

Libertarian Paternalism

1 Definitions

Libertarian: People should be free to choose; individual choices should not be blocked (p. 1161). No coercion is involved. It is “relatively costless for people to obtain their preferred outcomes”.

Paternalism: a policy “counts as ‘paternalistic’ if it attempts to influence the choices of affected parties in a way that will make choosers better off”. Contrast: making policy by attempting “to track people’s anticipated choices” (p. 1162).

2 Examples

2.1 Choices and interests.

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| 1. Chess | folio |
| 2. Health: fat, smoking, drinking | 4. Insurance: when was the disaster |
| 3. Savings: median vs. actual portfolio | |

2.2 Framing effects

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| 1. Medical choices: 90% live vs. 10% die | preferences |
| 2. Cafeteria, which food first | 4. Stocks vs. bonds |
| 3. Future generations: no stable | 5. Health: avoid thinking about risk |

2.3 Defaults and anchors

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| 1. Automatic savings | low default |
| 2. Pre-tax parking: opt-in or opt-out? | 5. Vacation: bargain up or sell down |
| 3. Retirement savings: opt-in vs. auto enroll | 6. Car safety: willingness to pay varies with starting point |
| 4. Required car insurance: high vs. | 7. Organ donation: opt-in vs. opt-out. ¹ |

3 Two theses

1. Strong thesis: even libertarians will manipulate preferences and choices in the ways the article describes. Paternalism is “inevitable”. E.g. since preferences do not precede social contexts, it is a “misconception” to think that “there are viable alternatives to paternalism”.
2. Weak thesis: the paternalistic policies described in the article are compatible with libertarianism because they always include individual options to opt out of a benefit. By contrast, non-libertarian paternalism, like mandatory seat belt laws, blocks choices.

4 What’s the political philosophy?

1. Libertarianism based on a view about individuals and value. Individual autonomy and welfare are valuable and libertarianism is generally the best way to promote them. (p. 1160).
2. Libertarianism based on a view about the state, what it can and cannot do; e.g. the social contract does not give the state the power to act paternalistically.
3. Libertarianism based on fear of what the state will do if given power.
4. Democracy, the state is the instrument of its citizens.

¹ Since third parties are the beneficiaries, this isn’t paternalism but, rather, “libertarian benevolence”.