

Senate Council
September 26, 2016

The Senate Council met in regular session at 3 pm on Monday, September 26, 2016 in Room 103 Main Building. Below is a record of what transpired. All votes were taken via a show of hands unless indicated otherwise.

Senate Council Chair Katherine M. McCormick called the Senate Council (SC) meeting to order at 3:02 pm.

The Chair welcomed student members Mills and Stekardis. The Chair noted that the Senate's parliamentarian, Catherine Seago, was present to help with parliamentary procedures if needed.

1. Minutes from September 19, 2016 and Announcements

The Chair reported that no changes to the minutes had been received. There being **no objections**, the minutes from September 19, 2016 were **approved** as distributed by **unanimous consent**.

There were a few announcements.

- The Chair has been attending conversations with colleges, which include President Eli Capilouto and Provost Tim Tracy. She said many of the topics of conversation have been broad issues, although a few college-centric issues have been raised.
- The Senate's Rules and Elections Committee (SREC) has voted to have co-chairs: Joan Mazur and Davy Jones.
- The Chair asked what SC members thought about having a briefing on Title IX issues. There were no objections voiced about having a briefing so the Chair said she would arrange it.
- The Chair is contacting the faculty identified by SC as possible members of the proposed ad hoc committee to investigate Administrative Regulations 6:2 ("Policy and Procedures for Addressing and Resolving Allegations of Sexual Assault, Stalking, Dating Violence, and Domestic Violence").
- There are a few Senate committees that still do not have chairs. There were no objections to the Chair's request that she be empowered to contact remaining members if those identified by SC were unable to serve.
- Regarding the Advisory Committee for Graduation Composition and Communication Requirement (ACGCCR), Jane Jensen (ED/Educational Policy Studies and Evaluation) has stepped down as co-chair but will remain as a committee member.

Blonder asked if the Chair had any information on which SC nominees were included in the search committee for the vice president for institutional diversity. The Chair replied in the negative and noted that she also did not know which SC nominees were chosen to serve on the search committee for an associate provost for student and academic life.

2. Committee Reports

a. Senate's Academic Organization and Structure Committee (SAOSC) – Ernie Bailey, Chair

i. Proposed New John. H. Schnatter Institute for the Study of Free Enterprise

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The Chair explained that the Senate's Academic Organization and Structure Committee (SAOSC) recommended approval of the proposed new John. H. Schnatter Institute for the Study of Free Enterprise (Schnatter Institute). Because the motion came from committee, no second was necessary.

Bailey, chair of the SAOSC, said that the SAOSC met on September 14 and Gatton College of Business and Economics Dean David Blackwell and Ernie Yanarella (AS/Political Science) and other Gatton faculty were present and participated. Bailey explained the proposal to SC members. He noted that the SAOSC was supportive primarily because of assertions by both Dean Blackwell and Provost Tracy that if there was any undue influence on academic matters by outside parties, both of them would work together to support Schnatter Institute-initiated activities if the relationship with the Charles Koch Foundation (Foundation) was broken.

The Chair invited Guest Ernie Yanarella to offer his comments on the proposal and requested that he limit his remarks to five minutes. [Yanarella's comments in their entirety are appended to the end of these minutes.]

The Chair invited Guest David Blackwell, dean of the Gatton College of Business and Economics, to offer his comments on the proposal. Given that Yanarella had gone slightly over the time limit, she let Dean Blackwell know that he had nine minutes in which to speak. [Dean Blackwell's comments in their entirety are appended to the end of these minutes.]

Following remarks by Dean Blackwell and Dr. Yanarella, Blonder offered the concerns below.

- UK's Board of Trustees accepted the money from the Foundation in December, but the discussions with faculty occurred in January and February.
- Although 22% of the Gatton faculty voted in opposition to the proposed Schnatter Institute, none of those faculty wrote letters explaining their opposition. Blonder wondered if those faculty were already concerned with matters related to academic freedom.
- While there are numerous other institutions that have accepted donations from the Foundation, those amounts were significantly smaller than the \$10 – 12 million that UK accepted (.e.g. the University of Pennsylvania appears to have accepted \$5,000 and most donations to the universities cited were well under \$500,000 as of 2014).
- The mission of the Schnatter Institute as described in the charitable grant agreement [“to discover and understand aspects of free enterprise that promote the well-being of society”] seems to slant activities of the Schnatter Institute in a certain direction that could have an impact on academic freedom. Given the inclusion of a 30-day notice for donor's intent to terminate the agreement, there is nothing preventing the Foundation from pulling funding if faculty conduct research that suggests capitalism has not improved the well-being of society.
- If the Provost and Dean Blackwell could come up with money to support Schnatter Institute-initiated activities if the Foundation terminates the agreement, why were those monies not used to support faculty activities to begin with?

Bailey commented that a unit on campus used to be described as one that conducted research into certain types of diseases. In an attempt to make it more positive, the research was subsequently described as investigating the well-being of certain animals. He thought the phrase “well-being” was not nefarious, but rather was trying to frame the proposal positively. Blonder said that Charles Koch and John Schnatter have had all sorts of problems with not paying workers properly and it was well known that the Koch brothers distrust climate change data. If a faculty member opted to conduct research that is not related specifically to well-being, that research might be determined to not fit with the Schnatter Institute’s mission and pose an issue.

Grossman expressed agreement with Dean Blackwell’s previously stated opinion that the majority of the Gatton faculty opposition to the Schnatter Institute was not related to the Schnatter Institute itself, but rather was due to not agreeing with the political views of the donors. Wood said that her concerns stemmed from language in the charitable grant agreement that said the donation was for the betterment of both the University and of the Koch Foundation. She said she was further concerned by the ability of the Foundation to withdraw monies with only a 30-day notice and asked for more information about how the monies were being transferred and on what schedule. She wondered what would happen to graduate students and faculty members who were supported by Foundation monies if the Foundation gave 30 days’ notice to terminate the agreement. She said that language in the charitable grant agreement that requires the donor to be notified if the director of the Schnatter Institute changes and the ability to withdraw all funds with 30 days’ notice constituted external control.

Bailey commented that the SAOSC discussed issues of influence and said they ultimately decided that informing the Schnatter Institute’s advisory committee about leadership changes was not an odd request. Regarding the timing of payments and what happens if the payments are stopped and monies returned, Bailey said that SAOSC thought it boiled down to trusting the integrity of the University institution and its oversight over hiring and financial support and that they opted to trust that University officials will not bow to pressures that could come from the Foundation. He said the SAOSC was not comfortable saying that they did not trust leadership to not bow to pressures. Wood replied that it had nothing to do with trusting faculty or Dean Blackwell or anyone else – the worrisome concept was that funding could be stopped with 30 days’ notice if the Foundation sees something they do not like.

Bailey wondered what time frame for notice would be acceptable. Wood said that one year would be better. She said that section four of the charitable grant agreement used the language “up to” regarding dollar amounts for Schnatter Institute-related salaries, fringe benefits, and other costs. The functions of the Schnatter Institute should either be supported or not. Bailey asked the Chair if it was permissible for Dean Blackwell to offer information about that matter and the Chair said it was. Dean Blackwell explained that if for some reason the full cohort of faculty could not be hired in the first year, or some similar issue arose, the Foundation will only send financial support for what is needed that year. He said it was possible for the Foundation’s contributions to be spread out over a period longer than the expected five years.

Bailey commented that while the proposal was a large document, there were essentially two questions that needed to be answered. Does the SC approve the establishment of a multi-disciplinary research institute, and does the SC wish to endorse its non-academic merits? He reiterated that the SAOSC had some concerns about how the Schnatter Institute would operate financially and that the SAOSC was swayed by comments from Dean Blackwell and Provost Tracy that they would make up any financial differences if necessary. Bailey opined that the issue at the present time was more about the Schnatter Institute’s proposed administrative structure.

Schroeder wanted to know when faculty were first notified about the Foundation's gift. Dean Blackwell said that he first learned about the possibility of the gift on August 15 and included faculty as soon as possible. Guest Bill Hoyt commented that it was discussed during a retreat in August 2015. Dean Blackwell added that discussions had begun a couple years earlier. Similar to the donation for the Lewis Honors College, the Board of Trustees had to approve the gift before the process of establishing the Schnatter Institute could begin. He added that the Board of Trustees voted on it in December 2015.

The Chair interjected to note that there were additional guests other than Blackwell and Yanarella present. She suggested they introduce themselves. There were five members of the Department of Economics (James Fackler, John Garen, Bill Hoyt, Frank Scott, and Aaron Yellowitz) as well as a reporter from the Herald-Leader (Linda Blackford). Discussion continued.

Mazur asked for additional information about how the Koch brothers became interested in making the donation to the University of Kentucky. Dean Blackwell explained that the Gatton College had an agreement with BB&T bank for almost a decade and those monies funded some doctoral fellowships and research grants and perhaps also an undergraduate reading group – the monies were on the smaller side. He said his recollection was that a UK alumnus approached the Foundation about establishing a formal institute, perhaps a couple years ago. He said he was not told who that alumnus was, but the activities of faculty and their publications came to their attention but that conversations between the alumnus and the Foundation were not ultimately fruitful. Mazur said she had a hard time believing that any unit would have the stomach to return \$10 million dollars to a donor after the charitable grant agreement was already signed. She noted that her comments were not intended to imply that she thought Dean Blackwell and other members of leadership would not object to undue influence.

Bailey said that he was unaware of any instances in which Foundation monies were withdrawn from an institution. Grossman opined that there was nothing nefarious about an organization donating money and expecting the donation to benefit them. Most large donors want recognition and have their names and contributions be noted in acknowledgements of publications. Although anonymous giving was considered to be the highest form of giving, there were still situations where it was acceptable to identify the donor and acknowledge their support.

Yanarella asked to offer a couple comments and the Chair granted permission. Yanarella said that academic freedom was probably something in which everyone in the room profoundly believed. He acknowledged that many of the contract clauses that were problematic elsewhere were not in the charitable grant agreement between UK and the Foundation. The problem was that the Schnatter Institute would preclude a widespread consideration of capitalism in its many variations and would only allow the narrowest of models to be explored. Alternatives to capitalism that should be part and parcel of a genuine institute for the study of capitalism will not be considered. Yanarella's second point was that if the Schnatter Institute is established, the whole process will be normalized and never again discussed unless egregious problems emerge. He said he did not understand how faculty could separate the driving political intentions of the Koch brothers and John Schnatter from the influence on political debate and the kinds of public policies that flow from those sorts of activities. Bailey opined that Yanarella's comments were conjecture based on faculty's worst fears. Bailey said that the SAOSC's recommendation that a review be conducted halfway through the program was intended to allay concerns about a very narrow view of acceptable free enterprise-related activities.

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Dean Blackwell noted that Bailey addressed Yanarella's first point by noting there was no basis in the documentation or intent of faculty for Yanarella's assertions. Blackwell noted that such assertions were belied by the research records of faculty working those areas, who had a very broad set of research issues ranging from taxi drivers in New York to the effect of the Affordable Care Act on health outcomes in Kentucky. He added that Yanarella's second point was not relevant because the Schnatter Institute had not yet been established.

Blonder asked the faculty members guests from the Department of Economics if any of them voted against the Schnatter Institute proposal. [None did.] Guest James Fackler (BE/Economics) suggested that some colleagues were concerned about what had occurred at other campuses in regards to academic exercises. He said that was part of the reason people went to such lengths to build faculty protections into the charitable grant agreement. Dean Blackwell clarified that the \$10 million may be used over a period longer than five years but so far approximately one million dollars had been spent on salaries and benefits. He said that with expected resources and retirements and departures, he said that could be absorbed readily if necessary.

Guest Bill Hoyt (BE/Economics, department chair) added that he heard about faculty concerns through his position as department chair. He said he thought that the biggest concern of several faculty was probably reputational. Other faculty were concerned about graduate students and what the proposal might mean for them. He said he heard less concern about the Schnatter Institute affecting research per se, but rather there was a perception that it was a major concern. Lauersdorf asked if there was a similar 30-day requirement for UK to give if UK intends to withdraw from the charitable grant agreement and if there were any financial ramifications for doing so. Dean Blackwell said that UK could terminate the charitable grant agreement at any time with no ramifications other than returning the Foundation monies not already spent by UK. He said he made it very clear that UK will walk away from the agreement if there is any attempt at exerting inappropriate influences.

Bailey reminded SC members that the first **motion** from the SAOSC was a recommendation for approval of the academic status of the institute but also recommend a review of the program at the halfway point of Foundation support (September 2019) of the scholarship and the progress towards goals of the proposal. Because the motion came from committee, no **second** was required. Blonder **offered a friendly amendment** to amend the motion to require a review and that it be done by both the University Senate and Provost. After brief discussion, the wording below¹ was finalized.

Recommendation for approval of the academic status of the institute ~~but~~ and also ~~recommend~~ require at the halfway point of Foundation support (September 2019) a review by the University Senate in collaboration with the Provost of the program's at the halfway point of Foundation support (September 2019) progress in of the scholarship and the progress towards goals of the proposal its mandate to safeguard academic freedom.

Neither Bailey nor Dean Blackwell expressed objections to the changed motion, although both commented that it was possible that people in various positions may have changed by the time September 2019 comes. Porter asked how safeguarding academic freedom could be reviewed; Grossman replied that a review committee could ask faculty in the Schnatter Institute if they felt pressured to change their research. Fackler added that it could involve discussions with people who are

¹ Underline formatting denotes added text and strikethrough indicates deleted text.

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directly affiliated with the Schnatter Institute. There was additional discussion about how to conduct such a review, as well as the timeline for doing so to adhere as much as possible to University review schedules. A **vote** was taken and the motion **passed** with none opposed and no abstentions.

Bailey explained that the second **motion** from the SAOSC was a recommendation that the Senate endorse the academic organization, reporting, infrastructure and funding for the institute. Because the motion came from committee, no **second** was required. A **vote** was taken and the motion **failed** with three in favor, four opposed, and three abstaining. Wood commented that both motions would go to the Senate for deliberation, but the second motion would go without a recommendation from the SC.

The Chair thanked the guests for their contributions and invited them to attend the Senate meeting October 10, 2016.

3. Nominees for Area and Advisory Committees

SC members discussed nominees for a series of external review committees and identified four nominees each for the external review committees for Libraries and Health Sciences.

Concerns were raised about the number of college reviews being conducted in one year and the lack of staggered terms that would mean that all members would leave the committee at the same time. SC members agreed with the suggestion that the Chair send forward four names each for the Libraries review and Health Sciences review, but send a handful of recommendations for efficiency before identifying nominees for the other four proposed external review committees. The suggestions were: limit a committee's review work to two colleges per year, even if that means expanding the number of review committees; stagger the term duration for the first round of committee nominees (at two years' duration and three years' duration) so that not all members roll off at the same time; reconsider the grouping of colleges for each committee to balance large and small colleges as well grouping by college disciplinary areas.

SC members then identified a variety of nominees for the Librarians Academic Area Advisory Committee, Health Care Clinical Sciences Academic Area Advisory Committee, and Ride Home Express Departure Time Review Committee.

Mazur **moved** to adjourn and Schroeder **seconded**. SC members voted with their feet and the meeting was adjourned at 5:06 pm.

Respectfully submitted by Katherine M. McCormick,
Senate Council Chair

SC members present: Bailey, Blonder, Brown, Grossman, Lauersdorf, McCormick, Mills, Porter, Schroeder, Stekardis, Wood.

Guests present: Linda Blackford, David Blackwell, James Fackler, John Garen, Bill Hoyt, Frank Scott, and Aaron Yellowitz.

Prepared by Sheila Brothers on Tuesday, September 27, 2016.

Opening Comments before the UK Senate Council —Monday, September
26, 2016

by

Ernie Yanarella, UK Faculty Member and
Former Senate Council Chair and Presiding Officer
of the University Senate

I appreciate this opportunity to speak before a body that I have chaired and for whom I have the highest respect. I am also delighted to be part of what one Senate Academic Organization and Structure Committee (SAOSC) member twelve days ago called the Dave and Ernie Show.

Along with the documents I have also shared with you, my remarks today are intended to convince you of the signal importance of this review of the Schnatter Institute proposal jointly funded by two large and powerful foundations and to remind you of your duty to deliberate and render recommendations upon its character and administration.

In my statement to Ernie Bailey's SAOS committee, I argued that its institution would violate three hallowed principles of the modern research university: institutional autonomy; institutional neutrality; and institutional academic freedom. I also argued that its overriding mission and objectives, as designed by its foundation crafters, were thoroughly ensconced in an underlying myth of the market central to a normative image of free enterprise capitalism. That is, it is grounded in a particular ideology of market capitalism propagated by the Austrian school of economics, Friedrich Hayek, and Milton Friedman. To my mind, it is thus a politically veiled "gift" with many strings attached and an assortment of outside checks and controls by these foundations that amounts to a Trojan horse that I believe will insinuate itself through the forces of Big Money/corporate influence into this institution's academic structure and curriculum. As a result, it will lead to the subtle shaping and control by outside sources of faculty research and teaching and the molding of student attitudes against political ideas and policy issues deemed a threat to inherited wealth and corporate power and their hegemony over American public policy and public life.

The facets of this untoward intrusion into the Academy are well-documented in the University of Illinois—Champaign-Urbana and the Florida State University reports. I would daresay that any open-minded academic or faculty representative

who reads these documents juxtaposed against the UK- Foundation Agreement would be moved to recognize the nature of the threats posed by approval of this institute at this public university.

My earlier presentation to the Bailey organization and administration committee offered specific details and arguments supporting these assertions, and I trust you have considered them in light of your reading of the Illinois and Florida State reports. For now, I wish to highlight three points or arguments.

First, I want to reiterate my SAOSC argument that we cannot segregate the Koch/Schnatter institute-driven campaign on U.S. campuses including at UK from the political and lobbying strategy of using campaign money to hijack American democracy and flood our electoral politics with what Jane Mayer calls “dark money.” They are part of the same larger corporate–Big Money program and integrated network intended to further enrich the wealthy, beggar the middle class and the poor, and pollute the public sphere. We as concerned citizens cannot simply lament the state of our politics and elections while willfully closing ourselves off within the walls of academe from the unity of Big Money electoral funding and lobbying in politics and the filtration of the dark money onto our American campuses from the same sources. Such blindness or naiveté is surely beneath our intelligence and our sense of professional ethics. That is why, I suspect, the UK economics department voted 9-8 on the acceptance of this money.

Second, I wish to remind you of that kernel of truth in George Bernard Shaw’s famous aphorism in his play, “The Doctor’s Dilemma,” that “every profession is a conspiracy against the laity.” Shaw of course phrased it as a truism, not a universal and unqualified verity. In effect, he warned of how ministers of the cloth, political scientists, and even economists can identify with and come to subserve the wealthy and elites of the world--losing sight of their higher tasks of saving souls, making better citizens and defending democracy, and improving the quality of life and economic conditions of all human beings at work and home. The materials provided by the staff of UnKoch My Campus demonstrate that the chosen top administrators of the proposed institute are already part of the Koch Foundation’s larger integrated network and are collaborating in Koch-sponsored associations to shape the institute into an ideological weapon and political tool of a larger movement that has been extensively researched and roundly-criticized for its designs to reshape U.S. campuses

to promote those political and ideological agendas advancing the interests of the wealthy and the powerful.

Third, and finally, I will readily acknowledge that an institute for the study of capitalism established as a University-wide center could be a good thing. It would channel funds into the most varied and critical studies of capitalism; it would be a forum for the sharpest, most pluralistic, and challenging panels and debates among economists, sociologists, political scientists, philosophers, and anthropologists on campus and without; it would be beholden to the catholic group of faculty who were part of it. And it would be administered in a manner that sustained the principles of institutional autonomy, neutrality, and academic freedom. Alas, the Schnatter Institute, if approved and formally established, will do none of these things based upon the profusion of documents and information provided to you by me and by the UnKoch My Campus, and available in books and exposes like Jane Mayer's *Dark Money*.

So, in conclusion, as perhaps the last bastion of its defense and protection of the hallowed principles I have invoked as standing at the center of the modern research university, you representatives of the faculty's governance processes—I say-- cannot, must not, shirk the responsibility to carefully and thoughtfully review this proposal in light of the wider societal and political goals of its Trojan "gift-givers." I urge you to take what time is necessary to assess it thoroughly in your mind as to its benefits and liabilities to this university. If you do, I am confident that you will reach the same conclusion as have I—that it is unworthy of the university ideals we hold dear and should not be recommended by the Senate Council or affirmed by the University Senate.

Summary of Remarks to the University of Kentucky Senate Council on the Proposed Schnatter Institute for the Study of Free Enterprise
David W. Blackwell, Dean, Gatton College of Business and Economics
September 26, 2016

The Nature of the Institute

1. It does not create, house, or deliver any degree program. Degree programs reside in our departments.
2. It does not create new courses. Courses are proposed and approved by faculty in our academic departments.
3. It does not hire or house any faculty members. Any affiliates of the institute are hired, evaluated, rewarded, tenured, and promoted in the academic departments.
4. Any new faculty positions hired from donor funds are housed in one of our academic departments and are hired using normal faculty search processes.
5. The Institute exists primarily to support the research and teaching of faculty members interested in studying the impact of free enterprise on society and to enable recognition of the primary donor through branding of activities supported by donor funds.
6. While the Institute may be technically considered an “academic unit,” it does not resemble in any way an academic department or degree program.

Academic Freedom and Integrity

1. Faculty members in the Gatton College have been conducting research about free enterprise, teaching about it, hosting guest speakers, and using donor funds to support faculty research and various non-credit student enrichment activities for over 30 years.
2. Academic freedom means that faculty members determine their own research agendas and each faculty member is free to engage in the type of research they wish. No department chair, dean, provost, president or governance body can dictate a faculty member’s research agenda.
3. A successful research agenda requires intellectual rigor and integrity if it is to be published in reputable, peer-reviewed outlets and have an impact on the profession. The academic value of Institute work is determined by publication in peer-reviewed journals, our academic standards as reflected in departmental evidences documents, the merit review process, the raise process, the promotion and tenure process, and the labor market for faculty.
4. As documented in the proposal, the Institute has been carefully vetted and endorsed by majority vote of the Gatton College faculty, the faculty of each academic department in the college, the Gatton Faculty Council, and the Dean’s Advisory Council (external). Further, the Dean and the Provost have endorsed the Institute.
5. These votes came after transparent and vigorous discussions of the concerns raised by our faculty, which included all of the concerns raised by Professor Yanarella. The donor agreements and proposal documents were made available to everyone involved in the discussions.

6. The protection of academic freedom and integrity requires that we apply our normal shared governance practices and rigorous standards in the hiring, evaluation, and promotion of faculty; in admitting graduate students and advancing them through their academic programs; in teaching and developing courses; and in any other academic pursuits. As I believe is clear from the agreement, the proposal, and supporting documents, all of these protections are in place and will be followed.

Concluding Remarks

1. This charitable grant is similar to any other grant in that it requires accountability for executing the activities specified in the grant agreement and reporting to the grantors annually on Institute activities. Grants are contingent on performance under the grant and grantors can stop payment for non-performance. Thus, the Institute supported by this charitable grant should be treated no differently than any other similar entity. Other research centers in our college are also supported by external grants that could go away for any number of reasons.
2. The academic merit of this Institute should be evaluated based on the many scholarly accomplishments of the faculty members who have come together to form it and not on whether one agrees with the political views of the donors. I think everyone agrees that we get on a slippery slope if we evaluate this Institute differently than others on campus because of a perception of the donors' political views.

Statement to the University of Kentucky Senate Council on the Proposed Schnatter Institute for the Study of Free Enterprise

David W. Blackwell, Dean, Gatton College of Business and Economics

September 25, 2016

Academic Freedom and Integrity

It is imperative that any academic initiative, including the Schnatter Institute, serve the mission of the University. Academic freedom and integrity are central to accomplishing the missions of the University of Kentucky. As Dean, I am obligated to nurture and protect the academic freedom of all faculty members, including those who choose to study the impact of free enterprise on society. And, I am resolute in maintaining the academic integrity of the Gatton College. Our donor agreement is very clear on the point of academic freedom:

Promoting Academic Freedom. The Donor's grant is intended to help promote an environment at the University where ideas can be exchanged freely and useful knowledge will benefit the well-being of individuals and society. Thus, the Parties agree that the academic freedom of the University, the Institute, and their faculty, students, and staff is critical to the success of the Institute's research, scholarship, teaching, and service.

Academic freedom means that faculty members determine their own research agendas and each faculty member is free to engage in the type of research they wish. Their success requires the intellectual rigor to publish in reputable, peer-reviewed outlets. Some faculty members may be fortunate enough to gain external support for their work, but this does not change the necessity for intellectual rigor and strong academic standards. Thus, faculty members are encouraged to address issues as they choose and they may seek outside support under the conditions of academic integrity. To prevent researchers from using external financial support for their research or to grant it only to some set of "pre-approved" topics and intellectual approaches, is to deny academic freedom.

As carefully documented in our proposal, the faculty of the Gatton College had vigorous discussion of these fundamental issues in a number of venues to vet the Schnatter Institute. Many of the concerns raised by Professor Yanarella were addressed in these discussions and a strong majority of our faculty members support forming the Institute. Through the discussions and subsequent votes, our faculty has expressed confidence in the ability of our system of shared governance to ensure that our academic integrity is maintained. As Dean, I have been unequivocal in my communications with the donors about the importance of protecting that integrity. Further, I trust my colleagues who have spent over 30 years conducting research related to free enterprise to protect their own academic reputations in choosing research topics, conducting the research with rigor and integrity, and in choosing appropriate outlets.

The protection of academic freedom and integrity requires that we apply our normal shared governance practices and rigorous standards in the hiring, evaluation, and promotion of faculty; in admitting graduate students and advancing them through their academic programs;

in teaching and developing courses; and in any other academic pursuits. As I believe is clear from the agreement, the proposal, and supporting documents, all of these protections are in place and will be followed.

The academic reputation of the College and University will be enhanced by the breadth of topics to be addressed by Institute scholars and by the excellent scholarly reputations of Institute affiliates. The study of free enterprise encompasses the examination of individual markets and economies that have varying degrees of private ownership, competition, legal protections, consumer choice, as well as different degrees of government involvement and regulation of economic activity. As such, it applies to virtually every field of economics and related fields, including labor economics, public economics, industrial organization, economic development, macro- and monetary economics, health economics, environmental economics, international economics, finance, and entrepreneurship.

Given the central role that markets play in our world, economists place strong emphasis on understanding of how markets actually work, how individuals make economic decisions, and how well economic models characterize these phenomena. They also explore how prices, outputs, employment, wages, and human welfare are affected by the dimensions listed above (i.e., private ownership, competition, consumer choice, legal systems, and regulation). Research in economics, therefore, often considers how government activity influences various economic outcomes. These investigations should be rigorous, scholarly exercises with no pre-ordained results. Naturally, ultimate success regarding research requires vetting and peer-review, with publication in appropriate outlets. The initial group of Schnatter Institute affiliates each have long careers in research following this approach, with much success over the years in publishing in outstanding journals. They each have strong reputations for intellectual integrity and there is every expectation that they, and any other affiliates, will maintain their strong reputations and rigorous scholarly activity.

Addressing Concerns

I now turn to a number of concerns raised by Professor Yanarella, among others. For the most part, these have already been addressed in the Institute proposal.

Attention has been called to a handful of universities whose donor agreements may have given donors inappropriate influence over academic decisions. However, what is at hand is our donor agreement and our proposal. We have built into our agreement customary safeguards to protect our academic freedom and integrity and to ensure that University governance processes are followed. Moreover, there are hundreds of colleges and universities that have engaged in agreements with the donor in question with apparent success. These include such highly regarded institutions as Harvard, Dartmouth, Duke, John Hopkins, NYU, University of Maryland, Penn State University, Notre Dame, University of Virginia, and many others.

Another comment suggests that outside foundations will gain control of research and teaching. As emphasized in the proposal document and above, this is patently incorrect. The University controls the hiring and promotion of faculty, evaluation of faculty research and

teaching, admission of students and their advancement through their academic programs, the development of new courses, and related matters. This is done through the usual Department, College, and University processes. As mentioned in the proposal document, the Schnatter Institute will report to the Dean's office and it currently reports directly to the Dean. As I would with any entity in my college, and especially one reporting directly to me, I intend to hold the Institute accountable for making valuable contributions to the University's and College's missions with integrity. Given the trust and confidence I have in my colleagues, however, I believe the Institute will bring great credit to UK and the Gatton College.

Donors have the right to provide or to not provide funding. However, we only accept funding under the conditions that it comes within the parameters of our University governance processes. These points are clear in the agreement and in the proposal document. It is not unusual for donors (or granting agencies) to provide funds to support broad areas of research. In many areas this is the norm. The NIH awards grants for cancer research with the full expectation that the researcher will do exactly that. A center for equine research usually pursues research on horses, and doesn't go off into geriatric research topics. There is no difficulty here as long the funding is provided under University governance.

Another comment is that the agreement is deceptively worded (so-called "code words") and has a covert agenda. I negotiated the agreement with donor representatives and their attorneys in good faith and in deep collaboration with a University associate general counsel and the University's Office of Philanthropy. I shared drafts of the agreements with the faculty and the Dean's Advisory Council prior to meetings to vet the Institute. There is simply no justification for accusing anyone involved of engaging in deception or having a covert agenda.

A further objection is the allegedly narrow approach of the economics profession (which a good deal of the gift is focused on), urging our economics department to adopt alternative approaches and consider other viewpoints. Professor Yanarella is correct in describing our economics department as mainstream. So his complaint seems to be that economists as a group see the world differently than does a political scientist who came of age intellectually in the 1960s. The reality is that "mainstream" neo-classical economics is an approach used almost universally in the economics profession and is the foundation of almost any study one would see published in a modern, mainstream academic journal. We describe standards of scholarship in the economics profession in a background document titled "Scholarship in the Economics Profession."

One of the goals of the Institute is to invite discussions and provide forums and other opportunities to engage the community with intellectually rigorous interactions about free enterprise vis-à-vis other economic systems. Thus, the Institute openly invites all to collaborate in developing opportunities for such events. You can be sure that we will add Professor Yanarella and anyone else he can suggest to our mailing list and that we will be calling on him to provide an alternative viewpoint in roundtable discussions and other Institute activities.

Another objection is that the agreement reduces academic freedom. I discussed this above. This objection seems to display a fundamental confusion regarding academic freedom. The Institute does nothing to impede it and is, in fact, an expression of it

Objections related to some discussed above are that the donor “calls the tune” and that University autonomy is undercut. As previously noted, donors have the right to support or not support programs. We at the University acknowledge that right, but insist that any funds we accept be governed by our standards of academic and intellectual integrity. These are in force with the agreement at hand and our proposal.

Lastly, there is the suggestion that the University will succumb to engaging in some sort of underhanded activities that promote solely the ends of the donors at the expense of the citizenry at large. In fact, it seems to be suggested that the University administrators and faculty involved with this gift, as well as the donors, are complicit in a scheme for “further enriching the wealthy, begging the middle class and the poor, and polluting the public sphere.” These accusations are unfounded, inflammatory, and non-substantive as they may relate to the University of Kentucky. Thus, they do not deserve further response.

Concluding Remarks

After open and transparent discussions of the issues raised by Professor Yanarella and others, the Gatton College faculty (as a whole, and department by department), the Gatton Faculty Council, the Gatton Dean’s Advisory Council, and the Senate’s Academic Organization and Structure Committee have all voted to support forming the Schnatter Institute.