dimensions of Autocracy” appeared in *Constitutional Political Economy*. Its central question: Is the relationship between bad governance and autocratic political institutions due to autocratic countries being poorer, less educated or having worse culture?

- The *Journal of Institutional Economics* published Murphy’s “Liberalizing State Building, and Getting to Denmark: Analyzing Twenty-First Century Institutional Change.” The research finds widespread gains in economic freedom and state economic modernity among developing nations since 2000, led by Rwanda.

- Murphy’s unorthodox view that the desire for social status might explain teenagers’ risking their health to ingest

Tide Pods warranted a formal paper titled “The Rationality of Literal Tide Pod Consumption,” published in the *Journal of Bioeconomics*.



In the spring semester 2020:

- Lawson and his daughter Kerianne Lawson (West Virginia University) joined forces for “Economic Liberalizations Around the World Since 1970: Shock Therapy Versus Gradualism,” published in the *Cato Journal*. They find countries that reformed more quickly grew somewhat faster during and just after the reform period.

- *Contemporary Economic Policy* published “The Determinants of Economic Freedom: A Survey,” written by Lawson, Murphy and Benjamin

Powell (Texas Tech University). The main findings are that democracy and political freedom are conducive to economic freedom but economic inequality is not.

- Murphy’s “Democracy Dies in Recession? A Descriptive Analysis of Aggregate Demand Shortfalls and Regime Transition” appeared in *Economic Affairs*. The research shows that declines in nominal gross domestic product reduce the probability that an autocratic country will democratize.

- The *Journal of Financial Economic Policy* included Murphy’s “Economic Freedom Variables Endogenous to

Business Cycles,” a study of how recessions impact the EFW’s ability to measure economic freedom’s impact on GDP.



Accepted for publication:

- Murphy and Colin O’Reilly (Creighton University) weigh into an active debate with “Assessing State Capacity Libertarianism,” accepted by the *Cato Journal*. The authors use measures of state capacity to show that economic freedom and state capacity are substitutes, not complements.

- *Libertas: Segunda Epoca* will publish Murphy’s “Socialist Calculation Fails: By

How Much, and Due to What?” It’s an inquiry into the socialist calculation’s intermediate stages and their impacts on the widely recognized gap in economic performance between capitalist and socialist countries.

- Murphy’s “Corporations as the Outgroup?” will appear in *Man and the Economy*. The article contends that it’s impossible for a firm itself to behave ethically in the absence of imperfections in the market. Firms will cooperate or defect opportunistically in ways that resemble a psychopath. This helps explain popular antagonistic sentiments among firms.

Non-Academic Publications

- *The Orange County Register* picked up Murphy’s late spring 2019 “Boomer Socialism versus Millennial Neoliberalism,” a discussion of the misperceptions about millennials’ skepticism of capitalism and boomers’ enthusiasm for it.

- In an *Arc Digital* article titled “Has Olive Garden Stumbled Upon a Solution to World Hunger?” Murphy uses the eatery’s surprisingly low promotional prices to reflect on how the prices of so many consumer goods have declined so rapidly.

- Davis wrote two coronavirus-related commentaries in *The Hill*, a Washington, D.C.-based website on politics and government. In March, he confronted price-gouging fears by arguing the higher prices are the best way to deal with suddenly scarce products. In April, he faulted the federal government’s first relief bill for failing to provide

help where it’s needed; then he focused on the transition back to normality.

- In an April *Dallas Morning News* op-ed, Davis warned about the unintended consequences of using the heavy hand of government—specifically, the Defense Production Act—to increase output of medical supplies during the pandemic. The article also ran in the *Detroit News*.

- As the pandemic began to take a toll on jobs in April, Davis’ wrote an analysis in the *Orange County Register* that warned of harder times to come—but ended on a positive note by reminding readers of the nation’s longer-term economic and social strengths.

- Murphy found an entrepreneurship message in “Review of The MVP Machine,” a book hailed as the next *Moneyball*. His comments are scheduled for publication in the *Review of Austrian Economics*.

Presentations and Speeches

- The publication of *Socialism Sucks: Two Economists Drink Their Way Through the Unfree World* turned Lawson into a road warrior. Between June 2019 and May 2020, he made more than 25 presentation on the book, some with co-author Powell. Eleven of the talks were to DFW business and civic audiences. Lawson delivered the lessons of *Socialism Sucks* at 10 colleges and universities, including SMU at a March O’Neil

Center event (see page 14). Among the out-of-town gigs were: Freedom Fest in Las Vegas, the Leadership Program of the Rockies in Colorado and Menard’s corporate offices in Wisconsin.

- At the University of North Texas’ annual Constitution Day in September, Cox highlighted capitalism’s freedom and prosperity in a debate with pro-socialist University of Houston professor David McNally. About 200 students attended.

- On Lawson’s October trip to Yerevan, Armenia, and Tbilisi, Georgia, the *EFW* report was the topic for several lectures at universities and meetings with government officials. Lawson also discussed the *EFW* at the Economic Freedom Network’s meeting in Bangkok (October), the Bastiat Society in Indianapolis (November), West Virginia University (November) and Guatemala’s Francisco Marroquin University (February).

Continued next page

- At a November Ohio University seminar, Lawson presented his findings on “Economic Liberalizations Around the World Since 1970: Shock Therapy Versus Gradualism.”

- In June 2019, Lawson took part in a panel discussion at Cboe Global Markets in New York City for the launch of the new Freedom 100 Emerging Market (FRDM) exchange traded fund (ETF), created by Perth Tolle, founder of Life +

Liberty Indexes. The ETF uses the EFW ratings to help select the countries and their weights within the fund.

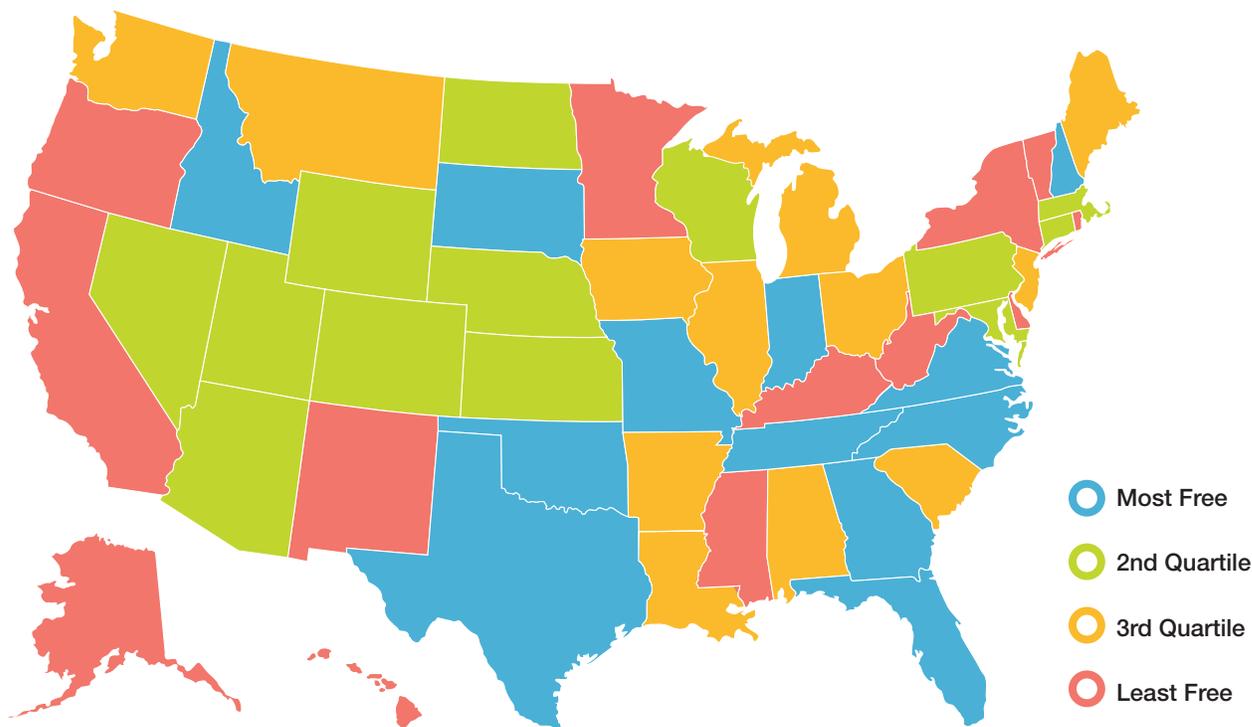
- In December, Stansel gave a public lecture on “Economic Freedom: What It Is and Why It Matters” at a meeting of the Bastiat Society’s Dallas chapter.

- During the fall semester, Murphy discussed the EFW index at two Dallas events. In August, an Institute for Humane Studies audience heard him

speak on “Some Insider Notes on Economic Freedom of the World.” For the Oak Cliff Lion’s Club in October, Murphy topic was “Economic Freedom of the World.”

- In December, Murphy explained “The Financial Imprudence of Do-It-Yourself,” a critique of the handy homeowner, for Dallas’ chapter of America’s Future Foundation, a free-market group of young professionals.

ECONOMIC FREEDOM OF NORTH AMERICA



EFNA Report

Since 2013, Stansel has been the primary author of the Economic Freedom of North America (EFNA) report, a data-driven assessment of the balance between markets and government control in each of the continent’s states and provinces. In addition, Stansel has created the first index that measures economic freedom for the nation’s metropolitan statistical areas (MSAs).

Like the EFW index, the EFNA and MSA measures show correlations between economic freedom and higher incomes, faster growth and other favorable outcomes.

In November, Stansel and co-authors Fred McMahon and (Fraser Institute) and Jose Torra (Camino de la Libertad) released EFNA’s 2019 report, the 15th annual edition. At the top of the U.S. list—the most economically free states at the subnational level—were New Hampshire, Florida, Tennessee, Virginia and Texas—with Virginia replacing South Dakota the only change from the previous year’s Top Five.

At the bottom of the list were the states exhibiting the least economic freedom: New York, West Virginia, Alaska, Vermont and Oregon.

EFNA-Related Publications

Academic:

- Stansel and Tuszynski wrote “Immigration and State Institutions: Does Region of Origin Matter?” which was published in the *Cato Journal*. The two authors find virtually no evidence that immigrant populations bring with them their home countries’ “bad” organizations, social models and cultures; instead, immigrants are likely to self-select into countries with better institutions than those in their home countries.

- In 2020, the *Journal of Regional Analysis & Policy* published Murphy’s “The Quality of the Legal System and Property Rights by State: A Ranking and Their Implications for Economic Freedom.” Incorporating a novel index measuring the quality of the legal system and property rights for each U.S. state into EFNA raises economic freedom scores in the upper Midwest and lowers them in the South.

- Stansel joined with Imran Arif (Appalachian State), Adam Hoffer (Wisconsin-Lacrosse) and Donald Lacombe (Texas Tech) on “Economic Freedom and Migration: A Metro Area Level Analysis,” forthcoming in the *Southern Economic Journal*. They find positive links between economic freedom and net in-migration,

with a 10 percent increase in relative economic freedom associated with a 27.4 percent increase in net migration.

- In “Some Dynamics of Socioeconomic Relationships: Well-Being, Social Capital, Economic Freedom, Economic Growth, and Entrepreneurship,” Murphy, Tuszynski and Jeremy Jackson (North Dakota State University) use state-level data to look at the complex and sometimes contradictory role of entrepreneurs on key economic outcomes. It appeared in the *American Journal of Entrepreneurship*.

Non-Academic:

- In “Indiana Climbing in Economic Freedom Rankings,” published in March 2020, Stansel, Jay Hein (Sagamore Institute) and Alan Dowd (Fraser Institute) summarized the latest EFNA report findings for The Center Square newswire, representing multiple local newspapers in Indiana.

- Stansel found fault with targeted state and local economic development programs in “Economic Development Incentives Help Big Business at the Expense of Small Business,” published in January 2020 by The Tax Education Foundation of Iowa.

Presentations and Speeches

- In June 2019, the O’Neil Center and Fraser Institute co-hosted the fifth annual Economic Freedom of North America Network meeting. Held on the SMU campus, it brought together 28 scholars from state think tanks and university research centers to discuss the EFNA and best practices in using it to promote good economic policies. Lawson presented the latest EFW; Stansel gave an EFNA update. The EFNA network includes 52 partners in 41 U.S. states, Canada and Mexico.

- At June’s Western Economic Association meeting in San Francisco, Stansel and collaborators Adam Hoffer (Wisconsin-La Crosse) and Imran Arif (Appalachian State) presented their research on “Economic Freedom and Migration: A Metro Area-Level Analysis.”

- In August, SMU was the site for

a one-day conference “Measuring Economic Freedom: Utilizing Indices in Your Research,” co-sponsored by the O’Neil Center and the Institute for Humane Studies. About 25 scholars heard a dozen speakers, including Stansel and Lawson, discuss their use of the EFW and EFNA indexes in research projects.

- Stansel was a visiting research scholar at Wake Forest University’s Eudaimonia Institute in September, working on two new research projects related to economic freedom and economic well-being.

- “Growth-Enhancing Economic Freedom and Entrepreneurship at the Local Level” was the topic of a presentation by Stansel and collaborator Sriparna Ghosh (Cincinnati-Blue Ash) at November’s Southern Economic Association annual meeting in Tampa.



Stansel discusses economic freedom at Bastiat Society meeting in Dallas

TEXAS ECONOMIC FREEDOM



Alm, Cox and Stansel take forum online

The O’Neil Center held its seventh and eighth Texas Economic Forums, inviting the DFW business community to share in a dialog on issues relevant to the state’s economy. In October, the Center partnered with SMU Cox’s Maguire Energy Institute for and on-campus event on “Disruption in the Energy Business: What’s Next?”

Cox spoke about three challenges facing oil and gas—excess supply in the short term and the declining cost of alternatives and anti-fossil fuel politics in

the longer term. Cox was joined on the program by Maguire’s top two experts—Director Bruce Bullock and Associate Director Bernard Weinstein.



The spring 2020 Texas Economic Forum had been scheduled on campus, featuring O’Neil Center research on DFW and Texas. The pandemic forced changes in topic, date and format. In May, the Center held an online Texas Economic Forum on a topic of immediate import

to state residents: “Bouncing Back from COVID-19.”

Cox, Stansel and Alm discussed the damage done to the DFW and Texas economies, the prospects and perils of recovery and ways the pandemic might change the economic landscape for good. One theme of the forum: The Texas model of economic freedom should mean a shallower recession and a faster recovery when compared to less economically free states. About 200 people tuned in for at least part of the program.

Texas-Focused Publications

Cox and Alm finished a decade of writing *D CEO* magazine columns on the DFW and Texas economies. The topics for the 2019-20 academic year were:

- “Texans Still Make Things” (June 2019) shows the state’s factory output grew over the past 20 years, largely because of capital investment and productivity.

- “Opportunity Knocks: The College-Educated Edge” (August 2019) discusses DFW’s ability to attract U.S. workers

with bachelor’s degrees and higher.

- “The North Texas Brain Gain” (October 2019) follows up with a look at DFW’s foreign-born educated workers—their ranks are swelling, with a distinctively Asian accent.

- “The Year of Living Dangerously” (December 2019) assesses the prospects for the DFW and Texas economies for the year and decade ahead (the dangerously in the title didn’t anticipate the coronavirus pandemic).

- “The Energy Industry’s Next Disruption” (April 2020) focuses on three challenges—global overproduction, cheaper alternative energy and anti-fossil fuel politics.



- Cox and Alm wrote “The Dallas-Fort Worth Area: An Improbable Economic Superstar” for the *Economic Development Journal*, a publication of the International Economic Development

Council (IECD). The article was part of an issue prepared for the IECD annual conference, scheduled for Dallas. Cox and Alm point to economic freedom and the entrepreneurial spirit it inspires as key to the rise of a powerhouse metropolitan area economy in such an unlikely place.

- Cox and Alm’s chapter on “Texas-Mexico Integration and its Uncertain Future” has been included in *The Future of U.S.-Mexico Relations: Strategic Foresight*, a book published by Rice University’s U.S.-Mexico Center. Cox

and Alm acknowledge dangers from nationalist policies, but they expect the forces favoring greater integration to prevail in the longer term.



- In “Flush the Regulation, Texas,” a July op-ed in the *Dallas Morning News*, Stansel and Alex Kanode (Arkansas Center for Research in Economics), discuss occupational licensing in light of the state’s decision to restrict competition in plumbing services.

- Stansel analyzed the threat Mexico’s new populist president poses for the Texas economy in “When Mexico Implements Anti-Growth Policies, Texans Should Be Concerned,” published in the *Dallas Morning News* in October.

- In an April 2020 commentary for the *Dallas Business Journal*, Davis provided some sober common sense to a shocking day for the Texas oil business, with prices of negative \$30 barrel. He explained how “betting” in the futures markets added stability to markets and the economy.

Presentations and Speeches

- In October, Alm spoke on Texas-Mexico economic ties at a cross-border symposium, with one session in Tijuana, Mexico, and the next in San Diego. In drawing a contrast to California, Alm emphasized the primacy of the private sector over government in building cross-border economic relations. With Cox, he will contribute a chapter to a book on Texas’ trade and investment with Mexico.

- Alm traveled to Ft. Lauderdale, Fla., to in November to speak at a daylong Institute for Humane Studies seminar on Poverty, Institutions and

Economic Development. He attributed Mexico’s slow progress after opening its economy to a lukewarm commitment to economic freedom.

- Alm’s speech at a January 2020 meeting of the Bastiat Society’s Dallas chapter reprised his O’Neil Conference presentation on the origins of Texas’ economic freedom.

- *The Texas Lawbook*, a Dallas-based legal newsletter, called upon Cox’s expertise for two on-line Continuing Legal Education (CLE) sessions. A January event focused on antitrust policy, and Cox discussed the research



Cox shows off *Big Business*

presented in the “Big Business” Annual Report essay. In May, Cox joined lawyers to analyze the pandemic’s impact on the oil and gas business and Federal Reserve policies.

STUDENT ENRICHMENT

Free Market Reading Groups

The O’Neil Center launched its first free market reading group in 2014. During the 2019-20 academic year, the Center had four groups in the fall semester and five in the spring semester, each meeting once a week.

The nine reading groups achieved a significant milestone—participation by 100 SMU undergraduate students. They were a diverse mix each semester, including majors from economics, finance, public policy, political science,

philosophy, psychology, statistics, engineering, English, health and society, human rights and anthropology.

In both the fall and spring semesters, SMU hosted a reading group summit with students from similar programs at Texas Tech, Baylor and Central Arkansas.



Stansel led the McLane Teammates Scholars and Armentrout Scholars reading groups; Tuszyński handled the

Bridwell Scholars.

The fall reading groups’ theme was “The Past, Present, and Future of Work.” Participants read and discussed work by scholars such as Adam Smith, John Locke, J.S. Mill, and Karl Marx and more contemporary works by Milton Friedman, Claudia Goldin, Price Fishback and David Card.

Forty-eight students explored questions such as: Why haven’t increasing skills, labor productivity, and wages always

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Richard McKenzie speaks to the spring reading groups

gone hand in hand? What does the future hold? What role does immigration play in labor markets? What about labor unions? And occupational licensing? And the minimum wage?

The students attended a summit meeting at SMU with students in similar groups at Baylor, Texas Tech, and the University of Central Arkansas. About 75 students attended and heard a keynote lecture on the economics of the minimum wage by David Neumark (University of California-Irvine), followed by an hour of Q&A.



The spring theme was “Paternalism: Do We Want a Nanny State?” and participants read and discussed work by scholars such as John Stuart Mill, Nobel economists Gary Becker, Douglass North, and Richard Thaler, Cass Sunstein, and Richard McKenzie.

Sixty students explored questions such as: Does government have a legitimate role to interfere in people’s lives, against their will, if doing so can potentially make them better off or protect them from

harm? Are we really always rational? If not, should governments try to “nudge” people into making better decisions simply by changing the presentation of choices without compulsion or coercion?

A new partner, Angelo State University, in San Angelo, Texas, expanded the semester summit meeting at SMU, joining along with Baylor, Texas Tech, and the University of Central Arkansas. Nearly 100 students attended and heard a critique of behavioral economics by Richard McKenzie (University of California-Irvine), followed by an hour of Q&A.



Murphy guided an advanced reading group for students who wanted to build on their participation in previous O’Neil Center reading groups.

In the fall semester, the group’s topic was “How to Be a YIMBY.” The students read current topics on urban and housing economics, focusing on *The Triumph of the City* by Edward Glaeser (Harvard University). They also read selections from

Richard Rothstein’s *The Color of Law*, Tom Bell’s *Your Next Government?* and Kevin Erdmann’s *Shut Out*.

In the spring semester, the advanced reading group focused on “Ecological Irrationality,” using selections from Murphy’s just-published *Markets Against Modernity*. Other readings included selections from Bryan Caplan’s *The Myth of the Rational Voter*.



When the Covid-19 pandemic put an end to on-campus activities in March, Stansel, Tuszynski and Murphy used the Zoom meeting software to continue weekly reading groups through the end of the semester.

While switching from in-person meetings to the online format was challenging, the sessions went very well, the three group leaders said. Students not being on campus presented a potential obstacle to recruiting for the fall semester 2020 reading groups—but the O’Neil Center extended its streak of setting records for the number of applicants every semester.

Teaching Free Enterprise

The program began in 2015 and offers workshops and curriculum materials for high school teachers, with the goal of helping them meet the state’s mandate to provide economics instruction with an emphasis on the free-enterprise system and its benefits.

During 2019-20, Teaching Free Enterprise (TFE) held 45 events—all before the end of February, when the pandemic’s dangers forced the program to suspend in-person events. More than 1,700 Texas teachers attended. The biggest events were a two-day visit in August 2019 to Cypress-Fairbanks Independent School District, with attendance of 385 teachers, and February 2020 date at Garland ISD, with 220 teachers.

Despite losing three months of activity, TFE eclipsed the 2018-19 totals of 31 events and 1,500 attendees. Alm, Cox, Lawson, Stansel and Tuszynski all delivered lectures.



TFE added four new units in academic year 2019-20: International Monetary System by Brandon Seitzler (Criswell College), Economics of the American West by Adam Martin (Texas Tech), Regional Development Economics (Microeconomics) by Jamie Pavlik (Texas Tech) and Economics of Immigration by Ben Powell (Texas Tech).



Dean Stansel at the Cypress-Fairbanks TFE

The Covid crisis delayed the launch of two units on personal financial literacy by Danielle Zanzalari (University of North Texas-Dallas).

Adaptions of TFE teaching materials to other states continued, with four units in Arkansas, two in New Jersey, four in Kansas and eight in Georgia. At least five other states are ready to come on board once the pandemic subsides.

O’Neil Center Profs in the Classroom

O’Neil Center professors teach a variety of economics courses at SMU Cox—both required and elective, undergraduate and graduate levels. In total, more than 500 students enrolled in these courses during the 2019-20 academic year.

When the campus shut down in March, the center’s faculty—along with their colleagues at SMU Cox—fulfilled their teaching duties by delivering their lectures, tests and counseling remotely. The transition required learning the teaching methods that succeed in online education.

In the fall semester, Lawson taught four sections of Managerial Economics to 190 MBA and MS students. Cox taught Managerial Economics to PMBA and MS students. His Markets and Freedom summer course provides non-business majors with important lessons in the functioning of America’s free-enterprise system.

Davis taught International Finance and Corporate Finance for both undergraduate and graduate students, and Macroeconomics and Decision-Making under

Uncertainty for graduate students. Niemi continued to teach Evolution of American Capitalism.



In November, the O’Neil Center brought together 18 SMU undergraduate students for a daylong colloquium on economic freedom—its theoretical basis and importance in North America.

Led by Tuszynski, the group focused on assigned readings from works by the likes of Milton Friedman, Russ Roberts, Dean Stansel, Joseph Stiglitz, Cass Sunstein and Mariana Mazzucato.

A second undergraduate colloquium, co-hosted by the Institute for Humane Studies, was held via Zoom in March, with 15 students under Tuszynski’s stewardship. The topic was “Markets and Morality.” The discussion focused on questions of whether markets facilitate a more virtuous and cooperative society or simply incentivize corruption and greed.

PUBLIC OUTREACH

Flourishing and a Free Society

The O’Neil Center invites speakers to the SMU campus, with the goal of providing students and the public access to points of view that aren’t often heard elsewhere in the community.



In September, “Can the Fed Predict? A Panel Discussion on Central Banking” looked at forecasting in U.S. monetary policy from two perspectives.

Thomas Hogan, a fellow at Rice University’s Baker Institute for Public Policy, documented how Fed forecasts generally portrayed the economy as stronger than it actually was, suggesting the central bank might be conducting

policy deliberations with a fundamentally flawed view of the economy’s prospects.

Harvey Rosenblum, a former Fed official now on the SMU Cox faculty, said the Fed used multiple data sources in determining interest rate policies, including forecasts from outside the Fed. Fed leaders may be skeptical of internal forecasts but saying so publicly may affect market behavior.



In early October, the O’Neil Center hosted a public screening of the film *Tank Man*, which centers on the anonymous student who stood in front of Chinese tanks during the Tiananmen Square protests in 1989.

After the film, a panel discussion included the *Tank Man* writer and director Robert Anthony Peters, Perth Tolle of Life+Liberty Indexes and Dallas Sonnier of the Dallas film company Cinestate/Fangornia.



At a Flourishing and a Free Society event in an early March, Lawson and co-author Ben Powell took an audience of about 200 on the tour that culminated in their book *Socialism Sucks*.

Through words and photographs, they recounted their experiences in researching the book in Cuba, China, the former Soviet Union and as close as they dared get to North Korea and Venezuela.



Robert Anthony Peters, Perth Tolle and Dallas Sonnier discuss the film *Tank Man*

Television, Radio, Print

• From June through September 2019, Lawson rode a tidal wave of media interest from the publication of *Socialism Sucks*. He sat down for at least 10 television interviews—some solo, some with co-author Ben Powell—on such national outlets as Fox News, Fox Business, CSPAN2 and Blaze TV (with Glenn Beck). The count of Lawson’s radio appearances approached 20, including KABC in Los Angeles and several national programs.

• In June, Lawson discussed free trade and development on *Deep Dive* with Mary O’Grady on Fox Nation with guests Ian Vasquez (Cato Institute) and Arvind

Panagariya (Columbia University).

• Fox Business and Yahoo Finance called upon Cox for commentary on Federal Reserve policy and the economy. Davis regularly went before the television cameras to answer questions about economic issues and their impacts on the DFW area.

• Radio and television continued to rely on Stansel on a wide range of topics. As in previous years, he was a regular on Florida radio programs, doing 42 weekly segments covering a range of economic topics.

• Closer to home, Fox’s DFW affiliate (Channel 4) interviewed Stansel on state of the economy after stock market plunges

in August and again in March. On the local NBC station (Channel 5), he tackled price gouging in May.

• Stansel’s six print interviews covered such topics as EFNA, getting rid of pennies, Disney World’s holiday ticket pricing and state governments’ rainy-day funds. *The Arkansas Democrat Gazette* referenced Stansel’s work on state rainy-day funds, and Daniel Mitchell’s blog discussed the Stansel and Tuszyski research on targeted economic development incentives.

• Murphy’s analysis of the prevalence of psychopaths by state continued to interest the media, including *Psychology Today* and the *Connecticut Post* (Bridgeport).

O’Neil Center Workshop Series

The Workshop Series invites scholars from other institutions to SMU Cox for seminars focusing on research in progress. Five workshops were held before the COVID-19 pandemic forced cancellation of spring semester’s final two events:

• In September, Benjamin Ogden (Texas A&M) presented “The Benefits of Media Polarization: Media Competition with Targeted Information and Confirmation Bias,” which finds that advertising generates media polarization but is an unlikely culprit in political polarization.

• “Demand Elasticity for Deposit Services at U.S. Retail Banks in High and Low Rate Environments” was featured in October’s workshop, where Danielle Zanzalari (University of North Texas-Dallas) presented evidence that consumer bank deposits are more elastic when interest rates are high than when they’re low.

• In a November workshop on “Insuring Rents,” Bryan Cutsinger (Angelo State) considered the failure of

political exchanges that deliver economic rents to special interests, citing recent examples of alternative ways to deliver funding to groups that lost legislative benefits.

• In the first February workshop, Ryan Decker (Federal Reserve Board of Governors) presented “Changing Business Dynamism and Productivity: Shocks vs. Responsiveness,” which finds the slower pace of job reallocation has been a significant drag on U.S. productivity growth.

• For the second February workshop, Sriparna Ghosh (Cincinnati-Blue Ash) reported on “Growth Enhancing Economic Freedom and Entrepreneurship at the Local Level,” a paper that seeks to identify the growth impact of improving economic freedom components.



Benjamin Ogden



Danielle Zanzalari



Bryan Cutsinger



Ryan Decker



Sriparna Ghosh



SMU Cox has announced plans to enlarge and modernize its three-building complex on Bishop Boulevard

O'Neil Center Policy Circle

In the spring, the O'Neil Center launched an all-female discussion group called The Policy Circle, led by Tuszynski.

It was inspired by the more than 300 groups across the country that bring women together to learn the facts about public policy and strengthen their voices through face-to-face discussion.

The inaugural discussion in March

centered on the subject of free enterprise, reviewing foundational work for understanding and articulating the power of free markets and individual freedom in unleashing human creativity in a free enterprise economy.

The May Policy Circle was held online because of the pandemic. The topic was economic growth, discussing the role

markets have played in raising living standards over the past 250 years. The session covered how economic growth impacts society, key economic indicators that track growth, what roles the government and the private sector play, the current state of our economy, and economic policy ideas that could enhance growth in our nation and the world.

OTHER ACCOMPLISHMENTS AND ACTIVITIES

- In April, the *International Business Times* published “How We Will be Different Post-Coronavirus Pandemic,” a Davis op-ed that makes a reference to Adam Smith in suggesting the ordeal of the pandemic year just might bring bigger changes to America’s psyche than its economy.

- Murphy’s “Economics is Whatever the Comparative Advantage of Economists Is: A Comment on Leeson (2020),” an article in an upcoming issue of the *Journal of Institutional Economics*, argues that economists should continue to apply their analytical skills to a range of topics, even those outside the economy.

- The *Orange County Register* ran Murphy’s “Let’s Not Allow Contemporary Luddites to Denigrate Cultural Innovation,” which links Hollywood criticism of Marvel Cinematic Universe to rent-seeking behavior.

- In August 2019, “Targeted State Economic Development Incentives and Entrepreneurship,” a research paper by Stansel and Tuszynski, received a Highly Commended Paper award from the *Journal of Entrepreneurship and Public Policy*, where it was published in 2018.



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