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Response to Klein

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LIBERTARIAN PATERNALISTS INSIST ON FREEDOM OF CHOICE; they do not want to foreclose options (Sunstein and Thaler 2003). At the same time, they believe that, in many contexts, planners cannot help influencing choosers, even if they aspire to neutrality. If influences are inevitable, shouldn't planning be undertaken with some awareness of its effects? Libertarian paternalists believe that the answer is clearly yes—and that planners in the private and public sectors should explore approaches that lead people toward welfare-increasing outcomes while also leaving them free to choose.

As far as I can see, Daniel Klein (2004) has no quarrel with libertarian paternalism. He suggests that Richard Thaler and I are focused on cafeteria design rather than policy issues. But as Klein knows, we refer to many policy issues, including employee savings, consumer protection, social security reform, and employment discrimination. Klein claims that we must be making some "idiosyncratic" distinction between voluntary and coercive action. But it is not idiosyncratic to distinguish between approaches that respect freedom of choice and those that do not. Klein suspects "that the authors simply wish to reject the distinction between voluntary and coercive action upon which the very idea of libertarianism is based" (Klein 2004, 267). But that very distinction is pivotal to our argument, which opposes libertarian paternalism to nonlibertarian varieties, and which endorses the former over the latter.

Klein protests that many libertarians emphasize human fallibility. Of course, he is correct. Among our primary targets are libertarian economists

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who emphasize human rationality—there are many of them, and they have a great deal of influence. But our argument is strengthened, not undermined, by the suggestion from Hayek and Coase, among others, that people are not perfect calculating machines. In short, Klein seems to me to have nothing to say against libertarian paternalism.

REFERENCE

Klein, Daniel B. 2004. Statist Quo Bias. *Econ Journal Watch* 1(2): 260-271.

Sunstein, Cass R., and Richard Thaler. 2003. Libertarian Paternalism Is Not an Oxymoron. *University of Chicago Law Review* 70: 1159-1202.

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