

## **Background Information**

### **John H. Schnatter Institute for the Study of Free Enterprise**

#### **Preliminaries**

The study of free enterprise encompasses the examination of individual markets and economies that have varying degrees of private ownership, competition, and consumer choice, as well as different degrees of government involvement and regulation of economic activity.

As such, it applies to virtually every field of the economics profession, including labor economics, public economics, industrial organization, economic development, macro- and monetary economics, health economics, environmental economics, and international economics.

Researchers in this vein put a strong emphasis gaining deep understandings of how markets actually work, how well our models characterize them, and their effect on things such as prices, outputs, employment, wages, and human welfare. This line of research often considers how government activity may interact with markets, either to support their functions or to counteract them, and how this affects various outcomes.

Though there are other lines of emphases in economists' work, this approach is followed by a substantial share of academic economists. This, of course, includes those at UK but there are many across the profession. Some of the more distinguished and noteworthy include:

Robert Barro (Harvard; <http://scholar.harvard.edu/barro/home>)

John Cochrane (Chicago; <https://www.chicagobooth.edu/faculty/directory/c/john-h-cochrane>)

William Easterly (NYU; <http://econ.as.nyu.edu/object/WilliamEasterly.html>)

Edward Glaeser (Harvard; <http://scholar.harvard.edu/glaeser/home>)

Edward Lazear (Stanford; <http://www.gsb.stanford.edu/faculty-research/faculty/edward-lazear>)

Deidre McCloskey (University of Illinois-Chicago; <http://www.deirdremccloskey.com/>)

Sam Peltzman (Chicago; <https://www.chicagobooth.edu/faculty/emeriti/Sam-Peltzman>)

Joel Mokyr (Northwestern; <http://sites.northwestern.edu/jmokyr/>)

Thomas Saving (Texas A&M; <http://econweb.tamu.edu/saving/home.htm>)

John Taylor (Stanford, <https://economics.stanford.edu/people/john-b-taylor>)

#### **The Research Mission**

Research output that utilizes this approach is reviewed and evaluated by the standard process of peer review followed by the economics profession. Faculty in the UK economics department are expected to publish in reputable, well-regarded, and peer-reviewed journals. As stated in the Department of Economics *Evidence of Meeting Promotion and Tenure Criteria*, “the Department of Economics views that the most important way to demonstrate the scholarship necessary for promotion is through publication of high-quality and original research in academic outlets that are peer-reviewed and have high professional standing.” Economics is a broad and deep profession with many journals. There are at least 1500 journals in economics, but many are not noteworthy. There are, however, still over 80 journals that are well known and have an impact factor greater than 10. The article linked here conducts a bibliometric analysis of 69 leading economics journals which faculty members in the Department of Economics would typically target: <https://research.stlouisfed.org/publications/review/09/05/Engemann.pdf>.

The elite “general interest” journals include the *Journal of Political Economy*, *American Economic Review*, *Quarterly Journal of Economics*, *Econometrica*, *Review of Economics and Statistics*, and *Review of Economic Studies*. Other well-regarded general interest journals are: *Economic Inquiry*, *Southern Economic Journal*, *Economic Journal*, *Economica*, and.; There are also number of excellent field journals, including *Journal of Labor Economics*, *Journal of Public Economics*, *Journal of Monetary Economics*, *Journal of Money, Credit, and Banking*, *Journal of Health Economics*, *Journal of Development Economics*, *Industrial and Labor Relations Review*, *Journal of Urban Economics*, *Journal of Environmental Economics and Management*, *American Economic Journal* ( various fields), and many others.

In the promotion and tenure process or in the merit review process, the Department of Economics rewards faculty members for publishing their research in the elite general journals, other highly-regarded general journals, or excellent field journals similar in quality and impact to the examples listed above. Schnatter Institute affiliates will be held to the same evaluation standards as other faculty members in the Department of Economics and the Gatton College.

Schnatter Institute affiliates each have long careers in research following the above noted approach, with success over the years in publishing in outstanding journals. Below is a very short sampling of their published research which illustrates this, though by no means does justice to their bodies of work. (Note: some of these papers are co-authored.)

*John Garen, BB&T Professor of Economics and Director, Schnatter Institute*

“Assessing the Literature on School Reform from an Entrepreneurship Perspective,” *Journal of Entrepreneurship and Public Policy*, forthcoming.

“Do More Open Economies Have Bigger Governments? Another Look,” *Journal of Development Economics*, 77(2), August 2005 pp.533-551 (with K. Trask).

“Executive Compensation and Principal-Agent Theory,” *Journal of Political Economy*, 102, December 1994, pp. 1175-1199.

*Aaron Yelowitz, Associate Professor of Economics and Associate Director, Schnatter Institute*

“Health Insurance Generosity and Conditional Coverage: Evidence from Medicaid Managed Care in Kentucky,” *Southern Economic Journal*, October 2015, 82(2):535-555,

“Public Policy and Health Care Choices of the Elderly: Evidence from the Medicare Buy-In Program,” *Journal of Public Economics*, November 2000, 78(3): 301-324.

“Public Health Insurance and Private Savings,” *Journal of Political Economy*, December 1999, 107(6): 1249-1274.

*Frank Scott, Gatton Endowed Professor of Economics*

“The Market for Real Estate Brokerage Services in Low and High-Income Neighborhoods: A 6 City Study,” *Cityscape: A Journal of Policy Development and Research* 15: 1, March 2013

“Is There Job Lock?” *Southern Economic Journal* 70, April 2004, 953-976.

“Do Health Insurance and Pension Costs Reduce the Job Opportunities of Older Workers?,” *Industrial and Labor Relations Review*, 48, July 1995, pp. 775-791..

“The Income Tax and Nonwage Compensation,” *The Review of Economics and Statistics* 64, May 1982, 211-219.

*James Fackler, Professor of Economics*

"Inflation Forecast Targeting: An Alternative Approach to Estimating the Inflation-Output Variability Tradeoff," *Southern Economic Journal*, October 2011.

"Propagation of the Depression: Theories and Evidence," in *The Economics of the Great Depression*, Mark V. Wheeler, editor. (Kalamazoo: W. E. Upjohn Institute for Employment Research, 1998).

"Federal Credit, Private Credit, and Economic Activity," *Journal of Money, Credit and Banking*, November 1990, 444-464.

"Inflationary Expectations, Economic Activity, Taxes, and Interest Rates: Comment," *American Economic Review* 72, September, 1982, 858-859.

### **Projects Supported by the Institute**

Further research and publication supported by the Schnatter Institute will be forthcoming. During summer 2016, the Institute supported a number of faculty research projects. Below is a sampling. These reflect the variety of topics relevant to the mission of the Institute.

"The Impact of Tax Policy on Corporate Foreign Cash Holdings," Kristin Hankins, Department of Finance and Quantitative Methods.

"Understanding the Effect of the Affordable Care Act in Kentucky," Aaron Yelowitz, Department of Economics.

"The Strategy-Altering Effect of Sarbanes-Oxley on Strategic Marketing Emphasis and Marketing Efficiency," Leonce Barger, Department of Finance and Quantitative Methods

"Transaction Complexity and the Use of Market Prices in Accounting Standards," David Ziebart, Von Allmen School of Accountancy.

"Price Level Targeting in the Great Depression: A Counterfactual Analysis," James Fackler, Department of Economics.

"Hedge Fund Boards and the Market for Independent Directors," Will Gerken, Department of Finance and Quantitative Methods

"Single Bidders and Tacit Collusion in Highway Procurement Auctions," Frank Scott, Department of Economics.

"Modern Politics and the Passions," David Bradshaw, Department of Philosophy.