



O'NEIL CENTER FOR  
GLOBAL MARKETS & FREEDOM

**SMU McLane/Armentrout/Bridwell Scholars Reading Groups  
Spring 2020 Syllabus  
Paternalism: Do We Want a Nanny State?**

Tues./Wed.: Dean Stansel, Ph.D., Senior Research Fellow  
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O'Neil Center for Global Markets & Freedom ([www.oneilcenter.org](http://www.oneilcenter.org))  
Cox School of Business, Crow 282

**Meeting Times.** Our meetings will be held on Mondays (Bridwell), Tuesdays (McLane), and Wednesdays (Armentrout) at 6-8 pm and Fridays (Armentrout) at 11am-1pm in the O'Neil Center conference room (Crow 282). All three 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. Feb. 21 & the morning and early afternoon of Sat. Feb. 22 and is a **required** part of the program. You will not be paid the \$1000 stipend if you do not attend.

You are **required to attend all 10 weekly meetings**. However, if you have an unavoidable conflict, we do have limited flexibility, with advance notice, for you to switch nights if you cannot attend on your regular reading group night (i.e., if you can't make one of your regular Wednesday night meetings, you can instead attend on Tuesday or Monday night that week and vice-versa). In addition, the O'Neil Center hosts several guest speakers throughout the semester. 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 conflict. You can also make up for an absence at a weekly meeting by attending one of these events. Scheduled events will be listed on page 2 of the next version of the syllabus and you will be alerted if more are scheduled.

**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 (1pm on Fridays). 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 us 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., the Armentrout Foundation, and SMU Alum Tucker Bridwell 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. You can't get paid without it. 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](mailto:chow@smu.edu), 214-768-2493).**

### **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.** Your **active participation is required**. Those who do not do so will not receive the \$1,000 stipend. Planning ahead is the best way to make sure you are contributing to the group discussion. You should have 3 or 4 specific questions or comments prepared in advance for each session – preferably related directly to the texts. If there's a lull in the conversation, use that opportunity to ask one of your prepared questions.

**Be Critical.** There is room for disagreement. 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."

### **Tentative O'Neil Center Event Schedule**

The most up-to-date list can always be found on our website:

<https://www.smu.edu/cox/Centers-and-Institutes/oneil-center/events>

Thurs. Mar. 5, 6-7:15pm, Book Forum on *Socialism Sucks*, featuring the authors Robert Lawson, Director of the William J. O'Neil Center for Global Markets and Freedom, Southern Methodist University, and Ben Powell, Executive Director of the Free Market Institute at Texas Tech University; Crum Auditorium, Collins Executive Education Center.

Wed. Apr. 8, 6-7:15pm, The Economics of Drug Legalization, featuring: Jeffrey Miron, Senior Lecturer and Director of Undergraduate Studies in the Department of Economics at Harvard University and Director of Economics Studies at the Cato Institute and Audrey Redford, Assistant Professor of Economics in the School of Economics, Management, & Project Management in the College of Business, Western Carolina University; Crum Auditorium, Collins Executive Education Center.

Wed. Apr. 22, 6-7:15pm, Texas Economic Forum, TOPIC TBD; W. Michael Cox and Richard Alm, O'Neil Center for Global Markets and Freedom, Crum Auditorium, Collins Executive Education Center.

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

Tues. Feb. 11, 10:30am-11:45am, "Changing business dynamism and productivity: Shocks vs. responsiveness," Ryan Decker, Economist at the Federal Reserve Board of Governors; Crow 282 (O'Neil Center conference room)

Fri. Feb. 21, 10:30am-11:45am, "Growth Enhancing Economic Freedom and Entrepreneurship at the Local Level," Sriparna Ghosh, Assistant Professor of Economics, University of Cincinnati-Blue Ash; Crow 282 (O'Neil Center conference room)

Thurs. Apr. 9, 10:30am-11:45am, TOPIC TBD, Audrey Redford, Assistant Professor of Economics, Western Carolina University; Crow 282 (O'Neil Center conference room)

## Meeting Schedule

Meeting #	Dates (Mon./Tues./Wed./Fri.*)	Notes
1	Jan. 27/28/29/24*	
2	Feb. 3/4/5/Jan. 31*	
3	Feb. 10/11/12/7*	
NO MEETINGS	Feb. 17/18/19/21*	
Fri. Feb. 21 – Sat. Feb. 22, <b>Mandatory</b> Reading Group Summit at SMU		
4	Feb. 24/25/26/ <b>14</b> *	
5	Mar. 2/3/4/Feb. 28*	
6	Mar. 9/10/11/6*	
NO MEETINGS	Mar. 16/17/18/13*&20*	SMU Spring Break Mon. 3/16-Fri. 3/20
7	Mar. 23/24/25/27*	
8	Mar. 30/31/Apr. 1/3*	
NO MEETINGS	Apr. 6/7/8/10*	Fri. 4/10 SMU closed
9	Apr. 13/14/15/17*	
10	Apr. 20/21/22/24*	

\*To avoid meeting the Friday preceding Spring Break, the Friday group will meet the week before the other groups through Spring Break. After Spring Break, it will meet the same week as the other groups.

## Reading List

Books that will be provided:

Daniel Ariely (2009). *Predictably Irrational*. Harper Collins.

Richard Thaler & Cass Sunstein (2009). *Nudge: Improving Decisions about Health, Wealth, and Happiness*. Penguin Books.

Jim Leitzel (2008). *Regulating Vice: Misguided Prohibitions and Realistic Controls*. Cambridge University Press.

\*Note: Readings marked with asterisks are available in the DropBox link below. All others are found in the books that you will be given. To keep the volume of reading within the 50-75 page range, several readings have been marked as “optional.” However, please do skim over those articles if you choose not to read them. <https://www.dropbox.com/sh/eat4faltc88182d/AACurFrwCBhFIO-Rkv-Ll1zZa?dl=0>

### Week 1: Standard Economic Models of Decision Making (Jan. 24/27/28/29)

- \*(24 pages) Becker, G. (1993). “The Economic Way of Looking at Behavior” *Journal of Political Economy*: 385-409.
- \*(10 pages) Richard McKenzie (2018) “Adam Smith’s “Propensity to Truck, Barter, and Exchange’: A Brain-Focused Perspective”
- \*(13 pages) Levitt & Dubner (2005). *Freakonomics: A Rogue Economist Explores the Hidden Side of Everything*. Harper Perennial: New York. Introduction.

### Optional Materials

- Schmidt, David. 1993. “Reasons for Altruism.” *Social Philosophy and Policy* 10, no. 1: 52-68.
- \*Kavka, Gregory. 1983. “The Toxin Puzzle.” *Analysis* 43, no. 1: 33-36.

### Week 2: Predictably Irrational: Biases and Blunders (Jan. 31/Feb. 3/4/5)

- (33 pages) Thaler & Sunstein (2008). *Nudge*. Yale University Press (Ch. 1-Biases and Blunders, and Ch. 3-Following the Herd).
- (47 pages) Daniel Ariely (2008). *Predictably Irrational*. Harper Collins (Ch. 1-The Truth about Relativity, and Ch. 2-The Fallacy of Supply and Demand).
- \*(2 pages) Brooks, D. (2011). “Who You Are,” *The New York Times*, October 20, 2011. [[read here](#)]

### Optional Materials

- Cognitive Biases Cheat Sheet. [[read here](#)]
- NPR: Facts Aren't Enough: The Psychology Of False Beliefs. [[listen here](#)]
- The Paradox of Choice by Barry Schwartz. [[watch here](#)]
- TED: Predictably irrational (series of 11 talks). [[watch here](#)]
- The Undoing Project. [[read here](#)]

### **Week 3: Paternalism (Feb. 7/10/11/12)**

- \*(13 pages) Dworkin, Gerald, "Paternalism", *The Stanford Encyclopedia of Philosophy* (Fall 2019 Edition), Edward N. Zalta (ed.). <http://stanford.library.usyd.edu.au/entries/paternalism/>
- \*(30 pages) Scoccia (2008) In Defense of Hard Paternalism. *Law and Philosophy*. 27: 351-381. [[read here](#)]
- (17 pages) John Stuart Mill, paragraph 9 & 10 (starting with "The object...") of Ch. I ("Introductory") and all of Ch. V ("Applications") of *On Liberty* (1859). [[read here](#) and [here](#)]

### **Summit (Fri. Feb. 21 and Sat. Feb. 22)**

- (37 pages) \*Richard McKenzie (2010). *Predictably Rational*. Springer (Ch.10-Problems with Behavioral Economics).
- (6 pages) \*Richard McKenzie (2010) "Predictably Irrational or Predictably Rational?" [[read here](#)]
- (6 pages) \*Richard McKenzie (2018) "On Diet Cokes and Brain-Focused Economics" [[read here](#)]
- (7 pages) \*Richard McKenzie (2019) "Market Competitiveness and Rationality: A Brain-Focused Perspective" [[read here](#)]

### **Week 4: Libertarian Paternalism, Nudges, and Choice Architecture (Feb. 14/24/25/26)**

- (48 pages) Thaler & Sunstein (2008). *Nudge*. Yale University Press (Introduction, Ch. 4-When Do We Need a Nudge?, Ch. 5-Choice Architecture, Ch. 16-A Dozen Nudges).
- \*(2 pages) Thaler, R. (2015). "The Power of Nudges, for Good and Bad," *The New York Times*, October 31, 2015. [[read here](#)]

### Optional Materials

- How behavioral science can lower your energy bill. [[watch here](#)]
- Life lessons from an ad man. [[watch here](#)]

### **Week 5: Libertarian Paternalism: A Slippery Slope? (Feb. 28/Mar. 2/3/4)**

- \*(44 pages) Whitman, Thaler, Klick, and Frederick. (2010). Cato Unbound Debate: Slippery Slopes and the New Paternalism. [[read here](#)]
- (16 pages) Thaler & Sunstein (2008). *Nudge*. Yale University Press (Ch. 17-Objections).

### Optional Materials

- \*Rizzo and Whitman (2009) Little Brother is Watching You: New Paternalism on Slippery Slope. *Arizona Law Review*. [[read here](#)]
- Daniel Reed (2006). Which side are you on? The ethics of self-command. *Journal of Economic Psychology*. [[read here](#)]
- Gary Becker Criticisms [[read here](#)] [[and another one](#)]
- \*Sunstein & Thaler (2003). Libertarian Paternalism is Not an Oxymoron, *U. of Chicago Law Review*.

### **Week 6: Application: Government Nudges (Mar. 6/9/10/11)**

- \*(3 pages) Obama Executive Order [[read here](#)]
- \*(38 pages) Obama Social and Behavioral Sciences Team 2016 Annual Report: pages VIII – XIII & 1-32.
- \*(1/2 page) Aimone (2015) Some Rules for Behavioral Science. *Nature* 526 p 323. [[read here](#)]
- \*(17 Pages) Sarah Stillman (2017) Can Behavioral Science Help in Flint? *The New Yorker* Jan 15, 2017. [[read here](#)]
- \*(2 pages) Ben Quinn (2018) The 'nudge unit': the experts that became a prime UK export – *The Guardian* Nov 10, 2018. [[read here](#)]

### **Week 7: Applications: Anti-obesity Paternalism (Mar. 23/24/25/27)**

- \*(22 pages) Hoffer and Nesbit (2018). *For Your Own Good: Taxes, Paternalism, and Fiscal Discrimination in the Twenty-First Century*. Mercatus Center (Ch. 14-Taxation as Nudge: The Failure of Anti-obesity Paternalism) [[read here](#)]
- \*(7 pages) Miller, Benjamin, and North (2017). *Economics of Public Issues*. Person (Ch. 7-The Economics of Obesity). (The PDF for this reading is in the main Dropbox folder, not the subfolder for week 7. It also contains 2 other chapters you'll need in other weeks.)
- \*(9 pages) Skipper (2012). Obesity: Toward a System of Libertarian Paternalistic Public Health Interventions. *Public Health*. [[read here](#)]
- (7 pages) Escobar, et al. (2013). Evidence that a tax on sugar sweetened beverages reduces the obesity rate: a meta-analysis. *BMC Public Health*. [[read here](#)]
- (3 pages) Wansink and Just. (2012). How Bloomberg's Soft Drink Ban Will Backfire on NYC Public Health. *The Atlantic*. [[read here](#)]

### **Week 8: Applications: Saving, Investing and Gambling (Mar. 30/31/Apr. 1/3)**

- (29 pages) Thaler & Sunstein (2008). *Nudge*. Yale University Press. (Ch. 6-Save More Tomorrow & Ch. 7-Naïve Investing).
- (23 pages) Jim Leitzel (2007). *Regulating Vice*. Cambridge University Press (Ch. 7-The Internet and Vice).

#### Optional Materials

- Robert Simmons (2008), Gambling, Ch. 10 of *Prohibitions*, IEA, 198-222. [[read here](#)]

### **Week 9: Applications: Prohibition (Apr. 13/14/15/17)**

- (42 pages) Jim Leitzel (2007). *Regulating Vice*. Cambridge University Press (Ch. 4-Prohibition).
- \*(6 pages) Miller, Benjamin, and North (2017). *Economics of Public Issues*. Person (Ch. 6-Sex, Booze, and Drugs). (The PDF for this reading is in the main Dropbox folder, not the subfolder for week 9. It also contains 2 other chapters you'll need in other weeks.)
- \*(24 pages) Hoffer and Nesbit (2018). *For Your Own Good: Taxes, Paternalism, and Fiscal Discrimination in the Twenty-First Century*. Mercatus Center (Ch. 15-Prohibition by Price: Cigarette Taxes and Unintended Consequences). [[read here](#)]
- (2 pages) Robert Frank (2018) Why Even Tougher Regulations on Smoking Are Justified? *The New York Times*. [[read here](#)]

#### Optional Materials

- Prohibition by PBS. [[watch here](#)]
- \*Unintended Consequences of Prohibition. [[read here](#)]
- John Meadowcroft, ed., (2008). *Prohibitions*, IEA, various chapters. [[read here](#)]

### **Week 10: Applications: Repugnant Markets and the Future (Apr. 20/21/22/24)**

- (8 pages) Thaler & Sunstein (2008). *Nudge*. Yale University Press. (Ch. 11-How to Increase Organ Donations).
- \*(8 pages) Miller, Benjamin, and North (2017). *Economics of Public Issues*. Person (Ch. 8-Kidneys for Sale). (The PDF for this reading is in the main Dropbox folder, not the subfolder for week 10. It also contains 2 other chapters you'll need in other weeks.)
- \*(17 pages) Al Roth (2007) Repugnance as a Constraint on Markets. *Journal of Economic Perspectives* 21(3) p 37-58. [[read here](#)]
- \*(5 pages) Salam (2014). It's Time for Legalized Prostitution. [[read here](#)]
- \*(8 Pages) Al Roth – In 100 years. [[read here](#)]
- \*(6 pages) Powell, Benjamin (2008). In Defense of Sweatshops. [[read here](#)]

#### Optional Materials

- \*The Exchanges We Hide. [[read here](#)]
- The Psychology of the Taboo Trade-Off. [[read here](#)]
- John Meadowcroft, ed., (2008). *Prohibitions*, IEA, various chapters. [[read here](#)]