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

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 Mansfeldt Investment Corp. and the Dian Graves Owen Foundation. He also manages MDJ Minerals, one of the largest independent oil and gas companies in the Permian Basin.





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

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- Under the title “Capitalism is (Slowly) Winning Ar

Lawson analyzed the latest EFW data for

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ideas fr the George Wush Institute, our neighbor on the SMU campus.

- *Exponents* magazine ran Murphy’s “What Cluntr

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modernity leads to the conclusion that even social democrats ought to place some weight on economic fr

- Lawson r

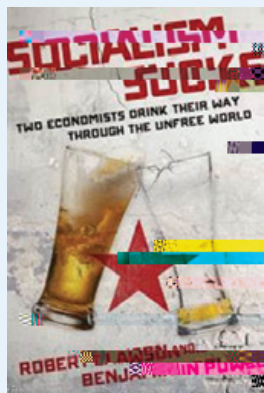
accomplishments associated with the EFW pr

Causes of Economic Freedom: Adam Smith Award Remarks,” published in the fall issue of the *Journal of Private Enterprise*. Th essay is an edited transcript of his r

Association of Private Enterprise’s Adam Smith Award.

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."



• *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

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

• 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

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

• In December, Murphy explained

ECONOMIC FREEDOM OF NORTH AMERICA

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 (Caminos 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

- 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*.

- 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,

TEXAS ECONOMIC FREEDOM

Texas Economic Forum

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 an 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

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.



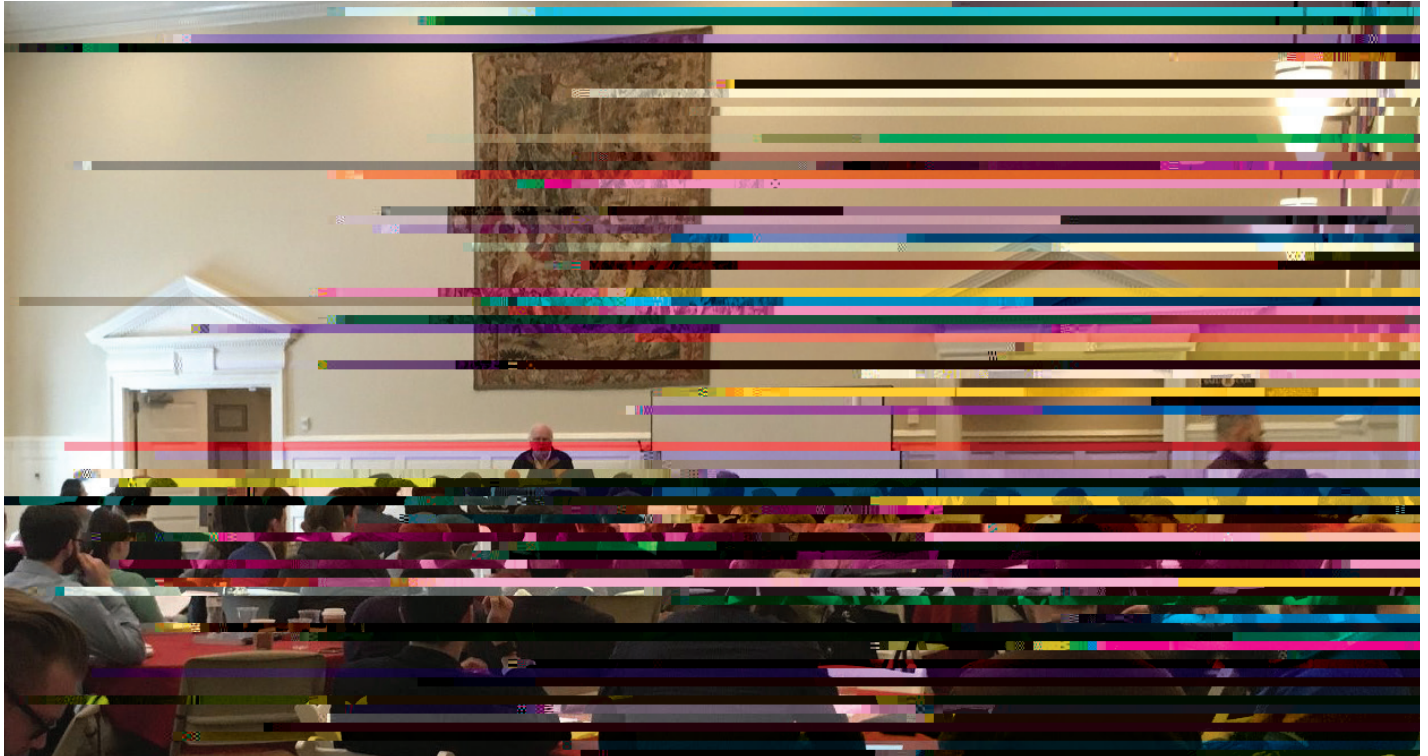
Stansel led the McLane Teammates Scholars and Armentrout Scholars reading groups; Tuszyński handled the

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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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

The program began in 2015 and offers workshops and

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

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

- 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

