

# **An Overview of the Gatton College BB&T Program for the Study of Capitalism, 2007 – 2018**

Compiled by  
John Garen  
BB&T Professor of Economics and  
Director, BB&T Program

June 2018

## **I. Introduction**

The original gift from the BB&T Corporation and the BB&T Charitable Foundation to support the Program began in 2004. The gift was to support the College’s “Larger World Issues in Business” learning theme and establish the BB&T Learning Laboratory on Capitalism, later renamed the BB&T Program for the Study of Capitalism. Though some actions were taken to implement the terms of the gift through 2006, in the spring of 2007 Professor John Garen (then chair of the Department of Economics) was asked to take an active role in guiding and directing Program activities to ensure that the Program continued to grow to fulfill its mission. Beginning in fall 2007, the Program has sponsored regular activities and events and has grown to encompass engagement with and support of campus/community events, undergraduates, graduate students, and faculty.

The overarching theme of the BB&T Program is to gain deep, accurate, and objective understandings of capitalism/private enterprise vis-à-vis other systems of organizing the economy and society; This involves considering the well-being of individuals in society, both in material and non-material terms, as well as moral and ethical issues. The role of government in society is central to these issues.

The gift agreement was reconfigured in spring 2014 when Garen was named BB&T Professor of Economics.

The material below outlines major areas of activity and events.

## **II. Speakers and Related Events**

Each semester, speakers and/or panels on relevant themes were organized. Events are always open to the entire campus and the community. Note that for some events, other organizations were co-sponsors.

### *Spring 2018*

April 26, 2018: Screening of *The Little Pink House*, a feature film about the real-life story of Susette Kelo who fought the government all the way to the Supreme Court regarding the condemnation and seizure of her home by the city of New London, Ct. The story raises property rights issues that are critical to a legal system and an economy.

A panel discussion followed the film featuring:  
Susette Kelo, lead plaintiff in *Kelo v. City of New London, Ct.*  
Courtney Moorehead Balaker, writer and director of *The Little Pink House*.  
John Kramer, Vice President of Communications for the Institute for Justice, the pro bono legal firm that represented Ms. Kelo

Fall 2017

September 7, 2017: A public forum on tax reform and tax policy. The panelists were:  
Dr. Arthur B. Laffer, founder and chairman of Laffer Associates  
Dr. William Hoyt, Gatton Endowed Professor and Chair, Department of Economics  
Jason Bailey, founder and Executive Director of the Kentucky Center for Economic Policy  
Dr. Chris R. Bollinger, Gatton Professor of Economics and the Director of the Center of Business and Economic Research.  
Moderator: Dr. John Garen, BB&T Professor of Economics

Spring 2017

January 31, 2017: A panel discussion “Environmental Regulation and Use of Benefit-Cost Analysis by Policymakers.” The panelists were:  
Ilya Shapiro, Senior Fellow, Cato Institute  
William Hoyt, Professor and Chair, Department of Economics  
Michael Healy, Professor of Law  
Frank Scott, Professor of Economics  
Moderator: John Garen, BB&T Professor of Economics

March 30, 2017: Panel discussion on “What’s Next for Kentucky Schools? The Outlook for K-12 under President Trump.” Panelists were:  
Ron Zimmer, Professor and Director, Martin School of Public Policy and Administration  
Wayne Lewis, Executive Director of Education Policy and Programs in the Kentucky Education and Workforce Development Cabinet and Associate Professor of Education Leadership  
Joseph Waddington, Assistant Professor, College of Education  
John Garen, BB&T Professor of Economics  
Moderator: Aaron Yelowitz, Professor of Economics

Fall 2016

Dr. Russell Roberts, the De Nault Research Fellow of the Hoover Institution, presented a talk entitled “Adam Smith, Free Trade, and Human Dignity,” November 30, 2016.

Spring 2016

Dr. Alex Tabarrok, Bartley J. Madden Chair in Economics and the Meratus Center, George Mason University, spoke on “Democracy and Voting in a Free Society: Some Economics of Politics,” March 30, 2016.

Fall 2015

John Allison, Chairman, Cato Institute’s Center for Monetary and Financial Alternatives and former CEO, BB&T Corporation, spoke on “The Philosophic Fight for the Future of America,” September 30, 2015.

Spring 2015

March 10, 2015: Panel discussion on Economic Regulation and the 14<sup>th</sup> Amendment: The Case of Wildcat Moving, LLC (Brunner v. Zawacki). The panel discussed use of state licensing to prevent firms from entering markets, with special reference to the local case of Wildcat Moving, LLC. The panelist were:

Raleigh Bruner, Managing Partner, Wildcat Moving LLC

Professor Brian Frye, College of Law

Professor Frank Scott, Department of Economics

Moderator: John Garen, BB&T Professor of Economics

Dr. David Macpherson, E.M. Stevens Professor of Economics, Trinity University, discussed his research on labor market effects of healthcare reform in "Healthcare Reform, Jobs, and Part-Time Work." April 23, 2015

Fall 2014

Dr. Russell Sobel, Professor of Economics, The Citadel, spoke on the interrelationship of entrepreneurship and economic freedom in his presentation on "Entrepreneurship, Economic Freedom, and Prosperity," September 18, 2014.

Spring 2014

Dr. Antony Davies, Professor of Economics, Duquesne University, spoke on federal spending and deficits in his talk entitled "Deficit Day to Bankruptcy Day," February 19, 2014

Dr. Dwight Lee, William J. O'Neil Chair of Global Markets and Freedom, Southern Methodist University, presented a talk entitled "Markets and Morality: The Importance and Limits of Good Intentions and Caring For Others," March 5, 2014,

Fall 2013

Dr. James Otteson, Professor and Director, BB&T Center for the Study of Capitalism, Wake Forest University, spoke on Adam Smith's economics and philosophy in "Judgment, Dignity, and Capitalism.," September 26, 2013.

Dr. Gerald Dwyer, Visiting Professor, Clemson University and former Vice President of the Federal Reserve Bank of Atlanta, presented a discussion of recent Federal Reserve policy in his talk entitled "Inflation and Quantitative Easing." November 14, 2013.

Spring 2013

Dr. Steven Horwitz, Professor of Economics, St. Lawrence University, presented a talk on recessions and government policy entitled "The Great Recession," February 19, 2013.

Senator Rand Paul, discussed his recent experiences in the U.S. Senate and his policy views in "Restoring Economic Freedom." March 27, 2013.

Fall 2013

November 8, 2013 speaking event schedule for Dr. James Otteson, Professor and Director, BB&T Center for the Study of Capitalism, Wake Forest University, was rescheduled due to weather-related flight cancellations.

Spring 2012

Dr. Donald Boudreaux, Professor of Economics, George Mason University, discussed the effects of price controls on markets in his talk entitled “Price Controls,” February 1, 2012.

Fall 2011

Dr. Robert Lawson, Professor, Cox School of Business, Southern Methodist University, spoke on the concept and importance of economic freedom in his talk “Economic Freedom and the Health and Wealth of Nations,” September 7, 2011.

Dr. Kevin Vallier, Post-Doctoral Research Associate, Political Theory Project, Brown University, presented a discussion on capitalism and political philosophy in his talk “Capitalism: What Is It? Why Have It?,” December 8, 2011.

Summer 2011

John Garen, University of Kentucky, presented his whitepaper on “An Unsustainable Path: The Past and Future of Kentucky Medicaid Spending,” June 29, 2011 in a public talk co-hosted with the Bluegrass Institute for Public Policy Solutions.

Spring 2011

Professor Susan Dudley, Trachtenberg School of Public Policy and Public Administration and Director, Regulatory Studies Center, George Washington University, presented “Regulatory Oversight and Reform,” March 2, 2011.

Fall 2010

John Allison, retired CEO and Chairman of BB&T Corporation presented his views on business ethics in his talk “Principled Leadership,” September 22, 2010.

Dr. Dwight Lee, William J. O’Neil Chair of Global Markets and Freedom, Southern Methodist University, spoke on free enterprise and morality in his talk entitled “The Market is More Moral Than Most People Think” November 11, 2010.

David, Boaz, Cato Institute Executive Vice President, challenged the typical left-right divide on a host of issues in his presentation entitled “The Politics of Freedom,” December 9, 2010.

Spring 2010

Dr. Bradley Hobbs, BB&T Professor of Free Enterprise, Florida Gulf Coast University, presented a talk tracing the remarkable growth in living standards over the past 250 years in “Historical Living Standards,” March 1, 2010.

### Fall 2009

Dr. J.R. Clark, Probasco Chair of Free Enterprise, Department of Economics, University of Tennessee – Chattanooga, discussed safety regulations and unintended consequences in “Too Safe To Be Safe: Government Safety Efforts That Increase the Danger,” November 3, 2009.

### Spring 2009

Dr. Rand Paul, physician and policy commentator, presented his thoughts on economics, policy, and freedom in “A Speech on Liberty,” April 30, 2009

### Fall 2008

Dr. Paul Rubin, Samuel Dobbs Professor of Economics and Law, Emory University, discussed law and economics issues about privacy in “The Economics of Privacy,” September 18, 2008.

### Spring 2008

Karol Boudreaux, George Mason University, spoke on economic development in Africa in her presentation on “Africa: Fighting for Property Rights, The Struggle for Enterprise and Opportunity in Sub-Saharan Africa,” January 24, 2008.

### Fall 2007

Dr. Eric Schansberg, Professor of Economics, Indiana University – Southeast, spoke on capitalism, socialism, and Christianity in his talk entitled “Why the Religious Right and Religious Left are Both Wrong,” September 26, 2007.

## **III. Undergraduate Student Reading/Discussion Group**

A student reading/discussion group was organized each semester.

### Spring 2018

Reading/discussion was on a variety of topics and included:

“Econ 101 and the Minimum Wage,” Russ Roberts, Café Hayek, April 8, 2013.

“No, raising the local minimum wage doesn’t hurt local businesses,” Jared Bernstein and Ben Spielberg, *The Washington Post*, February 26, 2016.

“Life-Saving Incentives: Consequences, Costs and Solutions to the Organ Shortage,” Alexander Tabarrok, 2009, Library of Economics and Liberty.

“Buying and Selling Organs Would Create an Economic Class War,” Katrina A. Bramstedt, 2014, *The New York Times*.

"Should University Health Coverage Be the Federal Government's Responsibility?," Intelligence Squared Debate, 2017.

“Tax Reform as a Discovery Process,” J. R. Clark and Dwight R. Lee, Excerpt from Adam J. Hoffer and Todd Nesbit, eds., *For Your Own Good: Taxes, Paternalism, and Fiscal Discrimination in the Twenty-First Century*. Arlington, VA: Mercatus Center at George Mason University, 2018.

“Is Bitcoin Intrinsically Worthless?,” William J. Luther, AIER Sound Money Project Working Paper No. 2018-07.

### Fall 2017

The focus of readings and discussion were on economics, morality, public policy, and free enterprise. Readings were drawn from:

Daniel Hausman, Michael McPherson, and Debra Satz, *Economic Analysis, Moral Philosophy, and Public Policy*, 3rd Edition.

### Spring 2017

A variety of student-suggested topics were considered and discussed. These included:

- Economic development of low income countries
- Fairness in issues in markets
- How to organize college sports
- Issues in school choice
- Pharmaceutical regulation

### Fall 2016

The focus was on the importance of innovation, entrepreneurship, and economic freedom to an economy. Readings included:

Adam Thierer, *Permissionless Innovation*

Joseph Schumpeter, "The Process of Creative Destruction."

Rosenberg, Nathan and Birdzell, Lee, *How the West Grew Rich*, selected sections.

### Spring 2016

Important ideas from Austrian economics were discussed, with readings from:

F. A. Hayek, *The Fatal Conceit: The Errors of Socialism*

Ludwig von Mises, *Liberalism*

### Fall 2015

Discussion focused on the problems of public education in low-income countries and private alternatives. Readings were drawn from:

James Tooley, *The Beautiful Tree: A Personal Journey Into How the World's Poorest People are Educating Themselves*, Cato Institute, 2009

### Spring 2015

The focus was on selected topics from Lawrence H. White, *The Clash of Economic Ideas*, including:

- the Socialist calculation debate
- the Great Depression and Keynes' General Theory
- economic policy of postwar Germany
- Indian economic development.

### Fall 2014

Topics for reading/discussion were:

- the economics and politics of regulation; bootleggers and Baptists
- the welfare state and dependency

- economic freedom
- government debt

### Spring 2014

Readings on selected chapters from Tim Harford, *The Undercover Economist*, including:

- Perfect Markets and the ‘World of Truth’
- Why Poor Countries are Poor
- Beer, Fries, and Globalization
- How China Grew Rich

### Fall 2013

Selected chapters from Lawrence H. White, *The Clash of Economics Ideas* including:

- “The Bolshevik Revolution and the Socialist Calculation Debate”
- “Postwar British Socialism and the Fabian Society”

Plus other topics including economic freedom and government debt.

### Spring 2013

Contrasting views on markets and moral behavior were discussed from readings by:

- Arthur Brooks, in *The Road to Freedom*, argues that free enterprise brings forth good moral behavior as well as offering practical advantages.
- Samuel Bowles, in *Machiavelli’s Mistake: Why Good Incentives are No Substitute for Good Citizens*, argues that markets induce people to adopt behavior that undermines civil society.

### Fall 2012

The economics and politics of *The Hunger Games*.

- Tom Palmer, *After the Welfare State*
- Ayn Rand, *Anthem*

Plus selected readings and discussion on topics such as minimum wage, health care reform, and government debt.

### Spring 2012

Readings included:

- Milton Friedman, *Free To Choose*, selected chapters.
- George Soros, *The Soros Lectures*, selected chapters.
- Paul Heyne, *Are Economists Basically Immoral?*
- Ayn Rand, *Atlas Shrugged*, “The Sign of the Dollar.”

Plus discussions of current topics such as crony capitalism, occupy Wall Street, and healthcare reform

### Fall 2011

- Tom Palmer, *The Morality of Capitalism*

Plus readings and discussions on:

- Free Market Environmentalism
- Politics Without the Romance: Does Government Always Work For You?
- Free Market Capitalism vs. Crony Capitalism
- Economic Freedom: Is It Like Other Freedoms?

#### Spring 2011

Russell Roberts, *The Price of Everything: A Parable of Possibility and Prosperity*  
 Plus a selection of shorter readings by great thinkers about economics and free societies, including works by Milton Friedman, Friedrich Hayek, Adam Smith, and Thomas Sowell

#### Fall 2010

Reading/discussion focused on:

- Heinlein, Robert, *The Moon is a Harsh Mistress*, a science fiction story of economics, politics, freedom, and revolution where oppressed colonists of the moon rise up against the rule of Earth.
- Frederic Bastiat, selected works collected in *The Economics of Freedom*, a series of essays by renowned author Bastiat, who wrote on basic economics and economic myths.

#### Spring 2010

Two works provided the topics of discussion:

- Russell Roberts, *The Invisible Heart: An Economic Romance*
- Henry Hazlitt, *Economics in One Lesson*.

#### Fall 2009

- Milton and Rose Friedman, *Free to Choose*, selected chapters
- Paul Heyne, *Are Economists Basically Immoral?*, selected chapters

### **IV. Undergraduate Coursework**

An economics course entitled Capitalism and Other Social Systems was developed and taught for several years as a special topics course. It was offered initially in fall 2010, then subsequently in fall 2011, spring 2013, spring 2014, spring 2015, fall 2015, and spring 2017. The course is now a permanent course; ECO 365, Social Economic Organization. The intent of the course, consistent with the goals of the BB&T Program, is to foster deep and rigorous understandings of the ideas, debates, and discussions of capitalism and other economic and social systems.

The course presents fundamental ideas underlying capitalism as well as many of its critiques. The deep background and historical roots of capitalism are discussed, in addition to those of several alternative economic/social systems. Also, historical episodes and selected controversies are discussed that illustrate the contrasting views of proponents and opponents of capitalism. While the literature on these topics is voluminous, the assignments, lectures, and discussions give students a good sampling of the fundamental ideas and arguments.



Though the reading list varies from year to year, a sampling of authors/readings that present foundational ideas of capitalism include:

- Smith, Adam, *The Theory of Moral Sentiments*.
- Smith, Adam, *The Wealth of Nations*.
- Hayek, Friedrich, *The Fatal Conceit*.
- Hayek, Friedrich, “The Use of Knowledge in Society.”
- Rosenberg, Nathan and Birdzell, L.E., *How the West Grew Rich*.
- Friedman, Milton, *Capitalism and Freedom*.
- Locke, John, “Of Property and Government.”

Selected authors/readings who are critical of capitalism have included:

- Rousseau, Jean Jacques, sections from *On the Social Contract*.
- Marx, Karl and Engels, Friedrich, sections from *The Manifesto of the Communist Party*.
- Richard H. Thaler and Cass R. Sunstein, “Libertarian Paternalism.”
- Branko Milanovic, “The Return of “Patrimonial Capitalism: Review of Thomas Piketty’s Capital in the 21st Century.”
- Harrington, Michael, *The Other America: Poverty in the United States*.
- Tugwell, Rexford, *The Battle for Democracy*.
- Mussolini, Benito, “Fascism: Doctrine and Institutions.”

Topics covered in the course include:

- Some Basics of Capitalism/Free Enterprise
- The Role of Government
- Why Limit Government? And How?
- Alternative Views on Economic/Social Organization
- Socialism, Communism, and Fascism
- Postwar British Socialism and the Fabian Society
- Institutionalist and Keynesian Ideas In and Around the Great Depression
- Rawls and Nozick on Justice
- Some Aspects of Poverty Programs
- Income Inequality
- Behavioral Economics and Paternalism
- Aspects of Corporate Social Responsibility

## **V. Undergraduate Awards**

### **Scholarship/Reading Group Awards**

These awards were begun in fall 2016 and jointly funded by the BB&T Program and the Schnatter Institute. Awardees are top students committed to the ideals of the reading group.

*Spring 2018:* 6 students were awarded a scholarship

*Fall 2017:* 12 students were awarded a scholarship

*Spring 2017:* 10 students were awarded a scholarship

*Fall 2016:* 8 students were awarded a scholarship

### **BB&T Learning Laboratory Undergraduate Awards**

At various times, undergraduate essay contests were held under the title of “learning laboratory.” Award winners were as follows.

#### **Spring 2014**

- Diana Burden, “The Role of Government in the Market Economy, Voluntary Exchange, Competition, and the Case for Efficiency,” 1<sup>st</sup> prize.
- Autumn King, “Real Human Consumption - The Economics of the Zombie Apocalypse,” 2<sup>nd</sup> prize.

#### **Spring 2013**

- Matthew Wilson, “The Importance of Self-Interest in Human Decision Making and Capitalism,” 1<sup>st</sup> prize. .
- Andrew Beeli, “The Moral Case for Free Trade,” 2<sup>nd</sup> prize.
- Linda Grijalba, “The Principles of Dagny Taggart’s Actions,” 3<sup>rd</sup> prize.

#### **Fall 2011**

- Nolan Gray, “A Brief Overview of the Development and Philosophy of Capitalism,” 1st prize.
- Linda Grijalba, “The Truth of Capitalism,” 2nd prize.
- Ryan McFerran, “Capitalism in the Crosshairs: A Look at the Validity of the Occupy Wall Street Movement,” 3rd prize.

#### **Spring 2011**

Brent Black, “Capitalist Apologetics,” contest winner.

#### **Other**

At various times, the BB&T Program supported undergraduate students as research assistants to faculty and for travel to professional conferences.

## **VI. Graduate Student Support**

### **Fellowship and Research Support**

#### **2017-2018**

- Samuel Ingram, a third-year Ph.D. student in economics, was awarded a fellowship to pursue his dissertation work on occupational licensing.
- Kenneth Tester, a second-year Ph.D. student in economics, was awarded a fellowship to finish coursework in economics begin developing research topics in tax policy and public pension reform.

### Summer 2016

Several graduate student research projects were supported. They were:

- Katherine Toran (economics), to examine the impact of Medicare Part D, the drug program for senior citizens, on life expectancy.
- David Moore (finance), to investigate managerial motives for share repurchases.
- Zach Porter (economics), to consider electronic medical records (EMR) as a case study for information shocks in public vs. private institutions.
- Alex McGlothlin (economics), to study the effect of legal policies on start-ups by entrepreneurs in the craft brewing industry.

### 2014-2015

Steven Gordon, third-year economics Ph.D. student, was awarded research support to conduct research on his paper "The Housing Crisis and Local Government Activity."

### 2013-2014

Steven Gordon, second-year economics Ph.D. student was awarded a student fellowship for work on his paper "The Link between Government Spending, Rent Seeking, and Policy."

### Other Support

Graduate students were supported to attend various conferences as various times.

### Summer Reading/Discussion for Graduate Students

The BB&T Program supported special summer reading groups for graduate students to complement the more technical graduate economics coursework. The intent is to foster informal discussion of "big picture" ideas in economics, as well as to gain perspective on the topics regarding the confluence of economic thought, economic history, and economic policy.

### Summer 2014

Topics were:

- The Big Picture of World Economic Growth
- More on Institutions and Some Political Economy
- Thomas Piketty and the Current Debates Over Income Distribution
- Deep Background Issues: Human Nature
- Behavioral Economics

### Summer 2013

Reading drew from chapters of Lawrence H. White, *The Clash of Economic Ideas: The Great Policy Debates and Experiments of the Last Hundred Years*, Cambridge University Press, 2012 as well as complementary reading. Reading included:

- White, "Introduction" and Ch. 1, "The Turn Away From Laissez Faire."
- White, Ch. 3, "The Bolshevik Revolution and the Socialist Calculation Debate."
- White, Ch. 4, "The New Deal and Institutional Economics" and Ch. 5, "The Great Depression and Keynes' General Theory."
- White, Ch. 7, "Postwar British Socialism and the Fabian Society."

- White, Ch. 9, “The Postwar German ‘Wonder Economy’ and Ordoliberalism” and Ch. 10, “Indian Planning and Development Economics.”
- White, Ch. 13, “The Growth of Government: Public Goods and Public Choice.”
- White, Ch. 15, “From Pleasant Deficit Spending to Unpleasant Sovereign Debt Crisis.”

## **VII. Faculty Support**

### **Research Support**

#### **2016**

During the summer of 2016, the BB&T Program and the Schnatter Institute jointly supported a substantial program of faculty research grants. Grants for research related to the study of free enterprise, thus supporting the missions of both organizations. Awards for summer 2016 were:

- 1) Will Gerken, Assistant Professor of Finance, “Hedge Fund Boards and the Market for Independent Directors.”
- 2) James Fackler, Professor of Economics, “Interwar Price Level Targeting.”
- 3) Kristine W. Hankins, Garvice D. Kincaid Endowed Associate Professor of Finance, “Understanding Precautionary Cash at Home and Abroad.”
- 4) Aaron Yelowitz, Associate Professor of Economics, “How Did the ACA Affect Health Insurance Coverage in Kentucky?”
- 5) Frank Scott, Gatton Endowed Professor of Economics, “Single Bidders and Tacit Collusion in Highway Procurement Auctions.”
- 6) Leonce Barger, Assistant Professor of Finance, “The Buffering Effect of Brands for Companies Facing Legislative Homogenization: Evidence from the Introduction of Sarbanes-Oxley.”
- 7) David Ziebart, PWC Professor of Accountancy, “Transaction Complexity and the Movement to Fair Value Accounting.”
- 8) John Garen, BB&T Professor of Economics, “Educational Test Scores and Education Spending: A Look Across States, 1992-2013.”
- 9) David Bradshaw, Professor of Philosophy, “Modern Politics and the Passions.”

#### **2013**

The BB&T Program supported several faculty research projects. They were:

- Professor Aaron Yelowitz, “The Early Effects of the Affordable Care Act on the Individual Health Insurance Market: Insurance Plan Availability and Premiums.”
- Professor James Fackler, “Bernanke Vs. Taylor: A Post Mortem on Whether Monetary Policy Contributed to the Housing Boom and Bust.”
- Dr. Dirk Mateer and Dr. Charity-Joy Acciardo, “Charting a Path to Prosperity: The Economic Freedom of the World Map in the Classroom.”

#### **2011**

Professor John Garen’s work on “Trust and the Growth of Government” was supported.

### **Other Support**

Travel support to selected professional conferences was provided to faculty.