



O'NEIL CENTER FOR
GLOBAL MARKETS & FREEDOM

SMU McLane/Armentrout Scholars Reading Groups
Fall 2018 Syllabus
The Role of Government in a Free Society

Dean Stansel, Ph.D., Research Associate Professor
O'Neil Center for Global Markets & Freedom (www.oneilcenter.org)
Cox School of Business, Crow 282B, office: 214-768-3492, dstansel@smu.edu

Meeting Times. Our meetings will be held on Tuesdays (McLane) and Wednesdays (Armentrout) at 6-8 pm in the O'Neil Center conference room (Crow 282). Both groups have the same readings.

Attendance is required. Your attendance and **active** participation are required. We will have **10 on-campus meetings plus a joint reading group summit** with the students from similar reading groups at Baylor, Texas Tech, and University of Central Arkansas. That will be held at SMU on the evening of Fri. Oct. 12 & the morning and early afternoon of Sat. Oct. 13 and is a **required** part of the program. You will not be paid the \$1000 stipend if you do not attend.

In addition, the O'Neil Center hosts several guest speakers throughout the semester. Tentative events are listed on the schedule at the end of this syllabus and you will be alerted if more are scheduled. You are **required to attend at least one of those events**, but are strongly encouraged to attend all of them for which you do not have a class or reading group conflict. You are expected to attend all 10 weekly meetings, but if you have an unavoidable conflict, you can make up for that absence by attending an extra one of these events (beyond the first required one). We also have a Workshop Series that are smaller events designed for faculty, but you can attend those as make-ups if necessary. In addition, with advance notice, we do have limited flexibility for you to occasionally switch nights if you cannot attend on your regular reading group night (i.e., if you can't make one of your regular Tuesday night meetings, you can instead attend on Wednesday night that week and vice-versa).

Dinner. The formal discussion session will last about an hour, after which we will bring in food to continue our conversation informally. You should expect this to last until about 8 pm. This is considered an integral part of the program and you are expected to participate. **Leaving early (or arriving late) will count as half an absence.** Please notify me if you have food allergies or other issues so that we can be sure to accommodate you.

Stipend. Upon successful completion of the program, you will receive a \$1,000 stipend about a month after the program ends. (Thanks to the McLane Company, Inc. and the Armentrout Foundation for their generous support for this program.) There is much paperwork involved in order to process the payment. We will fill that out in one of the first meetings. Taxes will not be withheld, but the payment will be reported to the IRS and you may be liable for paying taxes on that income. **Please contact Liz Chow (in Crow 276) if you have any questions (chow@smu.edu, 214-768-2493).** You can't get paid otherwise.

General Advice

Read Ahead. There are about 50-75 pages of material assigned each week, and the material is not always easy. Please budget enough time in your schedule to do the readings ahead of time.

Come Prepared. You should have 3 or 4 specific questions or comments prepared in advance for each session – hopefully related directly to the texts. Your **active participation** is expected and planning

ahead is the best way to make sure you are contributing to the group discussion. If there's a lull in the conversation, use that opportunity to ask one of your prepared questions.

Be Critical. Don't agree unthinkingly with the readings or each other. Reasonable people disagree, so be reasonable, but do so **respectfully**.

Be Humble. The writers we read did not know everything and neither do you. Be willing to listen to the writers and each other, and be willing to say, "I don't know."

Facebook Group. You should all make at least one post or comment about the readings each week on the Facebook group that we have created jointly with the McLane Scholars groups at Baylor and Texas Tech. Please join the group and make a contribution before the first meeting and every weekly meeting.
<https://www.facebook.com/groups/733137316769255/>

Tentative O'Neil Center Event Schedule

Fri. Sep. 14, 8 am–1:30 pm, O'Neil Center Annual Conference: The Ethical Conundrums of Capitalism. Speakers include: James Otteson, Professor of Economics & Thomas W. Smith Presidential Chair in Business Ethics, Wake Forest University; and Vernon Smith, Professor of Economics and Law, George L. Argyros Endowed Chair in Finance and Economics, Chapman University, and 2002 Nobel Prize Recipient in Economics. Collins Executive Center.

Tues. Oct. 2, 5:30-7 pm, Texas Economic Forum: Texico. W. Michael Cox, O'Neil Center for Global Markets and Freedom, Tiffany Melvin, President of the NASCO Network. Collins Executive Center.

Thurs. Oct. 25, 3-7 pm, Faith and the Free Market. Speakers include Rev. Robert Sirico, Acton Institute, and Russ Roberts, Hoover Institution.

Workshop Series (designed for faculty but can be used to make-up absences if necessary)

Fri. Aug. 31, 10:00-11:30 am, Jamie Pavlik, Free Market Institute at Texas Tech, "Political Corruption and Development in Brazil: Do Random Audits Matter?" O'Neil Center (Crow 282).

Fri. Sep. 28, 10:30-11:45 am, John Dove, Manuel H. Johnson Center for Political Economy at Troy University, Topic TBD, O'Neil Center (Crow 282)

Fri. Nov. 30, 10:00-11:30 am, Claudia Williamson, Drew Allen Endowed Fellow at Mississippi State University, "Cultural Distance and U.S. Multinational Enterprise Activity" O'Neil Center (Crow 282)

Meeting Schedule

<u>Meeting #</u>	<u>Dates (Tues./Wed.)</u>	<u>Notes</u>
1	Aug. 28/29	second week of class
2	Sep. 4/5	Mon. 9/3 is Labor Day
3	Sep. 11/12	
4	Sep. 18/19	
5	Sep. 25/26	
6	Oct. 2/3	
NO MEETINGS	Oct. 9/10	SMU fall break Mon. 10/8 – Tues. 10/9
Fri. 10/12 – Sat. 10/13, Mandatory Reading Group Summit at SMU		
7	Oct. 16/17	
NO MEETINGS	Oct. 23/24	
8	Oct. 30/31	
9	Nov. 6/7	
10	Nov. 13/14	

Reading List

Books that will be provided:

David Boaz, ed. *The Libertarian Reader: Classic and Contemporary Readings from Lao-zu to Milton Friedman*. New York: Free Press, 1997.

Milton Friedman. *Capitalism and Freedom*. Chicago: U. of Chicago Press, 1962.

Friedrich Hayek. *The Road to Serfdom*. Chicago: U. of Chicago Press, 1944.

Michael Munger. *The Thing Itself*. Mungerella Publishing, 2015.

Richard Stroup. *Eco-Nomics: What Everyone Should Know about Economics and the Environment*. 2nd ed., Washington, DC: Cato Institute, 2016.

*Note: Readings marked with asterisks are available in the DropBox link below. All others are found in the books that you will be given or at the weblink listed with the reading.

<https://www.dropbox.com/sh/e8g8no3o9c38fn3/AACMC90q4Uh7LhQBb0NYa0fEa?dl=0>

1) What Does "Freedom" Mean? (Aug. 28/29) (56 pages)

David Boaz, "Skepticism about Power," pp. 1-4 of Boaz, ed. *The Libertarian Reader*. (4 pages)

I Samuel 8, pp. 5-6 of Boaz, ed. *The Libertarian Reader*. (excerpted from *The Bible*) (2 pages)

Thomas Hobbes, "The Liberty of Subjects," Ch. 21 (pp. 96-102) of *Leviathan* (1651). (7 pages)

<http://www.earlymoderntexts.com/assets/pdfs/hobbes1651part2.pdf>

John Locke, "Of Property and Government," pp. 154-170 of Boaz, ed. *The Libertarian Reader*. (excerpted from *Second Treatise of Government* (1689)). (16 pages)

Jean Jacques Rousseau, Book 1 (pp. 1-11) of *The Social Contract* (1762). (11 pages)

<http://www.earlymoderntexts.com/assets/pdfs/rousseau1762.pdf>

Thomas Jefferson, "The Declaration of Independence," pp. 178-180 of Boaz, ed. *The Libertarian Reader*. (3 pages)

Immanuel Kant, "Equality of Rights," pp. 181-189 of Boaz, ed. *The Libertarian Reader*. (excerpted from *Theory and Practice* (1791) and *The Metaphysics of Morals* (1797)). (8 pages)

John Stuart Mill, "Introductory," Ch. 1 of *On Liberty* (1859). (5 pages)

https://www.econlib.org/library/Mill/mlLbty.html?chapter_num=1

2) What Does "Freedom" Mean? Part 2 (Sep. 4/5) (58 pages)

William Lloyd Garrison, "Man Cannot Hold Property in Man," pp. 95-98 of Boaz, ed. *The Libertarian Reader*. (4 pages)

Frederick Douglas, "You Are a Man, and So Am I," pp. 99-107 of Boaz, ed. *The Libertarian Reader*. (8 pages)

Angelina Grimke, "Rights and Responsibilities of Women," pp. 114-116 of Boaz, ed. *The Libertarian Reader*. (2 pages)

Sarah Grimke, "Woman as a Moral Being," pp. 117-118 of Boaz, ed. *The Libertarian Reader*. (2 pages)

Friedrich Hayek, "The Abandoned Road," Ch. 1 of *The Road to Serfdom* (1944). (10 pages)

*Friedrich Hayek, "Liberty and Liberties," Ch. 1 of *The Constitution of Liberty* (1960). (16 pages, but lots of footnotes)

Milton Friedman, "Introduction," in *Capitalism and Freedom* (1962). (6 pages)

Benjamin Constant, "The Liberty of the Ancients Compared with That of the Moderns," pp. 80-87 of Boaz, ed. *The Libertarian Reader*. (8 pages)

*Robert Nozick, "Tale of the Slave," pp. 290-292 in *Anarchy, State, and Utopia* (1974). (2 pages)

Optional readings, podcasts, and videos:

Michael Munger on Slavery and Racism, 74-minute podcast, Library of Economics and Liberty (2016)

<http://www.econtalk.org/munger-on-subsidies-and-externalities/>

"Essential Hayek: Who is F.A. Hayek?" 3-minute video about Hayek.

<https://www.libertarianism.org/media/around-web/essential-hayek-who-is-fa-hayek>

3) What Does “Freedom” Mean? Part 3 (Sep. 11/12) (62 pages)

Robert Nozick, “The Entitlement Theory of Justice,” pp. 234-255 of Boaz, ed. *The Libertarian Reader*. (excerpted from *Anarchy, State, and Utopia*, 1974) (21 pages)

John Rawls, “Justice as Fairness,” pp. 3-24, parts 1-5 of Ch. 1 in *A Theory of Justice*, Revised Edition (1971, 1999). (22 pages) <http://www.univpgri-palembang.ac.id/perpus-fkip/Perpustakaan/American%20Phylosophy/John%20Rawls%20-%20A%20Theory%20of%20Justice~%20Revised%20Edition.pdf>

Stephen Holmes and Cass Sunstein, “All Rights Are Positive,” Ch. 1 in *The Cost of Rights: Why Liberty Depends on Taxes* (1999). (9 pages)

<https://archive.nytimes.com/www.nytimes.com/books/first/h/holmes-rights.html>

Michael Munger, “Egalitarianism, Properly Conceived We ALL Are “Rawlsians” Now!” *The Independent Review* (2017). (10 pages) http://www.independent.org/pdf/tir/tir_22_1_06_munger.pdf

Optional readings, podcasts, and videos:

Douglas Den Uyl and Douglas B. Rasmussen, “Ayn Rand on Rights and Capitalism,” pp. 169-80 of Boaz, ed. *The Libertarian Reader*. (excerpted from *The Philosophic Thought of Ayn Rand*, 1984) (11 pages)

4) Why Do We Need “Government”? (Sep. 18/19) (60 pages)

John Locke, “Of the Ends of Political Society and Government,” Ch. 9 (pp. 40-41) of *Second Treatise of Government* (1690). (2 pages) http://www.earlymoderntexts.com/assets/pdfs/locke1689a_2.pdf

Adam Smith, “The System of Natural Liberty,” paragraphs IV.9.50 and IV.9.51, from *An Inquiry into the Nature and Causes of the Wealth of Nations* (1776). (1 page)

<http://www.econlib.org/library/Smith/smWN19.html#IV.9.50>

The Federalist Papers, #10 (1787). (3 pages) http://avalon.law.yale.edu/18th_century/fed10.asp

Frederic Bastiat, “The State,” Ch. 5 of *Selected Essays on Political Economy* (1848). (7 pages)

https://www.econlib.org/library/Bastiat/basEss.html?chapter_num=8#book-reader

John Stuart Mill, “Of the Limits to the Authority of Society over the Individual,” Ch. IV of *On Liberty* (1859). (6 pages) https://www.econlib.org/library/Mill/mlLbty.html?chapter_num=4

John Stuart Mill, “Objections to Government Interference,” paragraphs V.17-V.20 from *On Liberty* (1859). (2 pages) <http://www.econlib.org/library/Mill/mlLbty5.html#V.17>

Milton Friedman, “The Role of Government in a Free Society,” Ch. 2 of *Capitalism and Freedom* (1962). (14 pages)

Richard Stroup, “Coercion: Protecting the Environment with Government Action,” Ch. 4 of *Eco-Nomics: What Everyone Should Know about Economics and the Environment*. (25 pages)

Optional readings, podcasts, and videos:

“Capitalism, Government, and the Good Society,” Liberty Fund Symposium with Michael Munger, Richard Epstein, Robert Skidelsky, and Russ Roberts, 118 minutes <http://www.econtalk.org/capitalism-government-and-the-good-society/>

5) Public Goods and Externalities (Sep. 25/26) (66 pages)

*Tyler Cowen, “Public Goods and Externalities: Old and New Perspectives,” Ch. 1 of Tyler Cowen, ed. *Public Goods & Market Failures: A Critical Examination*. Washington, D.C.: Cato Institute, 1988. (23 pages)

*Paul Samuelson, “The Pure Theory of Public Expenditure,” Ch. 2 of Tyler Cowen, ed. *Public Goods & Market Failures: A Critical Examination*. Washington, D.C.: Cato Institute, 1988. (reprinted from *Review of Economics and Statistics* 36 (1954): 387-89) (5 pages)

Donald Boudreaux, “The Private Provision of Public Goods” *Foundation for Economic Education*, May 20, 2010. (4 pages) <https://fee.org/articles/the-private-provision-of-public-goods/>

Richard Ebeling, "You'd Be Surprised How Many Government Services Could Be Privately Provided," Foundation for Economic Education, March 18, 2018. (6 pages)
<https://fee.org/articles/you-d-be-surprised-how-many-government-services-could-be-privately-provided/>

Richard Stroup, "Rights: How Property Rights and Markets Replace Conflict with Cooperation," Ch. 3 of *Eco-Nomics: What Everyone Should Know about Economics and the Environment*. (19 pages)

*Jason Brennan, "Private Governance and the Three Biases of Political Philosophy," *Review of Austrian Economics* (2018). (9 pages)

Optional readings, podcasts, and videos:

Tyler Cowen, "Public Goods," The Concise Encyclopedia of Economics. (3 pages)
<http://www.econlib.org/library/Enc/PublicGoods.html>

Bryan Caplan, "Externalities," The Concise Encyclopedia of Economics. (4 pages)
<https://www.econlib.org/library/Enc/Externalities.html>

Garrett Hardin, "The Tragedy of the Commons," The Concise Encyclopedia of Economics. (3 pages)
<https://www.econlib.org/library/Enc/TragedyoftheCommons.html>

Michael Munger on Subsidies and Externalities, 62-minute podcast, Library of Economics and Liberty (2008) <http://www.econtalk.org/munger-on-subsidies-and-externalities/>

Michael Munger on Recycling, 62-minute podcast, Library of Economics and Liberty (2007)
<http://www.econtalk.org/munger-on-recycling/>

6) Insight from Economists (Oct. 2/3) (57 pages)

Frederic Bastiat, "1. The Broken Window" and "5. Public Works," of "What Is Seen and What Is Not Seen," Ch. 1 (pp. 2-3 and 7-8) of *Selected Essays on Political Economy* (1848). (2 pages)
https://www.econlib.org/library/Bastiat/basEss.html?chapter_num=4#book-reader

John Maynard Keynes, "Concluding Notes on the Social Philosophy towards which the General Theory Might Lead," Ch. 24 of *The General Theory of Employment, Interest, and Money* (1936). (5 pages)
<https://www.marxists.org/reference/subject/economics/keynes/general-theory/ch24.htm>

Friedrich Hayek, "Economic Control and Totalitarianism," Ch. 7 of *The Road to Serfdom* (1944). (9 pages)

Milton Friedman, "The Relation between Economic Freedom and Political Freedom," pp. 379-393 of Boaz, ed. *The Libertarian Reader*. (excerpted from *Capitalism and Freedom*, 1962). (15 pages)

Murray Rothbard, "The State," pp. 42-49 of Boaz, ed. *The Libertarian Reader*. (excerpted from *For a New Liberty*, 1973) (7 pages)

Richard Stroup, "Choosing: Economics and Environmental Policy Choices," Ch. 5 of *Eco-Nomics: What Everyone Should Know about Economics and the Environment*. (19 pages)

Optional readings, podcasts, and videos:

Richard Stroup, "Scarcity: An Economics Primer," Ch. 2 of *Eco-Nomics: What Everyone Should Know about Economics and the Environment*. (15 pages)

Milton Friedman on *Capitalism and Freedom*, 43-minute podcast, Library of Economics and Liberty (2006)
<http://www.econtalk.org/friedman-on-capitalism-and-freedom/>

Reading Group Summit (Fri. Oct. 12 and Sat. Oct. 13) (45 pages)

Michael Munger, *The Thing Itself*. Mungerella Publishing, 2015.

Ch. 1, "Introduction: Seeing Unicorns" (12 pages)

Ch. 2, "The Thing Itself: The State" (22 pages)

Ch. 10, "Democracy Is a Means, Not an End" (11 pages)

Optional readings, podcasts, and videos:

Ch. 3, "Transantiago: When the Thing Really, Really Tries" (15 pages)

7) Constitutional Theory (Oct. 16/17) (62 pages)

James Buchanan, "Commencement," Ch. 1 of *The Limits of Liberty: Between Anarchy and Leviathan* (1975). (7 pages) https://www.econlib.org/library/Buchanan/buchCv7.html?chapter_num=2#book-reader

*Gordon Tullock, "Problems of Majority Voting," *Journal of Political Economy* (1959). (9 pages)

Friedrich Hayek, "Why the Worst Get on Top," Ch. 10 of *The Road to Serfdom* (1944). (13 pages)

*Friedrich Hayek, "The American Contribution: Constitutionalism," Ch. 12 of *The Constitution of Liberty* (1960). (25 pages, but 10 pages worth of footnotes)

Frederic Bastiat, "The Law," Ch. 2 of *Selected Essays on Political Economy* (1848). (18 pages)
https://www.econlib.org/library/Bastiat/basEss.html?chapter_num=5#book-reader

Optional readings, podcasts, and videos:

Michael Munger on Choosing in Groups, 75-minute podcast, Library of Economics and Liberty (2015)
<http://www.econtalk.org/michael-munger-on-choosing-in-groups/>

8) Socialism (Oct. 30/31) (62 pages)

Karl Marx and Frederick Engels, "Manifesto of the Communist Party" (1848), pp. 14-34 (note that footnotes are at the end of the PDF on pp. 67-68). (21 pages)

<https://www.marxists.org/archive/marx/works/download/pdf/Manifesto.pdf>

Friedrich Hayek, "The Great Utopia," Ch. 2 of *The Road to Serfdom* (1944). (6 pages)

Ludwig von Mises, "Socialism and Intervention," pp. 355-370 of Boaz, ed. *The Libertarian Reader*. (excerpted from *Liberalism*, 1927) (15 pages)

*Lawrence H. White, "The Turn Away from Laissez-Faire," Ch. 1 (pp. 12-31) of *The Clash of Economic Ideas: The Great Policy Debates and Experiments of the Last Hundred Years* (2012). (20 pages)

Optional readings, podcasts, and videos:

Friedrich Hayek, "The Socialist Roots of Naziism," Ch. 12 of *The Road to Serfdom* (1944). (12 pages)

Milton Friedman and Phil Donahue On Socialism v. Capitalism (video, 2:49)

<https://www.youtube.com/watch?v=MQ0-cDKMS5M>

9) Paternalism & Communitarianism (Nov. 6/7) (57 pages)

John Stuart Mill, "Applications," Ch. V of *On Liberty* (1859). (7 pages)

https://www.econlib.org/library/Mill/mlLibty.html?chapter_num=5

Michael Prowse, "Paternalist Government Is Out of Date," pp. 507-512 of Boaz, ed. *The Libertarian Reader*. (6 pages)

*Amitai Etzioni, "A New Moral, Social, Public Order—Without Puritanism or Oppression" Introduction (pp. 1-20) in *The Spirit of Community: Rights, Responsibilities, and the Communitarian Agenda* (1993). (20 pages)

Friedrich Hayek, "Individualism and Collectivism," Ch. 3 of *The Road to Serfdom* (1944). (8 pages)

*Richard H. Thaler and Cass R. Sunstein, "Libertarian Paternalism," *American Economic Review*, Vol. 93, No. 2 (2003), pp. 175-179. (5 pages)

*Mark Pennington, "Paternalism, Behavioural Economics, Irrationality and State Failure," *European Journal of Political Theory* (2016). (11 pages)

Optional readings, podcasts, and videos:

Richard Thaler, "From Cashews to Nudges: The Evolution of Behavioral Economics," Nobel Prize acceptance lecture, 49-minute video (2017).

<https://www.nobelprize.org/prizes/economics/2017/thaler/lecture/>

10) What about the Poor? (Nov. 13/14) (66 pages)

Friedrich Hayek, "Security and Freedom," Ch. 9 of *The Road to Serfdom* (1944). (10 pages)

Milton Friedman, "Social Welfare Measures," Ch. 11 of *Capitalism and Freedom* (1962). (13 pages)

Milton Friedman, "The Alleviation of Poverty," Ch. 12 of *Capitalism and Freedom* (1962). (5 pages)

*Mark Pennington, "Poverty Relief and Public Services: Welfare State or Minimal State?" Ch. 6 of *Robust Political Economy: Classical Liberalism and the Future of Public Policy* (2011). (38 pages)

Optional readings, podcasts, and videos:

Milton Friedman, "The Distribution of Income," Ch. 10 of *Capitalism and Freedom* (1962). (16 pages)

Michael Munger, "One and One-Half Cheers for a Basic-Income Guarantee We Could Do Worse, and Already Have" *The Independent Review* (2015) (10 pages)

http://www.independent.org/pdf/tir/tir_19_04_03_munger.pdf

Michael Munger on the Basic Income Guarantee, 64-minute podcast, Library of Economics and Liberty (2017) <http://www.econtalk.org/michael-munger-on-the-basic-income-guarantee/>

*David Beito. "This Enormous Army: The Mutual-Aid Tradition of American Fraternal Societies before the Twentieth Century," Chapter 8 in David Beito, Peter Gordon, & Alex Tabarrok, eds. *The Voluntary City: Choice, Community, and Civil Society*. Oakland, CA: The Independent Institute, 2002, 182-197. (16 pages)

Charity vs Government, short video of David Beito on Stossel's TV show.

<http://www.independent.org/multimedia/detail.asp?id=2634>

Colonel David Crockett. "Not Yours to Give" Foundation for Economic Education (5 pages)

http://www.fee.org/files/docLib/20121116_NotYourstoGive.pdf