Studies in Applied Economics

AN INTERVIEW WITH JAMES D. GWARTNEY ON HIS LIFE AND WORK IN ECONOMICS

Mitchell List and Kurt Schuler
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By Mitchell List and Kurt Schuler

About the Series

The Studies in Applied Economics series is under the general direction of Prof. Steve H. Hanke, Founder and Co-Director of the Johns Hopkins Institute for Applied Economics, Global Health and the Study of Business Enterprise (hanke@jhu.edu). The authors are mainly students at The Johns Hopkins University in Baltimore.

About the Authors

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Abstract

James D. Gwartney is Professor Emeritus of Economics at Florida State University. He is the coauthor of a best-selling introductory textbook, Economics: Private and Public Choice, and is well known for his work on measuring economic freedom. From 1999 to 2000 he was the chief economist of the Joint Economic Committee of the U.S. Congress. Mitchell List and Kurt Schuler ask him about his youth as a Kansas farm boy; applying economic principles to raising children; his meeting with Vladimir Putin; going blind; his reflections on teaching; and his academic and popular writings. His wife Amy also participated for part of the interview.

Keywords: Gwartney, economic education, teaching, economic freedom
JEL codes: A11, B31
An Interview with James D. Gwartney on His Life and Work in Economics

By Mitchell List and Kurt Schuler

James D. Gwartney is Professor Emeritus of Economics at Florida State University. He is the coauthor of *Economics: Private and Public Choice*, a principles of economics text now in its 17th edition. He is also well known as the coauthor of the annual report *Economic Freedom of the World*, which provides information on the institutions and policies of well over 100 countries.

Gwartney was interviewed on February 10, 2023 by Kurt Schuler, who once worked for him at the Joint Economic Committee of the U.S. Congress, and Mitchell List, a student at The Johns Hopkins University. Gwartney’s wife Amy also participated for a portion of the interview. The transcript has been edited for content and clarity.

1. Childhood and College

When and where were you born?

I was born in Atchison, in the northeastern part of Kansas, on September 28, 1940. My family lived in nearby Leavenworth County.

Please tell us a bit about your childhood and your teenage years growing up in Kansas.

My mother was an elementary school teacher. My father was a farmer. I worked on the farm as I was growing up. I operated a wide range of farm equipment and even had a small business baling hay for farmers in our neighborhood during my late teenage years. These were the typical activities that most boys growing up on a farm were involved with during those years.

I went to a one-room school, and when I was in eighth grade there were only 12 students in the entire school from kindergarten to eighth grade. The interesting thing about that is that when you were, say, in the fifth grade, you'd be able to follow what the sixth and seventh graders were doing, and as a result, it was easy to sort of work ahead and be doing things that the more advanced students were doing. We had some cold winters in Kansas, where you couldn't be outside for lunch hour or recess, and the older students would often explain to younger students how they could do certain kinds of things. Vernon Smith, a Nobel Prize-winning economist,¹ also went to a one-room school in Kansas, and Vernon and I have talked about this. We both feel that at the elementary level we actually received a superior education compared to what students are getting today because of this interaction with students at a more advanced level. Then, as we progressed into the upper grades, we started explaining things to the younger students. As anybody who's been in teaching knows, you often learn a lot about a subject yourself by communicating it to somebody else.

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¹ Vernon Smith (born 1927), co-recipient of the 2002 Nobel Prize in economics for work in experimental economics; currently professor of economics and law at Chapman University.
Chronology

1940  Born September 28 in Atchison, Kansas
1958  Graduated from Leavenworth High School
1962  B.A. in economics, Ottawa University in Kansas; married Amy Minich
1962-1963 Graduate study in economics Washington State University, Pullman, Washington
1967  M.A. in economics, University of Washington, Seattle
1968  Assistant professor, Florida State University, Tallahassee
1969  Ph.D. in economics, University of Washington
1973  Associate professor, Florida State University
1976  First edition of *Economics: Private and Public Choice*
1977  Full professor, Florida State University
1993-1994 Visiting professor, Central European University, Prague, and Florida State University London Program
1996  First *Economic Freedom of the World* annual report
1998  President, Association of Private Enterprise Education
2003-2016 Director, Gus A. Stavros Center for Economic Education
2004  Gus A. Stavros Eminent Scholar Chair, Florida State University
2005  First edition of *Common Sense Economics*
2007-2008 President, Southern Economic Association
2022  Retired from Florida State University
With regard to high school, there were about 200 students in my class, so it was much bigger. The total high school was 800 or 900 students, which is not very large by today's standards but would have been a pretty large school in Kansas at the time. I was not particularly interested in anything related to economics. I probably didn't even know what economics was at the time, and was quite a bit more interested in basketball than I was in anything related to what I eventually ended up doing as a career.

**Besides working on the farm, did you have any other jobs growing up?**

As I became a bit older, I already mentioned baling hay for hire for other farmers in the neighborhood. By the time I was a junior and senior in high school, I did that in addition to working with my father. My father had both a trucking business and a logging business in addition to the farm. So, as I got older, I pretty much operated the farm, and he was involved in these other businesses. So, I did have some familiarity with business, but hiring out my services and the equipment that I was using would have been the only kind of employment I would have had during my high school years.

**After high school, you attended Ottawa University in Ottawa, Kansas, which is not very far away from your hometown. Did you go there because of its proximity?**

Proximity would have been a major consideration. I had two older sisters, and both went to Ottawa and had a good experience. The same goes for a number of my friends. Ottawa was about 60 miles from where I grew up. A number of my friends went to Kansas University, which is only about 40 miles from where I lived. So, Ottawa is about 20 miles south from Lawrence, and I went there primarily because it was a smaller school. I thought I would do better at a small school. I did do some visiting at other kinds of schools, but people didn't have as good information about the schooling [as they do today], and, at least as a farm boy growing up in Kansas during that period, you didn't think that much about whether where you went to school would make much difference in your future.

**As you mentioned in your essay “How I Became a Classical Liberal,”2 Ottawa was where you encountered economics, and in particular an instructor named Wayne Angell. Can you tell us about that?**

Well, actually, I started off as a physics major, and as a physics major, I needed to take a lot of math. So, I had taken a fair amount of math, and my sophomore year, I was taking physics and studying quite hard and doing okay, but not great. At the same time, I was taking my first economics course, which was with Dr. Wayne Angell.3 I didn't really study that hard in economics and did very well in it. There's something called the law of comparative advantage that says if you are studying economics and doing pretty well without working that hard, and studying

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2 Reproduced as Appendix A.
3 Wayne Angell (born 1930); besides the activities listed in the main text, he also served in the Kansas House of Representatives.
something else and having to work very hard and not doing so well, you might say, hey, maybe
my comparative advantage is economics rather than physics. So, I changed my major to
economics at the end of my sophomore year.

Angell was a great teacher. He was a young guy at the time, just having recently finished up his
doctoral degree at the University of Kansas. He was up to speed on the latest developments in
economics, and he was a very good communicator. And he basically was the economics
department. I probably took 30 [credit] hours, which would be 10 courses, from Wayne Angell.
We became relatively close, and are lifelong friends. In the principles of economics class, we used
Paul Samuelson's book,⁴ like so many people in that era, as it was by far the most widely used
textbook. But Wayne often took a different position from the book. I think in many ways he
anticipated in the late 1950s that public choice⁵ was very important long before people came to
see public choice as an area of study. He would often talk about if you have this kind of
government intervention, this result is likely to happen, and he would also often explain why you
might have that kind of intervention, even when the intervention was counterproductive and
made people worse off. So even though we used Samuelson in the introductory class, it was
fascinating to me how Angell would often take a different perspective, and of course he would
invite students to make comments as well. It was a really a wonderful undergraduate education
to be able to take so much economics from Dr. Angell, who, of course, went on to be on the Board
of Governors of the Federal Reserve System for several years.⁶

As you were studying economics as an undergraduate, besides the personal influence that
Wayne Angell had, were there economists whose writings influenced you strongly?

Actually, that came a little bit later. I did read one of the things the library at Ottawa University
had. I'm not sure why, [but] they had a lot of the publications of ISI, what's now the Intercollegiate
Studies Institute and which was the Intercollegiate Society of Individualists at the time. I would
often read their publications. And, I wrote them and got on their mailing list, so I was directly
getting their publications, which were quite market-oriented and often very thought provoking.
So that would have been an outside influence that I would have had. I was starting to see that
economics is part of a broader subject, political economy, and I was beginning to get interested
in political matters. At that time, I also would have read Barry Goldwater’s Conscience of a
Conservative, which is not an economics book.⁷ It came out shortly after those things were
beginning to attract me — to think about limited government, how markets work, and the
interaction between the political process and the market process.

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⁴ Economics, first edition 1948; the best-selling economics textbook of all time by the 1980s. Paul Samuelson (1915-
2009), professor at MIT, received the Nobel Prize in economics in 1970 for his work on mathematizing economic
analysis.
⁵ A current of economic thought that, among other things, stresses similarities between behavior in the private and
public sectors, and that therefore does not simply assume that government will be free of self-interested behavior.
⁷ Published in 1960, The Conscience of a Conservative became a best-seller and made Senator Goldwater the most
prominent conservative in the Republican Party. It was ghostwritten by L. Brent Bozell, an editor at National Review
magazine.
2. Graduate Study

This carries us to your next step, which was graduate school. You initially went to Washington State University, then transferred to the University of Washington. Tell us about your experiences.

People at that time had very poor information about graduate programs. I did apply to some different schools, but not too many. I applied to one school primarily because they had a flyer available on the billboard at Ottawa University. So, I applied to Washington State University\(^8\) and was fortunate enough to get a teaching assistantship, and that is why I ended up going there. Now, after I had been at Washington State University only a few weeks, I realized that it was a lot different than Wayne Angell’s teaching at Ottawa University. It was much more Keynesian. I would say the instructors were really not that good, even by the graduate school standards of the era. Their doctoral program was relatively new, too, and that probably meant they were going through some growing pains as well. Within a matter of a month, I had decided that I was not going to go on for a doctoral degree at Washington State University. In fact, if what they were teaching was what economics was all about, that really was not what I wanted to do.

That's when I started reading a lot of the writings of Milton Friedman and Ludwig von Mises. At the time, Friedman's *Capitalism and Freedom* would have just been published, and that book probably exerted more impact on my thought process than anything. I was going to school at Washington State and doing okay in the program, but the courses were something I was not really turned on by, and what I was learning I didn't really feel was taking me to the next step. I was educating myself in the library, one publication leads to another publication, and so I would have read a lot of economics literature outside of the literature that was being assigned in my classes.

But I had decided that I did not want to go on to school at Washington State. For some reasons that I'm not exactly sure about now, my wife, Amy, and I decided what to do next. We moved to Seattle. We had a child, and so I needed to have a way of supporting our family. I worked at the Boeing Company. She worked as a nurse, and we were busy with our jobs. But I'd also become, if anything, more involved with ISI at that point. They had a number of different programs and speakers that they would bring in, and they had a workshop that I attended in Seattle. One of the speakers was Donald Gordon\(^9\) of the University of Washington. At that workshop I found out, first, that the University of Washington was quite different than Washington State University, and second, that the University of Washington was a higher-ranked program, and so both of those things were pluses. The ISI at that point had instituted a program called the Weaver Fellowship. I applied to get a Weaver Fellowship, and was fortunate enough to receive it. The

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\(^8\) Located in Pullman, Washington, in the southeastern part of the state.

\(^9\) Canadian-American microeconomist, born 1923. He later taught at the University of Rochester, Simon Fraser University, and Baruch College of the City University of New York.
fellowship made it possible for me to go to the University of Washington, and it was Don Gordon who really attracted me to that program.

Where were you in Seattle when you were working for Boeing?

I actually worked at Boeing during two different stretches. When we moved to Seattle, I worked at the Renton plant. At that point we lived in Bellevue, which is a suburb of Seattle. Then we lived at 45th Street and Meridian Avenue North, which is about 15 blocks west from the University of Washington campus. Later, after finishing my first year of graduate studies at the University of Washington, I dropped out of school for about six months for financial reasons and worked a second stretch at Boeing, this time as an industrial engineer at the Seattle plant.

So, when you talked to Professor Gordon, did he encourage you to apply to the university, or was it something that you came up with on your own?

He encouraged me to apply. He didn't have to give me too much encouragement at that point, because the Washington State experience, among other things, made me more aware of the imbalance in academia with regard to people who have limited government, classical liberal kinds of views, and so I really wanted to do something about that. And of course, that was part of ISI's mission. The Richard Weaver Fellowship was for people who had plans to go into teaching at the college level, and to try to do something to remedy the imbalance that was present in a lot of different fields even in those days. If anything, it is even more so today.

So, the University of Washington, I thought, would be an ideal place to get an education. Don Gordon told me about some of the other people who were there, and I did a little investigating on my own. It was a very interesting place to be in the early to mid-1960s. The chairman of the department there was Douglass North, who went on to win the Nobel Prize, and I took a number of courses from Professor North. He was actually on my dissertation committee. There were also a number of young people from the University of Chicago, and some people referred to the University of Washington as Chicago West.

I took my microeconomics, macroeconomics, and econometrics from John Floyd, Walter Oi, Allan Hynes, and Yoram Barzel. All those people were recent graduates of the University of Chicago, very good teachers, and outstanding economists. A number of them didn't really publish that much. Now, Walter Oi did, and he was blind, and I didn't realize it at the time, but that also gave me some experience taking a course from a blind teacher that proved to be valuable to me later on. Walter Oi played a central role in the elimination of the draft. It was a study by him that really convinced the Department of Defense, as well as legislators, that the United States would

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10 Douglass North (1920-2015), co-recipient of the Nobel Prize in economics in 1993 for work on economic history and institutions; ended his career at Washington University in St. Louis.

11 John Floyd (born 1937), Canadian-American, spent most of his career at the University of Toronto and focused on international monetary economics. Walter Oi (1929-2013), a labor economist, spent most of his career at the University of Rochester. J. Allan Hynes, Canadian-American macroeconomist, is professor emeritus at the University of Toronto. Yoram Barzel (1931-2022), Israeli-American, was known for his work on property rights.
be better served by moving to a market-oriented military service and eliminating the draft. Douglass North exerted a huge impact on me because of his use of American history as well as world history when thinking about economic development, and because he was very much an empirical economic historian. That kind of sounds like a pleonasm, but in a lot of his writings at that time, he addressed narratives [i.e., conventional wisdom] that had developed about what really had happened historically. North was very good at applying economic theory and looking at the evidence to see whether what people said happened was what had really happened. His empirical work exerted a major impact on me. So, the University of Washington was a fascinating place.

There's one other thing I should mention that really proved to be quite important in terms of my subsequent career. My last year, in 1968, Tom Borcherding,12 who had studied under Jim Buchanan13 at the University of Virginia, was hired at the University of Washington, and I took a public choice class from Borcherding. At the time I signed up for the course I probably had no idea what public choice was, but in any case, it was a fascinating course to me. At that point, Jim Buchanan was spending a year at UCLA, so Borcherding had Buchanan come up and spend three or four days interacting with graduate students, giving special lectures, and teaching classes. I was just really fascinated with the work of Buchanan and public choice in general. Looking back on it, I guess it was a combination of my views that the principles of economics texts of that particular era were very Keynesian-oriented and very much “government is going to intervene and do the right thing.” According to those texts, government is kind of a corrective device, the “benevolent omnipotent dictator” model of government. That seemed to me to be very misleading in terms of [teaching] students. And so, because of the bias of textbooks at the principles of economics level, and my new interest in public choice, that right there was where I made the decision that someday I'm going to write a textbook that's going to integrate public choice into the principles of economics classes.

When you were a student at the University of Washington, you were also a teaching assistant. What textbook were you using?

I used Alchian and Allen,14 which worked quite well at the University of Washington, and I love the book. It has a lot of great, thought-provoking questions at the end of the chapters. My last two or three semesters at the University of Washington, I had the opportunity to teach my own class, and I used Alchian and Allen. Subsequently, when I went to Florida State and used Alchian and Allen, I found that it was a little too nuanced and maybe a little too advanced for typical students. That may also have been the case at the University of Washington, but as a new TA [teaching assistant], you're telling your students the latest things, and you're thinking that they're grasping it, but they may not have understood as much as I thought they did.

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12 Thomas Borcherding (1939-2014); his longest affiliation was with Claremont Graduate University.
13 James M. Buchanan, Jr. (1919-2013), recipient of the Nobel Prize in economics in 1986 for his work on public choice and constitutional economics; ended his career at George Mason University.
On your Web site you’ve written about Richard Stroup, a fellow graduate student. Can you tell us a little about your friendship with him and any of your other fellow graduate students you might care to speak about?

The second semester that I was at the University of Washington the graduate students had shared offices, and I was assigned to be office mates with Richard Stroup. Rick and I almost instantly became very close friends. There was a lot of interaction and discussion among graduate students at the University of Washington. Norm Van Cott, who went on to teach at Ball State University, had his office right across the hall from Rick’s and my office, and we interacted a great deal. Richard Bean was an economic historian who taught at the University of Houston for several years. We all were good friends and interacted with each other talking economics over lunch. It was a marvelous place to be. The graduate students were very good, and interested in making a difference, and a number, I believe, did, in fact, make a difference. Richard Stroup and I of course authored *Economics: Private and Public Choice* together for many years. We wrote a number of other things together as well. And we were just really good friends.

**Did you feel as though you learned a lot from talking through issues and discussing the content of graduate classes with your fellow graduate students?**

Yes, absolutely. You have these discussions, and sometimes somebody sees a point [that others have missed]. Most of our discussions were about lectures in our classes and things of that sort. However, when students were taking a class that others were not taking, they would often share major points from that class. Also, as you were moving through the program, the discussion would give you some idea of other faculty members that you would want to take classes from. The University of Washington was not a monolithic, classical liberal department by any means. We had a number of people from Berkeley that were Keynesians, and Professor Charlie Tiebout was there. So, there were a lot of very interesting people there, and a lot of interaction among the faculty members and the graduate students. In fact, there was a cafeteria right next door to the Department of Economics, and groups of both faculty and graduate students would go and have lunch together.

**Was Steven Cheung at the University of Washington when you attended?**

Yes, he came the last year that I was there. I didn’t take any courses from Cheung because of that [having already finished the coursework]. The other person who came the last year I was

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15 “Tribute to Rick Stroup,” [https://myweb.fsu.edu/jdwartney/](https://myweb.fsu.edu/jdwartney/), viewed April 29, 2023. Richard Stroup (1943-2021) was a professor at North Carolina State University and Montana State University, and was a co-founder of the Property and Environment Research Center (PERC).

16 (Theodore) Norman Van Cott (1942-2020).

17 Now professor emeritus at the University of Houston.

18 Charles Tiebout (“TEE-boe”) (1924-1968), best known for his ideas about federalism and “voting with one’s feet” as ways of aligning the government services people want with what governments offer.

19 Steven Ng-Sheong Cheung (born 1935), Hong Kong-American economist known for his work on property rights, transaction costs, and China’s economic reforms of the late 20th century.
there was Roger Leroy Miller. Professor Paul Thomas, who wrote a great deal with North, including a readings book that was widely used in undergraduate economics classes, was also on the faculty.\textsuperscript{20} So, the university was really an interesting place to be to get an education at, and particularly when I think about it, among the more elitist kind of schools there wouldn't have been as much interaction among faculty members and graduate students as there was at the University of Washington at that time.

**Did the University of Washington have University of Chicago-style workshops?\textsuperscript{21}**

No, there wasn't as much of that. We would have lecturers that would be brought in. I mentioned [James] Buchanan. A number of other top-notch lecturers were brought in. But there was not a workshop program as such.

**What was your dissertation project? How did you decide on it? How did the writing of it go?**

My dissertation was on the economics of discrimination. The title was “Income and Occupational Differences Between Whites and Nonwhites.” Somewhere in a labor economics class, I had run into some literature on discrimination, probably Gary Becker’s work.\textsuperscript{22} My dissertation was largely empirical, about how the incomes of blacks had changed relative to whites through time, analyzing whether or not they had changed, and breaking it down by various types of contributing factors other than employment: discrimination, educational differences, demographic differences, things of that sort. And I guess the reason I chose it is, I was very interested in the topic, but I was also interested in econometrics at that point, and I thought it would work as a statistical/econometric kind of study. When I started on the dissertation in 1966, there was a delay of three or even four years before a number of the detailed publications related to census data were available. So, data from the 1960 [U.S.] census were just coming available. I thought it was a safe topic in the sense that the data would be there to do a high-quality empirical dissertation, it would be relatively new data, and I thought I was qualified to do it. The chairman of my committee was Ken McCaffree,\textsuperscript{23} who was a labor economist. He had done similar kinds of work, so he was an ideal person to be a chairman. I was really very fortunate both in terms of the topic and the timing, because out of my dissertation I got two articles that were published in the *American Economic Review*\textsuperscript{24} in 1970, so it really got my career off to a wonderful start.

\textsuperscript{20} Roger Leroy Miller (born 1943), later taught at Clemson University and the University of Miami School of Law; known for textbooks in introductory economics and law and economics. (Robert) Paul Thomas (born 1938) did two books with Douglass North: *The Economic Growth of the United States: A Documentary History* (1972) and *The Rise of the Western World: A New Economic History* (1973).

\textsuperscript{21} In which professors, graduate students, and visiting economists present original papers that then receive vigorous criticism.

\textsuperscript{22} Gary Becker (1930-2014), University of Chicago professor and recipient of the 1992 Nobel Prize in economics, including for his work on discrimination.

\textsuperscript{23} Kenneth McCaffree (1919-2016), also known as a labor arbitrator in over 800 decisions and later a professor of health services and hospital trustee.

\textsuperscript{24} Then as now the most prestigious academic economics journal. The articles were “Discrimination and Income Differentials,” *American Economic Review*, v. 60, no. 3, June 1970: 396-408, and “Changes in the Nonwhite/White
On your committee, you said you had McCaffrey and North. Did you have a third or fourth member?

Yes, there was a third member: Professor John Floyd of the University of Chicago. Professor Floyd was a very high-standard, rigorous guy. I was a little concerned, as most [dissertation writers] are, that he might ask some embarrassing questions during the dissertation defense. At the time of the defense, I already had an acceptance of the first article from the *American Economic Review*. When I walked into the room for my defense, Professor Floyd said, “Well, I don't think this should take very long; I think a dissertation should be something that will lead to an article in a top-flight journal, and this guy already has one.” That really put me at ease.

It was wonderful having Professor North on my dissertation committee. He was very helpful and I got to know him well. I recognized that he was already a great economist and therefore I took all of the graduate classes he taught during my time at the University of Washington. He cultivated my interest in economic development, which would later become a major focus of my research. We developed a friendship and kept in touch even after he moved to Washington University in St. Louis. I was exceedingly happy when Professor North won the Nobel Prize in 1993.

Who did you learn your econometrics from? What kind of equipment did you have to use?

I took statistics and econometrics from Yoram Barzel, who was from the University of Chicago. I took a statistics course out of order. I entered my first statistics course in the spring term, so I actually was taking the second statistics course before I took the first statistics course, and I didn't do that well. In the second [fall term] statistics course, I did much better than in the first course. Then I took a full year of econometrics, and I made A's in those econometrics courses, which was something I was proud of after getting off to such a bad start. I think I probably even made a C in that first statistics class, so going from making a C in statistics to making A's in econometrics was a pretty strong move. I got very interested in econometrics once I began to see how it could be applied to test various kinds of propositions in economics.

At that time, computers were pretty primitive. You had to use punch cards and write in your own programs. There would be set programs you could follow along, but if you had lots of observations, it would make a sizable opportunity to mess up in terms of how things were organized. If you turned work in during the daytime at the computer center at the University of Washington, say at 10 a.m., you might get it back at 7 p.m. One of the things econ graduate students who were doing empirical dissertation learned is if you went over to the center between 11 p.m. and 3 a.m., you could get a really fast turnaround time. So, I spent a lot of time at the computer center doing empirical runs and the punch cards. Late at night, if you had a mistake,

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you could get it fixed right away and rerun it, whereas it could take hours when you were going through that process during the congested daytime hours.

3. Florida State University

With the exception of short intervals in Washington, D.C, and visiting professorships, you have been at Florida State University for the whole of your career as an economist since graduate school. Why did Florida State choose you, and why did you choose them?

First of all, I thought Florida State would be a very good job opportunity for me coming out. I had an interview with them at the AEA [American Economic Association] annual meeting, and it went quite well. This led to a site visit in January 1968. Seattle in the wintertime was not particularly cold, but it rains all of the time. When I did the site visit in January to FSU, it was one of those high-70s type of days, and the sun was shining, and boy, it was fresh. I thought to myself, if these people want me to come, all they will have to do is to make me an offer. The other thing was, I recognized that Florida was a growing state, and that Florida State was hiring four people that year, and the economics program was growing rapidly. The school as a whole was also growing rapidly, so all those were positive considerations.

After my interview, I made up my mind that if I got an offer I was going to come. But I didn't get an offer, and I didn't get an offer, and I didn't get an offer, and I had two other offers that I had to decide on. In fact, it was a Friday, and I was getting to the point where I had to give the other schools a response. I told my dissertation advisor Ken McCaffrey that I really wanted to go to Florida State, but I was going to have to accept the offer from the other school the next day if I didn't hear from them. He called the department chair at Florida State University, and told him that this guy wants to come to your school. If you make him an offer he'll definitely come to FSU, but if you don’t, he’s going to have to accept the other offer. It went right down to the wire. About 4:30 p.m. the next day I got the offer from Florida State, so I could safely turn down the other offers, particularly the one that I had a deadline on.

When we moved to Tallahassee, it was a relatively small city that was a good place to raise a family. At that point, we already had two children. We subsequently had two more. I did do some consideration of possible places to move after I was here, but never very seriously, and it wasn't until the 1990s that I took a leave of absence and taught at Central European University during 1993-1994. Then I took another leave of absence, and was at the Joint Economic Committee during 1999-2000.

So, both the climate and Florida being a growing state [were benefits]. I should add one other thing about why FSU has been a good place for me. There has been a minimal amount of dissension within our department during all the time that I have been here. It has been a place where you could concentrate on your research and do your own thing, and you would not become involved in trying to either run the university or run the department. All that was a plus in terms of staying here.
In terms of the ideology within the department, was it diverse, or did it lean one way or the other?

Certainly, the chairman of the department at the time when I came was a strong advocate for a larger government, and he had been pushing that perspective, but he was also pretty tolerant in terms of what others were doing. Among the new hires, there were a lot of young people in the late 1960s and early 1970s that were pretty diverse. Larry Steinhauer from the University of Chicago was hired here. We had faculty members from Yale and Duke and Washington University in St. Louis. Subsequently, in the late 1970s or early 1980s, Richard E. Wagner was hired, and I was delighted. In fact, Richard and I authored a book together on constitutional economics and public choice. Richard left and went to George Mason, and we hired Randy Holcombe as his replacement. Bruce Benson, who was with Rick Stroup at Montana State for a time, also spent a lengthy period here. So, there's generally been some classical liberals here, and certainly the department had a number of Keynesians and major advocates of government intervention. But we all got along, and even though there was diversity of views, it was a very civilized place to work. I can't remember a case where, as you were going to your office, you hope you don't run into this person. It was never that kind of place.

You eventually became the Gus A. Stavros Eminent Scholar Chair and directed the Stavros Center for the Advancement of Economic Education. Tell us about the person Gus Stavros and your interactions with him.

Gus Stavros was very interested in economic education, and by the mid-1980s he had made a lot of money in the computer forms business. He owned the firm that was the largest supplier of business computer forms in the Southeast, and he sold that business sometime in the late 1970s or early 1980s. He had become convinced that economics was being poorly taught. A lot of students came out of high school and didn't know anything about either economics or personal finance. The colleges were part of the problem, because they were not trying to train people to be good teachers, either at the high school level or at the college level. Thus, Mr. Stavros had a very strong interest in economic education and he endowed centers at the University of South Florida in Tampa, near to his home in St. Petersburg. It's not surprising that he endowed the center at University of South Florida. But he also became good friends with Bernie Sliger, the president of FSU, and that's why he endowed the Stavros Center at FSU. The center was endowed in the mid-1980s.

Just before I went to the Joint Economic Committee, Florida State [started] what was called the drop program, where you submitted your resignation effective five years in the future, and they would begin paying funds into your retirement account. It made a pretty attractive package. When I went to the Joint Economic Committee in 1999, I started losing my eyesight. I didn't

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25 Lawrence Steinhauer (1942-2017) was a professor at Albion College for most of his career. Richard Wagner (born 1941), known for work in public choice, is eminent scholar emeritus at George Mason University. Randall Holcombe (born 1950), who has written extensively on politics and economics, is DeVoe Moore Professor of Economics at Florida State University. Bruce Benson (born 1949), a scholar of law and economics, is professor emeritus at Florida State University and research professor at Appalachian State University.
really know whether I would be able to continue teaching or not. I thought I should sign up for the drop program, which I did. By year-end 2002, my 35 years at Florida State were up, so I would have to give up my current position. Over lunch, I talked to the dean of the College of Social Sciences, and he asked me what I was planning on doing. I said that I was really still into our textbook project and I might go someplace and maybe get involved in economic education. He said that we’re going to have an opening in economic education in the near future, and actually, you might be able to do that right here, because under the drop program, if you change positions, you can stay on.

So, I had to retire for a month in December 2002, but I was rehired as the Director of the Stavros Center in January of 2003. Mr. Stavros was marvelous. At that point I had not had any interaction with him, but he was a very innovative and inspirational person to interact with. And he followed the kind of stuff that we did, and he would come up two or three times a year to visit the center. Subsequently, when we were doing teaching workshops, we alternated them between Tampa at the University of South Florida’s Stavros Center and the FSU’s Stavros Center. I got the opportunity to know Gus Stavros and the Stavros family quite well. Gus just passed on about six months ago. That was a real loss. But he was a wonderful person to interact with, always very upbeat and very encouraging. If you had a new idea of something you wanted to do, he would be very supportive and say, “Yeah, let’s do it. Here’s what I might do to help.” I was fortunate to have the opportunity to know Gus Stavros and to spend the latter part of my career at the Stavros Center.

We’re going to circle around later to talk about your textbook and teaching at Florida State, but for now, let’s talk about a couple of episodes when you were on leave from Florida State. In 1993 and 1994, you had visiting professorships at Central European University in Prague and at the London program of Florida State University. From that time, is there something that stands out in terms of your lecturing, your colleagues, your students, or the personal experiences you had?

It was fascinating teaching at Central European University in Prague because the students there were all from former socialist bloc, Soviet bloc countries. They were the hardest-working group of students I ever had any interaction with. What that program was all about was to take students who did not have any background in economics and give them the equivalent of an undergraduate education and a master’s degree so they then could go to doctoral programs in either Western Europe or the U.S. and compete successfully in doctoral programs. There were 50 students in the program.

Central European University was funded primarily by George Soros. He had the Open Society Foundation, and the students were recruited through the foundation that Soros had in the former Soviet Bloc countries. The students for the most part, had their undergraduate training in things like engineering, physical sciences, things of that sort that were pretty safe in terms of not being required to become heavily involved in Marxist doctrine. And I guess the education, at least for those that were not engineering and science oriented, that these students received was relatively poor. They talked about how they would, in courses on Marxism, have some Communist
party member come in and speak, and that there would be no questions in the class, and that basically they knew that they were being indoctrinated. These students saw that the Central European program was the ticket to get out of that situation.

A number of them wanted to get out and get the education, and then go back and make a difference in their home countries. I remember an experience with a student from Bulgaria who had come to me for help, and I dealt with the issues in the class that she was having trouble with. I asked her what she wanted to do when she finished the program and she said that she wanted to teach. She wanted to go back to her own country and teach, and so I said, well, if you're going to go back and teach, you probably need to get into a doctorate program in either the U.S. or Western Europe, and study. I asked, did you ever think about doing that? And she looks at me, and at the moment I was almost brought to tears, she said, “Dr. Gwartney, the dream of every one of us is to study in America.” Her response drove home a point: It was vitally important to these students to have the opportunity to study in the Central European program and eventually to study in America.

It was a very rewarding experience. I learned a lot about the Soviet system and learned a good bit about the countries in transition [from it]. That actually became an area of interest of mine, and particularly tied in with economic growth and development and the importance of institutions. So, I was there from September of 1993 through August of 1994, and then we moved to London, where I taught in the FSU Study Abroad Center. That was also a very interesting experience. The FSU center is located about two blocks from the British Museum, so you're right in the middle of a lot of things to do in London. We tied the program in with things related to the British economy. If you were teaching any economics class, you would bring out a number of things related to British Institutions. Those were rewarding teaching experiences as well.

**What specifically were you teaching while in London?**

It would have been more intermediate-level [undergraduate courses]. I taught Intermediate Microeconomics. I also taught a public finance course, in which I integrated a great deal of public choice. I also taught a labor economics class. These were the major classes I taught in the FSU London program.

**Have you had any graduate students from the former Soviet bloc at Florida State?**

We have had a couple that have come here subsequently. And this would have been in the early to mid-1990s. I can't recall the names, but we did have at least two students that came.

**4. Joint Economic Committee of the U.S. Congress; Encounter with Vladimir Putin**

Let’s move on to the Joint Economic Committee, where you served as the chief economist from 1999 to 2000. At the time, the chairman of the Joint Economic Committee was Senator Connie Mack of Florida. What was the connection between you and Senator Mack that got you onto the committee?
Actually, the connection was that Wayne Angell had gotten to know Senator Mack and interacted with him when Wayne was on the Federal Reserve Board. I guess Senator Mack asked him about who he thought he ought to be looking at in terms of selecting a chief economist for the committee, and Wayne suggested my name. I think it was probably attractive to Senator Mack to have somebody from his own state, and so he invited me up for an interview. In the interview I wanted to make sure that we would have a great deal of discretion with regard to doing research, and that we wouldn't simply be told, “Here's the answer you're supposed to come up with.” We did have a great deal of discretion with regard to topics that we would do research on, and there was never any effort on the part of Senator Mack or anyone else associated with the committee to force us to write up the research in a different way, or give it a different slant, or that type of thing. I thought the experience would be a learning opportunity and a break from FSU.

I was skeptical with regard to the political process, and I thought it would be good to see things first-hand to see whether or not the political process really worked the way that our public choice models indicated. Senator Mack was a very personable individual to be able to interact with and share. He was very open to ideas. He offered the position to me, I accepted it, and he put together, sometimes with my assistance, but mostly on his own, a very interesting set of people to work with and a diverse set of topics.

Please discuss some of the projects you were involved with on the Joint Economic Committee.

The Joint Economic Committee is not a legislative committee. We did a number of different studies in the monetary area, including Kurt Schuler’s work with regard to dollarization. He was writing on it when Ecuador was debating it and played a major role with regard to inducing them to dollarize.26

Another area that Senator Mack was interested in was supply-side economics, the impact of marginal tax rates on labor force participation. Even though we weren't a legislative committee, we played a central role and we provided supporting research for eliminating the earnings test associated with receiving Social Security. After age 65, in those days, if you earned more than just a few thousand dollars, your Social Security payments would be reduced by 50 percent of your earnings. It meant that when you paid the payroll tax and maybe a little income tax and faced the 50 percent offset in loss of Social Security benefits, there was very little incentive for people over age 65 to work, so their labor force participation rate was low. We put together some estimates indicating that there would be a rise in the labor force participation rate, and projected that the government would actually gain revenue rather than lose revenue from eliminating the offset. That was, I think one could argue, the most important piece of legislation during the time.

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26 Senator Mack was a former banker and was interested in monetary stability and how it related to stability in banking. Ecuador experienced a banking and currency crisis in early 1999 that led to a freeze of deposits throughout its banking system. Ecuador dollarized in January 2000, unfroze deposits, and the system persists. Senator Mack introduced a bill, the International Monetary Stability Act, that would have shared with officially dollarized countries the profits from issuing currency, but it did not considered by the full Senate.
that we were there. It exerted a lasting impact on the U.S. economy. Still today, the U.S. has one of the world’s highest labor force participation rates for people over age 65. Today, the U.S has a substantially higher labor force participation rate for people over age 65 than Western European countries primarily because of the legislation removing the loss of Social Security benefits as earnings increased. Senator Mack spearheaded passage of this legislation during my time with the Joint Economic Committee.

Senator Mack was also very interested in health care because of family members being touched by cancer. That was not an area where I was particularly involved in research, but at various times, people on our committee were asked to do things relating to that interest as well.

So, we had a good bit of discretion, and I was particularly interested in institutional and tax issues, international trade, and topics related to analysis about how markets work. Schuler was interested in monetary issues, and others were interested in their own niches. The research we put out during that two-year period was quite broad.

In 2000, during the period you were on the Joint Economic Committee, you met with some Russian economists around the time Vladimir Putin became president of Russia. What did you talk to them about? And did it seem like anything you said to them had any influence?

Boris Yeltsin was president of Russia, and he resigned in December of 1999 and more or less selected Putin to be his successor. Putin was acting president, then they had an election right away, and he won the presidential election in March of 2000. Putin was, I guess, beginning to think about his economic program and what could be done to restore Russia to its prior greatness, and he selected Andrei Illarionov as his Chief Economist. Andrei was the director of a research institute in Moscow and he had been involved in the Economic Freedom of the World project for about five years. I had involvement with Andrei working on the measurement of economic freedom and that sort of thing. Andrei suggested that Russia needed to have a group of Western economists come in and give them some suggestions about economic reforms to strengthen the Russian economy. I was part of the team with Arnold Harberger. Jim Carter, who was at the Joint Economic Committee, was also part of that team, as were Richard Vedder and a couple of economists from Peru, which had gone through a number of reforms at the time.

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29 Andrey Nikolayevich Illarionov (born 1961) resigned as an advisor to Putin in 2005; currently senior fellow at the Center for Security Policy, a Washington think tank. Arnold Harberger (born 1924), professor emeritus at UCLA, known for work on welfare economics and the economic development of Latin America. Richard Vedder (born 1940), professor emeritus at Ohio University, known for work on labor economics, economic history, and education. James Edward Carter (born 1968), later an official in the U.S. Department of the Treasury and the Department of Labor; currently director of the Center for American Prosperity.
Our team spent a week in Moscow giving lectures at various colleges, meeting with ministry officials, and sitting in on debates. What struck me more than anything else was how open the debate was among different segments of people who were going to play a role in the Putin administration, and debating among themselves. We would give them feedback in terms of points that they were making. But Andrei wanted our analysis to focus most on a single issue, and that was the high marginal tax rates and lack of compliance with the income tax in Russia. Essentially, they had a payroll tax and did not have any income cutoff, so all income was subject to the payroll tax. The payroll tax (“social tax”) ran to nearly 40 percent, and then they had a 35 percent top income tax rate on top of that. You look at that 35 percent income tax, and think that's not all that high, but the income tax was on top of the payroll tax, so it meant that if you actually complied you would have faced a 75 percent marginal tax rate. In addition, essentially employees did not fill out an income tax form. Their employer filed their income tax form. The employee wouldn't even know what the employer filed for them, and in fact, they would have no reason to care. They were paid in cash. What they were interested in was the cash that was in the envelope that they would get on a weekly basis. So, there was no double-check on this. We did some research on tax compliance in Russia and figured out that, for the income tax, 75 percent or more of the income was unreported. It was against this background that we suggested that they needed to adopt a flat rate tax. If the flat rate tax on income was set at a low rate, the combination of payroll and income taxes would also be low. We met with President Putin for a lunch and meeting, and had a lengthy discussion of the tax issue. Andrei spearheaded this reform and Russia soon adopted a flat rate 13 percent payroll tax. Moreover, as we predicted, it resulted in both strong growth and increased tax revenue.\footnote{See Anna Ivanova, Michael Keen, and Alexander Klemm, “The Russian Flat Tax Reform,” International Monetary Fund Working Paper 05/15, January 2005, \url{https://www.imf.org/external/pubs/ft/wp/2005/wp0516.pdf}. The authors conclude, counterintuitively, that the reform had no strong-supply side effect.}

The payroll tax was also cut substantially. [It became a sliding scale with lower marginal rates at higher income levels.] At the time, the International Monetary Fund was quite skeptical about it — not necessarily about the principle of cutting tax rates, but of cutting them down so far. But events proved that the much lower tax rates generated higher tax revenues.

I think that President Putin actually understood this, and that he thought yes, this is a reform that makes sense. My reading of him was that he was wanting to do what would really get the Russian economy going. He realized that if Russia was going to be great again, it was going to need a much stronger economy than what it currently had.

The presentation that I made when we were meeting with Putin was about Ireland and the “Irish miracle.” In the 1980s, Ireland had very high level of [government] expenditures, and a number of regulatory restrictions on economic activities. They cut government expenditures and reduced marginal tax rates. These reforms resulted in the Irish economy performing at a very high level starting in the late 1980s, sometimes referred to as the Irish miracle.
After we had made our presentations to President Putin, the meeting was breaking up. We were standing in Putin’s office. I made the statement that ten years from now, we’ll need for all of us to get back together, and we’ll be talking about the Russian miracle. And, I said, then you will be running for a third term. Putin, while he worked through a translator, he understands a great deal of English. And he said in English, “No, no, two terms is enough.” They have subsequently changed the Russian constitution so that the president is allowed to serve more than two terms now.

I don't know whether President Putin’s reaction was that, hey, these are Americans, and this is what they'll want to hear, or whether that was his true reaction. I wouldn't rule out that this was his true reaction at the time. But I'm a big believer that power corrupts and absolute power corrupts absolutely. When you have all that power for ten years it changes your views about whether or not you ought to continue with it.

Even though the Russian economy was performing well following the adoption of the flat rate tax, President Putin soon began to concentrate his power and eliminate potential rivals, particularly those with more liberal views. The relationship between Andrei Illarionov and Putin soon soured and Andrei was fired from his position after a couple of years. But, the low flat rate tax remained in place.

5. Married Life and Children

Now we will have a short section about your personal life and bring in Amy [Jim’s wife]. The first question, of course, is how did the two of you meet? And how soon after that did you get married?

(Jim) It was my senior year at Ottawa. [I was on the debate team], and we had been out of town participating in debate tournaments on Friday and Saturday for eight weeks in a row. We were coming back from Norman, Oklahoma, from a debate tournament at the University of Oklahoma. There were three of us, and we said to ourselves, “You know, we don't really have a life, we have not had a date in nearly two months. The upcoming week there was not going to be a debate tournament. So, we said, “Hey, let's get dates; we'll triple date.” Then we talked about the girls we were going to call.

When we got back, I decided I wanted to quickly line up who I was going to be going with, because we didn't even decide who was going to go with whom. Ottawa was a small campus, 600 or so students, and people knew each other. I actually called another girl, and she wasn't home. So I immediately just called Amy because I had been thinking for a while I would like to have a date with her. I called her, and I told her who I was, and that we were going to double or triple date and go to Kansas City to have dinner and go to a movie. The movie we were going to see was King of Kings, which was a blockbuster movie at the time.\(^{31}\) And so it was an offer she couldn't refuse.

\(^{31}\) At the time, movies popular in big cities might not be shown in smaller towns until months later.

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Amy, how did you get to Ottawa University?

(Amy) I grew up south of Indianapolis, around Greenwood, Indiana.

(Jim) But in your last part of high school, and then for all of nursing school, you lived in Indianapolis.

(Amy) I had been at the Methodist Hospital School of Nursing for three years, and hadn't done much dating and wanted to broaden my horizons a little bit. I really felt, after nursing, that I couldn't discuss much with you if it didn't involve your gall bladder. Well, I had a friend who had been at Ottawa University — a friend at church, who talked about this small Baptist university, and how much he liked it while he was there. I was looking to learn a little bit more about the world than anatomy and chemistry. So, I sent a letter and applied to be the campus nurse, and I got the position. I don't think anybody was any more surprised than I was. The position covered my tuition [since I was interested in taking some classes] and room and board, which is why I could afford to do that.

I got there a few days early, so I could set up my office and get acquainted with everything. Another girl had already arrived a day or two earlier, and she and I became friends right away. She said to me, “You need a ‘do not date’ list.” It was a small campus, you know, and she gave me a list of guys that I would not want to date for assorted reasons. When called and asked about going on a date to Kansas City,32 Jim was not on the “do not date” list. So I said, “Well, okay, yes. I'd like to go.”

(Jim) She didn't know who I was, though.

(Amy). No. Immediately after I hung up, I ran down to [my roommate’s] room, and I said, “Get your student yearbook out and show me who Jim Gwartney is, because we're going out Friday night.” That's how it started.

So how long was it after you first met that you got married?

(Amy) Our first date was December 9 [1961]. He gave me his fraternity pin on Valentine’s Day, [1962], and my birthday is March 10, and that's when he gave me a ring. We got engaged, and we were married in August. When you know, you know!

(Jim) We moved shortly thereafter to Pullman, Washington [for me] to go to graduate school at Washington State University.

Jim, did you put into practice any ideas from economics in raising your four children, and Amy, how did you think it turned out?

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32 The nearest big city, about 60 miles away.
(Jim) The parenting guru of that era was Dr. Spock. \(^{33}\) We read a little bit of that, and decided most of it was wrong and didn't have any application to the way we thought children should be raised. I would mention a couple of things from economics that apply, though. Parents need to have credibility. When you tell your child “If you do this, there are going to be some consequences,” they need to believe you, it needs to happen. But on the other hand, with regard to those consequences, you don't want to say something's going to happen that you're really not willing to institute. If you say to a teenager who doesn’t get homework done on time, “You're grounded for the next six months,” you're not really going to apply that. So, make sure that the punishment fits the crime, so to speak, and don't lose your own control of your emotions when you're dealing with children.

(Amy) We really did apply those two things handling a potentially disastrous situation. We were driving across country to Montana for a couple of months one summer, so Jim could work with Rick Stroup on the textbook. We had a carload of boys. And the first night out [at dinner] the youngest one decides he would like to have steak and lobster, and it rapidly becomes apparent that if we don't nip this in the bud, we're going to be broke by the time we get to Montana, or we're going to have a car full of very unhappy little boys after every meal.

So that first night, Jim came up with the solution. This is the economist at work. Each of the children would be given a daily food allowance, which was very generous for the time. I was going to keep the books, and if they spent more during a day than their allowance it would come out of the spending money that they had. They had been saving up for the trip, and they knew there would be things they want to spend some money on. At the end of the trip, if there was any money left in their account, they got to keep it.

It immediately changed the incentive structure. They all took to it, but the youngest took it most seriously. For the first two or three meals, he only had the kids’ Jello, which he discovered was free. And I remember Jim said to me around the second night, “How long are we going to let this continue?” As long as there was food available, though, he reasoned that our son would come around. Our son soon found out that soup was a little healthier and not too expensive.

(Jim) That was better. And over the next two or three days, they were moderate when we ate out. We had told them we were going to a very nice restaurant when we got to Salt Lake City, so they were saving up for that. It solved a huge problem both for us and for them. They liked it. They knew how much they had, and if they wanted to blow it on an expensive meal, they could do so, but it would mean having soup the next few days. But, the plan gave them some choice, which they liked.

Our plan was an economic application. One of the things we correctly attribute to property rights is that they avoid conflict. When property rights are well defined and enforced, people know what to expect, so you avoid arguing about whether this should be more or less, all that kind of thing. It was a case where you could see that avoidance of conflict was our primary motivation.

\(^{33}\) Benjamin Spock, author of the gigantic best-seller Baby and Child Care, first published in 1946.
We were not going to have a conflict after every meal on the trip anymore. So, it [property rights] really works, even in parenting.

**Jim, during the time you were at the Joint Economic Committee, you were in the early stages of going blind. How did that affect you, and how did both of you deal with that?**

(Jim) It was from glaucoma. First, I used magnifying glasses, then a CCTV to read, and then eventually at the Joint Economic Committee the JAWS program, and things like that which I use to this day. That it was gradual allowed me to adjust to it. But I did not know how I would adjust to it, whether I'd be able to adjust my teaching, and that sort of thing, which fortunately I was able to do.

(Amy) Being gradual, as Jim said, allowed for adjustment when he was with the Joint Economic Committee. I wanted to come down and read his mail for him, because he was not able to read it at that point, but we didn't want me to be paid. That would have been crossing the line. But I did need identification [to work in the building], so they labeled me an intern. I needed someplace in his office where I could be reasonably comfortable, and go through all his mail. So, I requisitioned a desk and it didn't come and it didn't come. Finally, I went down to the basement, where the office was for furniture and the guys said, “Can I help you?” I said, “I need to see the person in charge.” The staff person pointed me to a gruff old guy. I said, “I am an intern with James Gwartney.” He looked at me and said, “Oh, my! Lady, you are the oldest intern I have ever seen.” I said, “I was told you were in charge and I need this desk, and this is why I need it. I've requisitioned it, and had it on the list for a couple of weeks now.” He said he would take care of it and I had my desk that afternoon.

Jim cannot see but he gets around pretty good. We take things one day at a time. He gets around our house really well. My sister and I have traveled sometimes and it's been okay to leave him for a few days as long as I leave sandwich material on the second shelf of the refrigerator and juice on the top shelf. It's been interesting to watch the grandchildren. Some of them are natural at it. If you say, “Here, take grandpa with you,” some of them don't pay enough attention, but others you could turn him over to. A couple of them especially would watch for every branch and every rock and anything that might be in his way. It's been a great learning experience for them.

**Jim, at the Joint Economic Committee you were the first person I knew who used a dictation program, an advanced technology at the time [1999] that now everybody has access to.**

(Jim) Because of the computer technology that is available, I sometimes make the statement that there is never a great time to be blind, but there has never been a better time than now. And that's really true that when I'm at my computer. I really can do just about everything that a sighted person can do. And Amy has said she actually thinks I'm a better speaker now that I am blind because, of course, I'm not trying to read from a manuscript or follow notes. My speaking

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34 CCTV is closed circuit television, used for magnifying print; JAWS stands for Job Access With Speech, a widely used text-to-speech program for reading computer screens.
is now more conversational. In politics they often talk about the talking points: come up with your talking points, and just go from there. [That's how I operate now.] It’s not too big a handicap. I've probably gotten as good, or maybe even better, interaction and teaching evaluations and feedback from students since I’ve been blind. However, the one thing you can’t do is see if you’re getting your point across; you can’t see puzzled looks on students’ faces. For a teacher, this is a significant handicap accompanying blindness.

6. Textbook Writing and Teaching

Jim, you mentioned earlier that during your time at the University of Washington you studied public choice, and that funneled into a desire to write a textbook on introductory economics. Your textbook Economics: Private and Public Choice has been quite successful. It is now in its 17th edition and has been used in many college courses and for the Certified Financial Analyst (CFA) course of study. Can you tell us more about how the textbook came to be, your co-authors, and why you think it has had such longevity?

With regard to co-authors, I actually wrote the first edition by myself, but in 1977, right after the first edition came out, I had a problem with melanoma and some health issues. Rick Stroup had written the instructor’s manual associated with the first edition, so I asked Rick to join me as co-author of the text beginning with the second edition. Rick and I did several editions together. Eventually we also took on Russell Sobel, who was a former student of mine at FSU and finished his doctoral degree here, and David Macpherson, who was an FSU faculty member at one time and now is chairman of the economics department at Trinity University in San Antonio, Texas.35 The recent editions have been co-authored by the four of us.

The motivation to write the text was that it seemed to me that even the Alchian and Allen textbook, which I had used, integrated a lot of interventionist ideas, and then explained why they often resulted in counterproductive effects and things of that sort. But there did not seem to be a general framework about how the political process worked. I wanted to integrate public choice analysis into a principles of economics text. Around 45 percent of [U.S.] GDP was allocated through the political process in 2020 and through most of the history of the book it's been in the 30 to 35 percent range. So, you’re allocating a large share of resources through government, and we need to know something about how the political process works as well as how markets work.

In the very first edition in the preface, I made a statement that at the time economists [i.e., authors of other textbooks] were doing three things in economics. The first thing was that they used supply and demand to explain how markets worked. The second thing was, they explained why markets might not work so well for certain categories of activities, mainly externalities, public goods, and monopolies, which one would expect would be sources of economic

inefficiency. Finally, they explained ideally what government could do to correct these failures, and that was the end of it. There was no analysis at all of the political process.

The political process is merely an alternative form of making decisions. We need to know something about how that process works as well as how markets work. This is the contribution of our text. Merely stating, “Here’s what the benevolent, omnipotent dictator” (an expression my friend Randy Holcombe likes to use when talking about the political process) “would do” is not very useful. Political decisionmakers may not be very benevolent, but even if they are benevolent, they're not going to be omniscient, therefore there’s no reason to expect that they're going to come up with ideal solutions. Even today, much of economics reflects this misleading view. Our book integrating public choice was really an attack on the idea that government is a corrective device that's lying around so that if something goes wrong, we'll just call on the corrective device and fix it. That seemed a very naive view of what the role of government in the economy should be. I believe this integration of public choice accounts for the staying power of our text.

Even though the text has gone through 17 editions, it has not been as successful as I would like. I wish that the entire profession had been won over. I thought there would be a major shift, and there has been some shift, but not as large as what I had hoped for.

You have a strong interest in teaching, especially at the introductory level. Can you tell us how your teaching style developed over the course of your career?

I always wanted to have a lot of interaction with students, and I always wanted students, if I was saying anything that they thought was incorrect or unclear, to feel free to challenge me. I told them that, if you challenge my views and present a good explanation about why another theory might be better, that won’t diminish your grade, that’s going to enhance your grade a great deal, because that’s how I think we learn. As I became blind it became necessary to have more interactions. In recent years of teaching, I have practiced a Socratic method. I don’t lecture. I just ask questions and call on students to give an answer to the question, how they would answer it, and let students critique themselves. If they get off track, I will then go into an explanation to bring them back on track. My classes have a lot of interaction in them. With the technology of PowerPoint slides, it’s nice to be able to put a graphic up and talk through it. But if you use PowerPoint slides to the extent that it comes across as a lecture, I don’t think that’s a very good teaching style.

Are you still teaching?

I retired officially in May of last year [2022]. I do give some lectures from time to time for a number of my friends who are still teaching principles classes, or other classes where some of my research might be relevant. I have given maybe four or five special lectures for various instructors since I retired in May. I’ve told the faculty members at FSU if they would like me to fill in for them, particularly for sections where my research and work would be highly relevant, that I’d be happy to do so. Other than that, I’m not officially teaching.
I always enjoyed teaching. I thought it was fun. I sometimes made the statement that in one way, I've hardly worked a day in my life because I've been doing what I love to do.

What about graduate teaching? What were your specialties?

Early on, I taught microeconomics and labor economics. But most recently, since 2003 or so, I've taught a graduate level class on institutions and economic growth. I became very interested in thinking about the linkage between institutions, economic freedom, and economic growth, and how the institutions matter. That's an area that overlaps a little bit with my interest in public choice. That has been one of the more rewarding classes that I've taught in the latter part of my career.

In your undergraduate principles of economics classes, have you taught in large classes with hundreds of students, or have the classes been smaller?

I taught large classes before I went blind. They're more difficult to teach when you're blind. But when I was teaching the large lecture classes, we would cap it at 250 students. Now there's a new auditorium on campus, and Joe Calhoun,36 who teaches the principles classes at FSU, sometimes teaches two classes that each have 500 students, so he might teach 1,000 students in a semester. I did not teach more than say, 250, maybe 270 at a time in a single class. You have to use a different style and different evaluation techniques in a big class. Since I came back from the Joint Economic Committee I've taught small classes, usually 25 students.

Do you prefer teaching smaller classes?

Yes, because you get much more interaction with students. The larger the class, the less interaction there'll be, but also fewer students will come during your office hours. If you have 25 students and they're really wired in, your office hours will be busy. If you've got 200 students you probably will see at office hours maybe one or two students a week. It's a funny relationship, but that's been my experience.

Among the students you've taught, are there any that you particularly want to mention, for instance, those who have co-authored work with you?

Oh, my! The danger here is that I'm going to fail to mention someone. I've co-authored often. The blindness encouraged me to co-author with a number of people, because I've done empirical work, and if you're blind, you may not be able to do it, or you at least may not be able to do it very quickly.

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36 Joseph Calhoun (born 1967), currently chairman of the department of economics and director of the Stavros Center for Economic Education at Florida State University.
Russell Sobel has been a co-author on our textbook, and Russ was a very good teacher. He was a TA of mine, and I've enjoyed working with Russ. In the *Economic Freedom of the World* project, there’s Bob Lawson. On the project itself, Bob is basically the numbers gatherer. Through the years we have often talked about, “Hey! Here's how you go about measuring this and that type of thing.” Bob was a former student here, and I got him involved in that project right from the very beginning. I have had wonderful working relationships with both Russ Sobel and Bob Lawson for more than three decades.

I've also worked fairly closely with Joe Connors, who teaches at Florida Southern University. Also with Hugo Montesinos, who teaches at Ursinus College, a school just outside of Philadelphia. Hugo and his wife, Olga, who went to George Mason University, both teach there. He and I have co-authored a number of pieces, including one on empirical analysis of the economic institutions of the former Soviet bloc countries. I have also coauthored with Daniel Bennett, who teaches at the University of Louisville. We’ve done some meetings and research papers together and he’s continuing to work in the area of institutions and economic development. Rosemary Fike teaches at Texas Christian University in Fort Worth. She and I co-authored a piece on the representation of public choice in introductory textbooks. More recently, she has played a central role in integrating the gender adjustment into the Economic Freedom of the World Index.

There's also Chuck Skipton, who took time from his Ph.D. at FSU to work with me at the Joint Economic Committee. He went to the University of Tampa for a time but now he has shifted more towards administration at the University of New Haven.37

These are the major students that I have worked with on research projects. Another FSU student, Signè Thomas, has provided me with teaching assistance in recent years. In fact, we have taught several classes together. Signè is already a great teacher and she enriched my teaching while she was at FSU. It has been a great experience working with all of these people and I count them among my very best friends.

7. Writing for the General Public

You've done some short books and videos on economic education for high school students and interested laymen. How does your approach for that differ from your approach to your textbook, and how do you reach that audience?

Boy, you have to try to really make it so that anybody can understand, even in the case of a textbook. Clarity has always been a strength of my writing, and I think it’s one of the things that accounts for the success of our principles text. But you’re still writing for people who have at least late high school reading comprehension.

37 Robert Lawson, professor at Southern Methodist University. Joseph Connors, assistant professor at Florida Southern College. Daniel Bennett, assistant professor at the University of Louisville. Hugo Montesinos, assistant professor of mathematics and computer science at Ursinus College. Rosemarie Fike, instructor at Texas Christian University. Charles Skipton, currently interim deputy provost at the University of New Haven.
The major book I wrote designed for the layman is called *Common Sense Economics: What Everyone Should Know About Wealth and Prosperity*. It focuses on trying to get the key points of economics across in a way that they cannot be missed by the reader. The first part of that book is 12 basic propositions of economics, starting with “There’s no such thing as a free lunch,” and moving on to trade, and then reductions in transaction costs leading to more trade, and then covering demand, supply, how markets work, and the invisible hand, with short sections on each one. We state the basic propositions and then apply them in parts 2 and 3 to the kinds of institutions that one would expect to lead to growth and prosperity. That helps to explain the pattern of economic development that we observe in the world. That’s primarily part 2. Part 3 is about public choice. We’re again applying those basic propositions of economics to how the political process works. The final section is on personal finance, where we’re trying to use the basic postulates of economics to help people make better financial decisions. If you ask yourself, “Hey, what is important for everyone to know about economics?”, that’s what we’re trying to get across in the *Common Sense Economics* book.

My method of both teaching and writing involves trying to minimize graphics and jargon and mathematical formulas. But it’s been fun, and I think it makes you a better teacher and a better communicator, because when you’re trying to express it so that a freshman in high school could understand it, you’ve got to keep it simple. But, in a way, the most important things in economics are pretty simple. Economic analysis is primarily a reflection of the basic postulate of economics, “incentives matter, and incentives impact behavior in a predictable way.” While that looks like something narrow, it has broad applications. It allows you to address most any kind of issue, even as we talked about in terms of something like parenting.

Rick Stroup and I originally wrote Common Sense Economics. Dwight Lee, Tawni Ferrariini, and Joe Calhoun joined us in subsequent editions. We all agree that it is important to get key propositions across in the simplest possible manner. The new edition of *Common Sense Economics* will be out in the near future; we just finished it. Jane Shaw Stroup, Rick Stroup’s wife, has also joined us as a co-author. She worked at *Business Week* for a time and is a very good writer.

8. Measuring Economic Freedom

You first started publishing work on measuring economic freedom around the world in the 1990s. How did that come about?

The origin of that work goes back to a Mont Pelerin Society meeting in 1984. The meeting was held in Cambridge, England, and the topic of one of the sessions was George Orwell [because of the connection with his book *1984*]. Paul Johnson, the well-known historian, argued that things

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didn't really evolve into the Big Brother type of relationship that Orwell talked about in 1984. I'm not sure that Paul Johnson would think that today. In any case, Mike Walker,\(^{40}\) who was also on the panel, argued that when you looked at areas of the economy, you had a lot of rather draconian interventions, and that it was important to distinguish between economic freedom and political democracy. There was a sharp discussion among the audience at that meeting. I attended the meeting and remember the discussion, but it did not make a major impression on me at the time.

After the session, Mike Walker was having lunch with Milton and Rose Friedman, and said, "People confuse economic freedom with democracy and political freedom. We need to define economic freedom and to develop a measure of it." Neil McLeod of Liberty Fund of Indianapolis, Indiana,\(^{41}\) was at the table where they were discussing that, and Mike Walker, no doubt, asked Neil, "Hey, will you fund a project to address this issue? And Neil McLeod said he would. Out of that came a set eventually of six different meetings, first to define economic freedom and then to develop a measure of it. The motto of the Fraser Institute is, "If it matters, measure it," so, this was a natural project for them to get involved in.

I was not involved in the initial meeting. I attended the second meeting of the series, but did not have much involvement until the third meeting. As the result of the first two meetings, views crystalized that self-ownership and freedom of individuals to choose for themselves constitute the foundation of economic freedom. Individuals are economically free when they can choose how to use their time, talents, and resources as long as their actions do not harm the person or property of another party. But individuals do not have a right to the time and talents of other people. Thus, economic freedom involved individuals making personal choices rather than collective choices, and the use of markets rather than central planning and collective decision making to allocate resources. Openness of markets and protection of people and their property rights from aggressive actions by others are also key elements of economic freedom. With these cornerstones defined by the third meeting, there were papers designed to try to measure economic freedom in specific areas.

For a paper on labor markets, the author outlined the variables that you would need to have a really good measure of economic freedom, indicating a list of a little more than a hundred variables that you need. You might have been able to obtain data for a half-dozen of those hundred variables for a dozen countries, such as the U.S., Sweden, France, Germany, and the UK, but not many more. After the presentation of that paper, Walter Block\(^{42}\) and I were talking over lunch. As we reflected on how to measure economic freedom, we concluded that it would be more fruitful to focus on a smaller set of key indicators of economic freedom for which you could actually obtain the data for a large set of countries. When we reconvened after lunch, Walter and I made this point. Milton Friedman said, "That's a great idea. You guys do it and report back at our next meeting." This would largely be an empirical project. Walter is a fantastic communicator of economics, but he's not as interested in the empirical side, so I


\(^{42}\) Walter Block (born 1941), currently professor at Loyola University New Orleans.
realized that the work was going to fall mostly on me. When I got back [to FSU], I recruited Bob Lawson to become involved with me in developing the empirical side.

After presenting our initial empirical paper, we got feedback from the entire group and made revisions and went through two or three additional versions of the paper. In addition to the Friedmans, Doug North participated in those meetings, as did Gary Becker and Peter Bauer. We were getting feedback from some of the world’s greatest economists, and all of us were really [oriented] toward wanting to come up with a measure. Those meetings were exciting because you felt you were doing something that really might be important — maybe something even along the lines of what Simon Kuznets and others in the 1920s did as they were developing national income accounts to measure output. The revised paper that Bob Lawson and Walter Block and I did eventually led to the 1996 publication of Economic Freedom of the World, 1975 to 1995. We’ve gone through several modifications since then. The Economic Freedom of the World report has been published annually since 2000. But that’s really the origin of my involvement.

One thing I should have shared in talking about my involvement is when I first got an invitation, this would have been 1988. I remember it very well, reading the letter [of invitation] about this Liberty Fund conference that was going to focus on developing a measure of economic freedom. The thought crossed my mind that this has got to be some kind of a crackpot idea. Who in the world thinks you can measure something as multi-dimensional as economic freedom? But I had had some contact with Milton Friedman, though not too much, and this letter was signed personally by him. I also knew Liberty Fund Conferences were small, around 15 to 17 people, so when you’re a relatively young professor and personally get an invitation from Milton Friedman to go to a conference like that, you accept it, even if you think it might be a harebrained idea.

That was my initial impression as I was reading the letter, but once I found out more and thought more about it, I realized that it was potentially a very important project.

What was it like to work alongside Milton Friedman?

It was a little bit intimidating in one sense. In his early days, Milton had the reputation of being interested in winning debates, and even with people who he was working closely with. He had moderated a great deal, though, by the 1980s — in fact, well before that. But he had always been a hero of mine, so it was a bit intimidating to think that I was exchanging ideas with the person I thought was the greatest economist of the 20th century.

Milton Friedman was always a scholar. He took pride in the fact that he was an empiricist. In fact, in a famous exchange over macroeconomic policy with Walter Heller, Heller

43 Peter Thomas Bauer, Baron Bauer (1915-2002), Hungarian-English economist who made contributions to development economics.
44 Simon Kuznets (1901-1985), Russian-American economist who received the Nobel Prize in economics in 1971 for his work on economic growth and national income accounting.
made the statement that he was an optimist about Keynesian economics working, and Milton Friedman said he [Friedman] was an empiricist. It was marvelous, a great opportunity, with numerous personal interactions and opportunities to share.

If Milton perceived that he was wrong, he would admit it. In 2001, at the Economic Freedom of the World annual meeting in San Francisco, he was talking about the fall of communism. When communism fell, he said what you need to do is privatize, privatize, privatize. Looking back on that, he said privatization was not enough. You had to have a legal system that would enforce those property rights, enforce contracts, and that you could count on to be an unbiased forum for settlement of disputes. If you didn't have that, privatization, including privatization as it had taken place in a number of former Soviet bloc countries, would not be very effective in stimulating the growth process. It made an impression on me that somebody as great as Milton Friedman would say, this was more complex than what I thought. It was one of my greatest thrills to have the opportunity to work for more than a decade with Milton Friedman on the Economic Freedom of the World Project.

In your essay “How I Became a Classical Liberal,” you mentioned that you were in the audience in 1967 when Friedman made his presidential address to the American Economic Association. That address is still known among economists today as marking a turning point in how economic policy was viewed. Did you and the other people in the audience understand in the moment how important that speech was?

I certainly did, and I think a lot of other people did because of the [importance of the] Phillips curve. Paul Samuelson had highlighted and promoted the Phillips curve. Samuelson and Robert Solow wrote a piece in 1960 about the trade-off between inflation and unemployment, [posing] that policymakers can choose them like a menu. The Phillips curve was heavily embedded in macroeconomic analysis by the time of Friedman’s lecture. When he discussed the money rate of interest relative to the natural rate of interest, and how the two could deviate, and then made the same observation with regard to employment, talking about how that this trade-off was not permanent, you realized that wow, this is a frontal attack. And he was saying it in the golden era of Keynesian economics, because the Phillips curve had influenced the Kennedy administration. Following the tax cut passed after President Kennedy's assassination, the economy grew rapidly and the unemployment rate went to relatively low levels, so in December of 1967 most people

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47 The Phillips curve was an inverse relationship between wage inflation and unemployment in British data, observed by the New Zealand economist A. W. H. Phillips, professor at the London School of Economics. He published his findings in the article “The Relation Between Unemployment and the Rate of Change of Money Wage Rates in the United Kingdom, 1861–1957,” Economica, new series, v. 25, no. 2 (1958): 283–299. Other economists quickly noted similar relationships in other countries, and by the early 1960s economists thought of the Phillips curve as a key economic relationship.
were saying, “Yeah, it's working.” Again, this was a frontal attack on it. And of course, the other side that is that Friedman had previously argued with Anna Schwartz and others that monetary instability was the primary source of economic instability.\(^{50}\)

The importance of public choice analysis and the absence of a long-term tradeoff between inflation and unemployment were coming together in my mind. By that time, I was already thinking about writing a principles of economics textbook, and the thought crossed my mind of integrating public choice and including the criticism of the Phillips curve. The first edition of *Economics: Private and Public Choice* came out in 1976. By then there was already abundant evidence that Friedman, indeed, was right with regard to the lecture that he gave to the AEA in December of 1967.

**When was the first time you met Milton Friedman?**

The first time was in 1968 when I was a graduate student at the University of Washington. I went to a Fraser Institute conference in Vancouver, British Columbia, but I met him very sparingly. I mean, I might have been part of a conversation involving a half-dozen people. There was no reason for him to have any awareness of me. I met him subsequently at Mont Pelerin Society meetings.

I remember particularly the Mont Pelerin Society meeting in Berlin, which would have been in 1982. At that meeting I had a chance to have some extended discussions and ask him a number of questions. I was very aware of his work, but I have no idea about whether he knew me or not at that time. Later, when I was getting involved with the *Economic Freedom of the World* project, the person who probably would have said, “Gwartney would be a good person to invite to the series of conferences on measuring economic freedom” would have been Alvin Rabushka of Stanford, who did a book with Robert Hall on the flat rate tax.\(^{51}\) Rabushka is actually a political scientist, but he did a paper at the second *Economic Freedom of the World* meeting where he laid out how you would measure economic freedom. That essay was very valuable to Bob Lawson, Walter Block and me, as we began to develop measures of economic freedom. To some extent we certainly applied the general principles that Professor Rabushka outlined in that paper. I had attended a Liberty Fund conference on supply-side economics and tax rates, and got to know Alvin pretty well, so he was probably the one who invited me. I've never actually quizzed him about that. It would not have been Milton Friedman himself that invited me.

**How did you and your co-authors approach the problems of defining and measuring economic freedom?**

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Alvin’s paper outlined some propositions, but we started thinking about there being four cornerstones of economic freedom, pretty much what I had mentioned before: personal choice, voluntary exchange (reliance upon markets rather than government central planning), freedom to enter markets, and protection of property rights. So, we started analyzing what kinds of things would indicate whether you were relying on these four principles in terms of various kinds of policies. Think about conscription, for example; that would be a really easy one. You’re drafting people, so it seems you’re saying, “Hey, you don’t have any property right to your labor. We have a claim to your labor,” so it would be a clear violation to economic freedom. Hence, countries that have conscription would get a lower rating than others, and likewise for those that have longer periods of conscription than those that either do not have conscription or that require the conscripts to serve for only a minimal time.

If you start thinking about international trade, when you put up roadblocks to exchange, that's a violation of economic freedom. So clearly, tariffs and quotas and exchange controls and onerous requirements in terms of clearing customs, all those are restrictions upon economic freedom. In the area of government expenditures, the more you're relying on collective decision-making processes and redistribution payments, the less you’re relying on markets. Marginal tax rates are another indicator. In addition to the resources you're transferring to government, very high marginal tax rates impose a heavy cost, violating the economic freedom of people.

That's the way we thought about it initially. The index that we developed and presented at the 1990 Economic Freedom of the World meeting had only 11 variables. But we got some feedback about other data that might be useful. I spent a lot of time in the FSU library saying, “Here’s really what we'd like to measure. Is there any data available on that?” Sometimes you'd run into a pleasant surprise. There was a publication called The Black Market Yearbook,\(^ {52}\) a handbook that went back to the early 1950s, where they had black market exchange rates monthly, for about 150 countries. It was a gold mine as far as giving an idea about the extent to which countries were using exchange rate controls. So, we made some modifications of that first version. In the version that came out in 1996, which was called Economic Freedom of the World, 1975 to 1995, I believe there were 17 variables in the index. After the initial publication, the Fraser Institute put together a network of private institutes to help promote the report, and we met annually and talked about additional modifications that might improve the measure. Then by the early 2000s, the World Bank was issuing business indicators and the World Economic Forum published a competitiveness report that had a number of questions that provided data on variations in economic freedom across countries.

The area that was most difficult to get a handle on was the legal structure: how do you measure whether the courts are enforcing contracts in an even-handed manner, protecting property rights, operating largely independent of the political process, so that the court is enforcing the laws in an even-handed manner? That's where we had to go to variables that were more subjective.\(^ {53}\) But it was a process of making an effort, getting feedback on it, and other people

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\(^ {52}\) Edited by Franz Pick.

\(^ {53}\) A related research effort in this area is the World Bank's World Governance Indicators.
saying, “Hey if you looked at this, is that a potential data source?” Changes were frequent from 1990 up to 2007. There's been relatively little change to the index since around 2007 other than the gender adjustment [which measures the extent to which women have the same economic freedoms as men].

In the aftermath of the COVID-19 pandemic, when many governments impinged on economic freedom with economic shutdowns, how do you think the *Economic Freedom of the World* Index might evolve?

Well, we are beginning to get data on this issue. It's straightforward that a number of countries during the pandemic used the pandemic to institute policies that would not have been accepted in normal times and continued with those for extended periods, using emergency powers to do things like shut down businesses or keep people from traveling. It was done in the United States, as well as in a number of other Western democracies, including Australia, New Zealand, and Western European countries. The most recent index, released in the fall [of 2022], is based on 2020 data and it does show a significant drop. In fact, the drop in the index between 2019 and 2020 pretty much wiped out all the gains that were made between 2000 and 2019, and I feel sure that the 2021 index, which we are currently pulling together, is going to show an even larger decline in economic freedom.

People accepted things during the pandemic that were violations of economic freedom that they would not have accepted during normal times. The question is once the pandemic is behind us, whether they will no longer accept them. Bob Higgs's ratchet effect\(^5^4\) indicates that some of the negative impact of the pandemic on economic freedom is likely to remain even after the pandemic is over. At least the *Economic Freedom of the World* will provide us some measure of these things that allow us to track them.

How has your work on economic freedom influenced policymakers and other economists?

It is difficult to tell. There are some things to be encouraged about. There have been about 750 articles that have used economic freedom empirically to examine the impact of economic freedom on various factors, including growth of income, poverty rate, innovation, and income inequality. We're pleased that other scholars have used the index in their research. It is easier to measure the impact on research than on policy. Nonetheless, there is some evidence of impact on policy.

At our presentation to the Russians, including President Putin, in 2000, we didn't do a lot of talking about economic freedom, but nonetheless, we were implying that high marginal tax rates are a violation of economic freedom. I think this played a role in Russia’s move away from high marginal tax rates with the adoption of a low flat-rate income tax.

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\(^{54}\) Robert Higgs (born 1944), senior fellow at Independent Institute in Oakland, California, particularly known for his book *Crisis and Leviathan: Critical Episodes in the Growth of American Government* (1987), which showed that emergency government powers accumulated in a crisis often persisted and were used long after the crisis ended.
There have been a few countries — Georgia is probably the clearest instance — where they were very open to making modifications in the early 2000s moving toward economic freedom. We had a major conference in Georgia involving media people and television stations and leading political authorities about reforms that they needed to make. They made a number of them, and Georgia moved from 80th or 90th, maybe even lower than that, into the top 20 among the 165 countries included in the Economic Freedom of the World project. Georgia has remained near that upper range. So, I think there's an example where it played a role.

Another set of countries where we had considerable interaction with policy makers were the Baltic states (Latvia, Lithuania, and Estonia). Among the former Soviet bloc countries, they have been the biggest movers in terms of reforms for economic freedom, and have also had the most impressive growth rates of the former centrally planned economies.

I'm not directly involved in this, but Fred McMahon of the Fraser Institute does evaluation programs where he holds conferences with decision-makers in specific countries, typically organized by our [affiliated] institute in a given country. He discusses what a country would have to do to get a higher Economic Freedom of the World rating — reforms that they would need to make in order to earn a higher EFW rating. Fred has held dozens of these sessions in different countries. Undoubtedly, these sessions have resulted in some positive reforms.

Something else that I think has exerted a huge impact on the growth of economic freedom is the big reduction in transportation and communications costs that took place beginning around 1970. Between 1970 and 2015, the real cost of ocean shipping and of air shipment fell by about 50 percent, and that resulted in a huge boost to international trade. It also provided countries with a stronger incentive to get their institutions right, because now there was an opportunity to be integrated into the world market, which wasn't really present or wouldn't have made much difference in the 1950s or 1960s. I sometimes draw the comparison in terms of thinking about how improvements in economic freedom would impact, let's say, the Central African Republic relative to Hong Kong or Singapore. If Hong Kong and Singapore adopt policies supportive of economic freedom and remove trade restrictions and that sort of thing, they're going to derive enormous benefits and therefore there will be political pressures to adopt sound institutions in those areas. In the Central African Republic, maybe even today if they adopt economic freedom, but [certainly], let's say, in 1990, or in 2000, it's going to make very little difference, because nobody's going to want to relocate their business to the Central African Republic, which is landlocked and has high shipping costs. So, you see, the reduction in transportation and communication costs created incentives that made it more important to get the institutions right, and I think that was an important factor underlying the growth of economic freedom on average worldwide from, let's say, 1985 to 2010 or so.

Thus, improvements in economic freedom are not just about understanding its importance. The incentives people have to adopt sound institutions also play a role.

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55 McMahon manages the Economic Freedom of the World Network.
9. Journal Articles

You have published a good number of academic journal articles on racial discrimination, labor markets, public choice, economic freedom, and economic education. Are there any you particularly wish to bring to the attention of readers, because they were especially important to your career, or because they made points that you think still are not as widely known as they should be?

One that comes to mind, which has gotten a fair amount of attention and it was really fun to do, was on discrimination and baseball. It was published in the Journal of Political Economy in 1974.56 Gary Becker's analysis57 indicates that if you're an intense discriminator, you're going to pay a cost for it. Rather than simply hiring the lowest-cost employees, you're having to pick and choose favored groups and discriminate against other groups, and it's going to drive your costs up. Whereas I think the dominant view, certainly among the general public, was that discriminating employers gain by paying minority and women employees lower wages. But economics indicates this is not the case: Firms that hire workers in a color-blind manner will have lower costs than those that discriminate. So, if you discriminate, you're at a disadvantage relative to companies that don't discriminate.

Is that really true? The elimination of the color bar in baseball provided a natural experiment with which to test the proposition. The 1974 paper investigates this issue. Charley Haworth and I examined how the response of different teams to Jackie Robinson's integration of baseball, the fall of the color bar, and the effect on the performance of teams, attendance, and team revenues. If you look at the period from 1947 [when Robinson began playing for the Brooklyn Dodgers] to the decade following, the clubs that moved most quickly to integrate and hire the best available talent were most successful, and their attendance went up far more [than other teams], and their revenues rose. The well-known talent that was playing in the Negro leagues was the lowest-risk talent available. The only franchise that was successful during that period and that was slow to move on the opportunity to attract black players was the New York Yankees. They remained relatively successful, but the Brooklyn Dodgers, the New York Giants, the Cleveland Indians, the Boston (later Milwaukee, now Atlanta) Braves, and the Chicago White Sox, which moved quickly to hire talented black players, were highly successful on the field. They were successful at the box office, too, so we quantified those things. Baseball provided an opportunity that made it possible to derive data on how the discriminators did relative to the non-discriminators, or at least lower discriminators. That was an article that I think is still significant today. It's different from what at least many non-economists and even a number of economists think; they don't see that it's costly to discriminate and low discriminators obtain an advantage.

Certainly, the two early articles on discrimination in the *American Economic Review* were a huge boost to my career. A 2003 article with Bob Lawson in the *European Journal of Political Economy* on the measurement of economic freedom has attracted a large number of citations. You learn a lot writing articles, but I have learned even more writing the textbook; it pushes you to keep up with things. I've also learned a lot working on the *Economic Freedom of the World* project. Those two things have contributed the most to my growth as an economist.

As I mentioned earlier, I wish that we had been more successful with the textbook [in terms of influencing other economists]. I also wish we'd had more success with economic freedom among economists. I guess I thought our work on economic freedom would exert more impact than it did in terms of changing policy. But public choice analysis indicates this is not surprising. Politicians are not much interested in getting right what's going to be best for their citizens and economic growth and long-term prosperity. They're more interested in winning the next election and obtaining and hanging on to power. The fact that the *Economic Freedom of the World* Index has not had more impact simply reflects the analysis of public choice.

10. Newspaper Articles and Writing Tips

You've also written a number of newspaper articles. Are there any you wish to bring to the attention of readers?

Typically, the newspaper articles that I wrote were a condensed version emphasizing the central point of a longer article. I can't think of any newspaper article that I would say had a major impact. I wrote some newspaper articles on supply-side economics, including one that appeared in the *Wall Street Journal*. That got a good bit of exposure. It would probably be the only one I would say was influential. Writing for a mass audience is hard in such short space, and people have other things on their minds, so a newspaper article usually doesn’t exert much impact.

Do you have any suggestions about successful writing at any level? Do you have any standard method for writing, for instance, as it concerns number of hours, conducting research, outlining a paper, number of revisions before it's finally ready, etc.?

I have what I refer to as the Rule of Three. I tell students to think hard about how long they believe it will take them to do a project. After making their very best estimate, then they need to multiply that number by three. For some, the number may need to be greater than three. I remember the textbook project; I thought I could write that textbook in a year. After all, it was basically just putting down on paper things that I knew. I really worked hard, let me tell you, to finish it in three years. So, in most research projects you think well, I think we can do this in six months. It will actually take maybe 18 months.

How does your approach to writing change when you're writing towards a group of economists versus writing for the general public?
When you're writing for the general public, you've got to really keep it simple, and you can't assume that they know anything in terms of having seen a particular piece of literature, or that sort of thing. When you're writing for economists, obviously, you can figure that when you're writing about public choice that you don't need to review the basic elements, [because] Buchanan and Tullock\textsuperscript{58} have covered them in *The Calculus of Consent* and other writings. You can go straight to your major point.

Both have value. There's value in being able to condense an idea down to the lowest common denominator, so that a person with eighth- or ninth-grade reading comprehension can understand it. Milton Friedman was obviously the very top of the line in terms of research, but he could also write things that everyday people could understand. There are few people in that category. But I think it's a talent worth trying to cultivate, even if it is one that's not easy.

11. Memberships and Honors

You are a long-time member of the Mont Pelerin Society. Why was this valuable to you?

It was valuable to me to meet and have the opportunity to interact, at least a bit, with some of the greatest minds in economics, and certainly in classical liberalism. The first MPS meeting I attended was in the late 1970s, and I attended pretty regularly for several decades after that. One reason why I attended regularly is because Milton Friedman would be there. George Stigler would be there. Friedrich Hayek would be there. You would be very fortunate as a faculty member at Florida State, or most any other school in the country, to have the opportunity to ask questions of those people and listen while they are sharing ideas and memories with each other. I can remember at the Berlin meeting in 1982, how those people that I just mentioned — Friedman, Stigler, Hayek, Becker\textsuperscript{59} — were standing around having a conversation. Stigler was making comments about history of economic thought and Alfred Marshall.\textsuperscript{60} There were 15 or 20 people nearby, just listening, to see these guys having that kind of interaction. And then, of course, at the sessions at the Mont Pelerin Society meetings, you have a lot of internal discussion and in some cases disagreement among leading economists or leading classical liberal economists, on certain issues. I don't know of any other organization that has that. And it's inspirational in the sense that typically in the 1980s and 1990s there would be 200 to 250 people attending Mount Pelerin Society meetings. I think they may be up around 400 to 500 now, maybe even more. Then it was also inspirational to see that there were a lot of people at other schools that had these same kind of ideas, and to hear presentations would give you ideas about how

\textsuperscript{58} Gordon Tullock (1922-2014), coauthor with James Buchanan of *The Calculus of Consent: Logical Foundations of Constitutional Democracy*, the 1962 book that is still probably the single most prominent work in public choice, and a major contributor in his own right to public choice and law and economics.

\textsuperscript{59} Milton Friedman, George Stigler, Friedrich Hayek, and Gary Becker were all at the time former or future recipients of the Nobel Prize in economics. All spent most of their careers in the department of economics at the University of Chicago, except for Hayek, who spent only part of his career at Chicago, at the Committee on Social Thought.

\textsuperscript{60} Alfred Marshall (1842-1924), Cambridge University professor, perhaps the world's most influential economist around 1900.
you could sharpen your own presentation of ideas. That's a major role the Mont Pelerin Society played.

It was an outgrowth of Hayek’s *Road to Serfdom* worldwide [book promotion] tour. He brought together a group of economists that he perceived to be the classical liberals of that era. It's interesting that they talked about what they were going to name it, and they couldn't agree on anything, so they ended up calling the organization the Mount Pelerin Society, because that was where they met the first time. 61 So right from the very beginning, there was debate and controversy.

You were the president of both the Southern Economic Association and the Association of Private Enterprise Education. In those positions, what was your emphasis?

In both of those organizations you spend a year where you're the program chairman. You're trying to get people to make certain key presentations. So that was a responsibility. And then you're trying to develop a program that's going to attract people. The Association of Private Enterprise Education started out as an organization that was just for people who had chairs in private enterprise, but by 2000 it was a broader organization, and under J.R. Clark’s leadership, he kept emphasizing that they needed to have broader application. The meetings got bigger and bigger.

In recent years the American Economic Association has become much more of a left-wing activist organization. People from the elite schools dominate the American Economic Association and if you're not associated with one of those elite schools it's difficult to get on the program. Even more important, it is difficult to get published in the Association journals, of which there are now seven or eight. 63 And as the AEA has become more interventionist, more left-wing, more elitist, more exclusive, this has created a potential opportunity for the Association of Private Enterprise to grow in both numbers and influence.

If leading professional associations, not just in economics but in subjects such as political science, continue on this left-wing, elitist path of intolerance of alternative viewpoints, it's going to create an opportunity for the Association of Private Enterprise Education, and perhaps other organizations like it, including the Southern Economic Association. The Southern has always been more open than the American Economic Association meeting. You know, [James] Buchanan would never miss a Southern Economic Association meeting, but he seldom went to the American Economic Association meetings. We're seeing these associations change. The Association of Private Enterprise Education started out as a niche organization, and remained somewhat so for

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62 Jeff Ray Clark, professor at the University of Tennessee at Chattanooga.

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a long time, but now it is having a broader impact. It is now an alternative to some of the organizations that, in my judgment, have gone off track.

12. Concluding Remarks

[Alright, this is your opportunity to say something about the wisdom you have accumulated over your career about the relationship between political and economic institutions.]

I believe that examination and determination of institutional arrangements that will sustain the control of centralized power and provide for a high degree of economic freedom is the most important economic issue of our day. Unfortunately, the structure of institutions and how they affect expected outcomes attract little interest among economists today, particularly among elite economists at the leading universities. Most ignore the importance of differences in political economy institutions. But institutions are vitally important if you want to understand why some countries have been successful and others have not. The structure of those political institutions matters because, after all, the economic institutions and the degree of economic freedom are a reflection of political decision-making.

I'm currently thinking, with some other people, about what kind of political institutions are most consistent, most conducive to maintaining and sustaining economic freedom. Clearly, it's not majoritarian democracy. Most of today's elite thinkers believe that if a majority of people favor it, that makes the action legitimate, and that in itself proves it's the desired outcome.

But when you think about it, majoritarian democracy suffers from a number of major shortcomings. The process is going to be driven by expenditures and regulatory activities favored by concentrated interest groups. Another major shortcoming is the shortsightedness effect. The winner of the next election will generally be the candidate or party that is best at coming up with spending or regulatory programs that generate highly observable visible benefits at the expense of costs that are difficult to identify and that are out in the future. One of the best ways of making the cost difficult to identify is by borrowing. We used to talk about how the Roosevelt Administration was “tax, spend, and elect.”

64 Well, the process today is “borrow, spend, and elect.” As a result, you have spending driven to excessively high levels and a lot of counterproductive programs driven by the shortcomings of majority rule. Of course, all of this comes out of public choice analysis.

What kind of political institutions would be most consistent with sustained economic freedom and prosperity? Obviously, this is a complex issue, but I think it's a system that would have lots of checks built into it — constraints upon what any given individual or political party, or even a voting majority would be able to do. It would also involve a great deal of decentralization, because the major advantage of decentralization, as one of my graduate school instructors, Charlie Tiebout stressed, decentralization makes it possible for people to vote with their feet, and you can group together with people who have preferences similar

64 From the famous but probably apocryphal quote attributed to Harry Hopkins, an adviser to President Franklin Roosevelt, “We shall tax and tax, spend and spend, elect and elect.”
to your own, including preferences related to activities you’d like the government involved in. So, you want a great deal of decentralization, and you want constraints against centralization.

To a degree, the U.S. system reflects this structure. The founders of the United States set up the legislative branches of the federal government where the members of one branch are allocated equally to each of the states regardless of size and the membership of the other branch based on population with the more populous states having more members. Most importantly, in order for legislation to be adopted, it must pass both branches. Further, people are permitted to move freely among the states, so individuals and businesses may choose state and local governments more consistent with their preferences and personal goals.

I want government to reflect agreement. I don’t want it to reflect the majority coercing the minority, or various segments of concentrated groups essentially forcing other people to do things they don’t want to do, so I ask myself, how can you make government more based on agreement? I think the real-world system that comes closest to that is Switzerland. They have lots of checks and balances. The Swiss federal government does not have taxing power that is not granted to it by the cantons (lower-level jurisdictions similar to states). The Swiss structure has two [federal] legislative houses. They are designed, as ours were initially designed but have been largely eroded, to maintain differences in terms of the composition. In the Council of States, each of the full cantons selects two members and each half-canton selects one, and that’s selected by majority vote within the canton. Then they have the National Council, which has a parliamentary kind of proportional voting system. If you get 3 percent of the vote, you get 3 percent of the members. It strengthens minority parties relative to majority parties and cuts down on the ability of the majority to coerce various minorities.

One of the striking features of the Swiss system is the balance of taxation between the central and lower levels of government. In countries like the United States, most of the income tax revenue is raised at the federal level. The central governments largely claim the income tax, which is probably the largest single source of revenue. In Switzerland, though, 80 percent of the income tax is raised at the canton and the municipal level; only 20 percent is raised at the federal level. This reduces the power of the central government relative to the lower levels of government.

In terms of thinking about the future and how I hope some of our work is impacting economists, they should begin thinking more seriously about the structure of political institutions that tend to be consistent with economic freedom and minimize the Great Leader. The Great Leader is the enemy of economic freedom. Try to think of a Great Leader in Switzerland. I can’t. The prime minister is a Great Leader under parliamentary systems. Under presidential systems, the president is a great leader, in the sense of people thinking, “Wow! This person is somebody who speaks for all of us.” If you want to minimize the political power of individuals and political parties, you need checks on the power of political leaders.

We know a great deal about the economic institutions that lead to growth and prosperity and economic development, more than at any time in history. If you look at the countries that have
had high degrees of economic freedom persistently over, let's say, the 30-plus years since 1990, all those countries have high incomes, or if they started at a low level of income, they've had rapid growth. At the other end of the spectrum, the ones that have had poor institutions during that period, with the exception of a couple oil producers, all of those have low incomes. So, we know what works: essentially, the kind of institutions that we outline and try to measure in our *Economic Freedom of the World* reports. Those are the institutions that work, that are most consistent with economic growth and development.

Growth and development are not the only things that matter; I understand that. But it is difficult to achieve other desired objectives without growth and development. Let's not fool ourselves and say that if we have majoritarian democracy and the majority of the people favor it, that it's all going to work out great. This is a fantasy. I would like to think that my entire career has been the enemy of fantasy land. At least I've tried to make it that way.

**[What advice do you have for young economists?]**

With regard to your research, choose a topic that you're really interested in, that you want to know the answer yourself. And choose one where you think, “Hey, the answer to this matters. If I can figure out the answer to this, it could really make a difference.” If you do those two things — pick something you're interested in and something that really matters — it gives you a reason to be motivated.

And wow! In our profession, most economists have lots of discretion about how you're going to spend your time and research.

**What are your most important contributions to economics?**

Bringing public choice to the introductory economics classes. There's still more work to be done: only about half of the leading textbooks even cover public choice, and I don't think any of them apply it in a broad way.

The other thing is economic freedom. Institutions matter. The impact they have on the quality of people's lives is huge. They don't just happen; they reflect the political process. While we know a lot about the institutions that matter, we don't know a lot about how to change political systems so that they will become more sustainably supportive of economic freedom.

Those would be the two things I would point to.

**Among the major areas in economics you have worked on, where do you observe either great progress or great retrogression?**

There has been some progress in terms of the integration of public choice into economics. I would venture to say it's not as great as what Gordon Tullock and Jim Buchanan would like to have seen, but I think there has been progress, so that's a positive.
In terms of retrogression, I have been concerned about how the [COVID-19] pandemic is going to impact not only economic freedom, but authoritarianism. Governments became very authoritarian during the pandemic, and people accepted it. We perceived that as protecting ourselves from the pandemic, even though I think we're increasingly finding out that some of the protections from the pandemic that we thought we were getting, particularly the lockdowns where everybody stayed home, were not nearly as effective as they were thought to be. They were perhaps even counterproductive. I worry about the willingness to accept more restraints on our personal activities.

**Dr. Gwartney, thank you for your time.**

Kurt and Mitchell, thank you for asking so many probing questions and giving me an opportunity to respond. It has been a pleasure.
Postscript: September 2023

Shortly after the initial interview in February 2023, Professor Gwartney had a serious surgery removing half of his pancreas, and a portion of both the stomach and intestines. The pathology report indicates that he is now facing an uncertain future as the result of pancreatic cancer. This is not his first battle with cancer. This follow up interview with Jim and Amy illustrates how their lives have been affected by cancer.

Kurt: In addition to dealing with blindness Jim, you have been battling cancer most of your adult life. Tell us about this experience.

Jim: In January of 1977, I had two moles removed from my back. After receiving the lab report, our local doctor called us into his office and informed us that the moles were stage four malignant melanoma. He strongly recommended that we go to M.D. Anderson cancer hospital in Houston, Texas. We did and after nearly two weeks of tests, they put me on the experimental drug BCG. It was administered weekly by scratching a two-inch square grid with a needle and rubbing the medication into the surface of the skin. This procedure was very painful. Amy is a nurse, and she administered the medication. I think this was more difficult for her than it was for me. After six months and a couple of trips back to Houston, I was extremely weak. I would go in and teach my classes and then come home and collapse. I had lumps in both of my arm pits, indicating that the cancer was in the lymph node system.

I follow sports rather closely. In early 1977, the experience of Joe Roth, an All-American quarterback of the University of California made me painfully aware of the dangers of melanoma. Roth had melanoma but he was able to lead his team to an 8-3 record in 1976. Even though he was in great shape and a highly gifted athlete, melanoma took his life in February of 1977, just three months after his last regular season game. I thought I was dying and leaving Amy with four boys between the ages of three and 13. We had only a small life insurance policy and little savings. Both of us knew that my death would mean that life would be a struggle for Amy and our children.

Kurt: Amy, how did you deal with this situation?

Amy: I thought I was losing Jim and agonizing about how I would raise four boys without a father. In my mind I planned to move back near my parents. There were a lot of tears in the dishwasher. It was so hard. But, on a Friday night after the family was in bed, I talked to God about it again and this time I told Him if He was ready to take Jim Home, I would let him go. It was complete surrender to whatever my Heavenly Father knew to be best. The following morning, Jim took me aside and said I needed to know that, in the night, he and God had talked, and he told God if He wanted to take him Home he was ready and would trust Him to care for me and our little boys. Again, it was complete surrender! On Monday morning the lymph nodes were back to normal. I firmly believe that God desired our full surrender and was waiting for our obedience.

Jim: Soon thereafter, my energy gradually began to improve. We continued with the BCG treatment and during the next three years, we returned to M.D. Anderson every four to six months for a check up. At the end of the three years, there was no sign the cancer had spread to internal organs. At that point, I was released to my local doctor. A few years after that, M.D. Anderson informed us that the results indicated that BCG was ineffective as a treatment for melanoma. Since 1980, I have had check ups every three to six months in order to identify skin cancers early so they can be removed before they have a chance to spread. I have had more than 40 moles removed and 3 of them have been melanoma. They were all removed in a timely manner, and I have lived a pretty normal life including continuing with my teaching and research during this period.
**Kurt:** How did the experience with melanoma impact your lives?

**Jim:** It made me a better person. Every day was a precious gift from God. Things at work that used to bother me, seemed much less important. I was easier to get along with. Amy was always there for me as I dealt with melanoma. As a result, my appreciation for her increased. This strengthened our marriage. I think the experience even improved my teaching, as it helped me better understand students who were dealing with adversity.

Melanoma also strengthened my relationship with God. When I thought I was going to die, I prayed and asked God for seven more years to get my life and our finances in better order. More accurately, I begged God to give me seven more years. That was 1977. It is now 2023, so God has given me those seven years and 39 more. I think of that as I reflect on my current situation. He has extended my life once and he may do so again. But regardless, He has been very good to me.

**Amy:** God’s mercies are new every morning, His love is beyond my comprehension, His grace is sufficient in every situation. My life is built on this now and I know Him to be faithful and worthy of my praise. Every day is a gift and not to be taken lightly.

**Kurt:** Thank you for sharing this experience and we wish you a speedy recovery.

**Jim:** Thank you. This experience is an integral part of our lives and we appreciate the opportunity to share it with others.
Appendix A: How I Became a Classical Liberal


It is interesting to reflect on the people and events that shape one’s fundamental views. My parents taught me both personal responsibility and accountability. These are cornerstones of liberal thinking. My father was a farmer and my mother a teacher and they typified the middle America of the 1950s. While they sent their three children to college, my parents were not very interested in philosophical, political, and economic ideas. And neither was I during high school and my first couple years of college. The Russians had launched Sputnik and they were ahead of us in the space race. I was going to help change that by becoming a physicist.

But things began to change during my sophomore year at Ottawa University, a small (600 students) liberal arts school about 60 miles from where I grew up in Kansas. That’s when I took my first economics course and met an enthusiastic young professor who had just finished his doctoral degree at the University of Kansas. His name was Wayne Angell and he exerted a major impact on my life. After taking a course in economics it dawned on me that I liked economics and did better in it than was the case for physics. As I reflected on one of the basic principles of my economics class, the law of comparative advantage, it suddenly occurred to me that maybe my comparative advantage was economics rather than physics. Thus, I changed my major to economics.

In essence, Dr. Angell was the OU Economics Department. He taught virtually every course and I took all of them. Like just about everyone else at the time, Angell used Paul Samuelson’s Economics as the text in the Intro course, but he often criticized it. It was obvious that Angell thought markets worked well and he had little confidence in the ability of government programs to improve on market outcomes. Angell was a Republican and a strong backer of Richard Nixon during the presidential election of 1960. However, his family owned a large wheat farm in western Kansas and Professor Angell was actively involved in the operation. I vividly remember how, on the day following Kennedy’s electoral victory over Nixon, Angell explained in class how Kennedy’s agricultural subsidies and price support programs would approximately double the income of big wheat farmers like himself. Jokingly he remarked, “At least this will make it a little easier to accept Nixon’s defeat.”

Now, with the benefit of hindsight, I realize what a great undergraduate educational experience I had. It was a fantastic opportunity to take about 30 hours of economics from a person who would later become a member of the Board of Governors of the Federal Reserve System and Chief Economist for Bear Sterns. In many ways, Angell was ahead of his time. He was a critic of Keynes and the concept of the Phillips Curve long before expectations were integrated into macroeconomics. He taught his students about “government failure” prior to the Public Choice Revolution. To this day, I cannot think of a more enjoyable way to spend an evening than having
a lengthy discussion of economics and related issues with Wayne much like those that used to occur both inside and outside of his classes during my undergraduate years. My wife Amy and I count Wayne and his wife Betty among our dearest friends.

After completing my undergraduate degree, I attended graduate school in economics at Washington State University. My knowledge of graduate programs was limited and I chose WSU because the program provided me with financial aid in the form of a teaching assistantship. I quickly discovered that the WSU graduate program was vastly different from my undergraduate training. Keynes was king among the WSU economics faculty of that era and the University of Chicago was the incarnation of evil. In a graduate-level seminar in public finance, a friend and I used to keep track of the number of times the professor attempted to refute an argument merely by pointing out that a supporter of the position had some association with the University of Chicago. As I recall, 33 was the record for a one-hour class. When asked a question about Milton Friedman’s views concerning the importance of monetary stability, the leading macro economist on the faculty responded by pointing out that Friedman was a “crackpot who favored things like privatizing the Post Office.”

Early on, I realized that my choice of graduate programs was a mistake, but I decided to stick it out for the entire year. This proved to be a wise decision. The course work was not that difficult and, because I had already decided not to pursue a doctoral degree at WSU, I had time to do a lot of reading. Even though I had read Hayek’s Road to Serfdom and various libertarian publications such as the Freeman and the New Individualist Review as an undergraduate, I was not well grounded in classical liberal thought. My year “wandering in the wilderness” at WSU provided me with the time to read works by Friedman, Hayek, Mises, and other leading free market economists.

The year at WSU also motivated me to want to do something about the under-representation of classical liberal thought in American colleges and universities. Increasingly, I began thinking about becoming a college professor. By the summer of 1963, however, I faced a practical problem: I was married, my wife and I had a child, and we had very little money. Thus, we moved to Seattle and I began working as a purchasing agent for the Boeing Company. I bought electrical connectors for 707s and 727s all day and read classical political economy literature in my spare time. I also got involved in Barry Goldwater’s ill-fated 1964 campaign for president. Young and naive, I was convinced right up to the night of the election that Goldwater was going to be elected president.

It was also during this period that I attended a student workshop sponsored by the Intercollegiate Society of Individualists, now the Intercollegiate Studies Institute. One of the speakers was Donald Gordon, a professor of economics at the University of Washington. In a private conversation following Gordon’s lecture, I asked him several questions about the Department of Economics at the University of Washington. He informed me that the department had recently hired a number of young professors from the University of Chicago and, if one wanted to become a professional economist, it was an excellent place to get an education. Following that discussion with Professor Gordon, I knew that I wanted to return to graduate school and pursue my dream of becoming a college professor. Shortly thereafter, I entered the UW economics program.
During the latter half of the 1960s, the University of Washington was an exciting place to study economics. The chairman of the department was Douglass C. North, who would later win the Nobel Prize for his work in economic history. Even though I was not particularly interested in economic history, I took several courses from Professor North and he was on my doctoral dissertation committee. I had the opportunity to take microeconomics from Walter Oi, whose empirical work on the economics of conscription eventually convinced even the Department of Defense that it was a good idea to abolish the draft. I studied history of economic thought from Professor Gordon before he was wooed away to the University of Rochester. I took several core courses from John Floyd, Yoram Barzel, and Allan Hynes, all of whom were recent graduates from the University of Chicago. Tom Borcherding, a protégé of Jim Buchanan, introduced me to public choice and the writings of Buchanan, [Gordon] Tullock, [William] Niskanen, and others of the Public Choice school. All of these people exerted an enormous impact on my thought process and I am hugely indebted to each of them.

Finally, the work of two of the profession’s giants, Milton Friedman and James Buchanan, has exerted a major impact on both my professional career and classical liberal views. I never took a course from either and did not really meet them personally until the late 1970s. Nonetheless, they have been my heroes for many years. Friedman’s *Capitalism and Freedom* is the most influential book I have ever read. After reading the book in 1963, I could hardly wait to see him in action. While still in graduate school at the University of Washington, a couple of friends and I drove 200 miles to hear him give a lecture at Reed College. We were awestruck at how he was able to disarm hostile questioners and destroy the arguments of his antagonists. I also remember going to the auditorium nearly an hour early to hear his 1967 presidential lecture to the American Economic Association that, in effect, demolished the Phillips curve argument.

While the writings of Friedman provided the foundation for my market liberalism, those of Buchanan shaped my views with regard to how one should expect the political process to work and why it was important to both limit the powers of government and keep them widely dispersed. His public choice views also motivated me to write the first edition of *Economics: Private and Public Choice*. At the time, introductory principles texts (1) discussed the workings of markets, (2) explained why they often failed to achieve the ideal outcomes (market failure), and (3) indicated how government intervention could improve things. There was “market failure,” but there was no “government failure.” The primary goal of *Economics: Private and Public Choice* was to correct this imbalance. Even though he was unaware of it, Jim Buchanan was the godfather of this text, which is now in its 10th edition.

I also owe a major debt to many others, particularly colleagues and co-authors. As the above comments indicate, teachers and writers have exerted a major impact on my thought process. Moreover, teaching and writing have been the focus of my professional career. During times of discouragement, reflection on those who have influenced my own life has often provided me with the inspiration to continue and to reach for higher levels. May God bless teachers and writers, particularly those with classical liberal views.
Appendix B: Curriculum Vitae

Born: Atchison, Kansas, September 28, 1940

Education
B.A. (Economics), Ottawa University, Kansas, 1962
M.A. (Economics), University of Washington, Seattle, Washington, 1967

Most Recent Position
Professor of Economics and the Gus A. Stavros Eminent Scholar Chair at Florida State University, Tallahassee, Florida (retired 2022)

Fields of Specialization
Public Choice, economic development, public policy, New Institutional Economics, and economic education

Experience
Gus A. Stavros Eminent Scholar Chair, Florida State University, 2004-2022
Director, Gus A. Stavros Center for Economic Education, 2003-2016
Professor of Economics, Florida State University, 1977-2022
Chief Economist, Joint Economic Committee, Congress of the United States, 1999-2000
Visiting Professor, Florida State University London Program, Fall 1994
Visiting Professor, Central European University, Prague, Czech Republic, 1993-1994
Professor of Policy Sciences, Florida State University, 1984-2003
Director of Graduate Studies, Economics, Florida State University, 1976-1978
Associate Professor of Economics, Florida State University, 1973-1977
Faculty Associate, Interdisciplinary Program on Urban Minority Problems, 1969-1974
Assistant Professor of Economics, Florida State University, 1968-1972
Instructor, University of Washington, 1966-1968

Books


What Everyone Should Know About Economics and Prosperity (with Richard Stroup), Tallahassee, James Madison Institute, 1993. Adapted for Canadian readers by Michael A. Walker, Vancouver, B.C.: Fraser Institute, 1993. (This book has been translated into Polish, Bulgarian, Spanish, French, Russian, Hebrew, Italian, Portuguese, Hungarian, Romanian, Chinese, Ukrainian, Turkish and Finnish.)


Journal Articles


“The Rise and Fall of Worldwide Income Inequality, 1820-2035” (with Joseph Connors and Hugo Montesinos), Southern Economic Journal, v. 87, no. 1, July 2020: 216-244.

“An Examination of the Former Centrally Planned Economies 25 Years After the Fall of Communism” (with Hugo Montesinos), Cato Journal, v. 38, no. 1, Winter 2018: 285-309. (Also published as Studies in Applied Economics no. 95, December 2017.)

“NAFTA Tradeoffs: Lowering Barriers to Talking about International Trade” (with Tawni Ferrarini), Social Education, v. 92, no. 2, March/April 2018.


“What Should Be Taught and Learned in Economics Classes (and Is It?)” (with Jane Shaw), *Journal of Private Enterprise*, v. 29, no. 1, Fall 2013: 73-86.


Monographs and Chapters in Books

“Creating an Environment for Maximum Sustainable Economic Growth,” in Policies for Economic Growth: International Experience, Business Express, Moscow, 2001: 36-54. (Published in both English and Russian.)
President Reagan’s Economic Legacy: The Great Expansion (with others), Joint Economic Committee Report, Congress of the United States, October 2000.


The Benefits of Medical Research and the Role of the NIH (with others), Joint Economic Committee Report, Congress of the United States, May 2000.


The Great Expansion – How it Was Achieved and How it Can be Sustained (with others), Joint Economic Committee Report, Congress of the United States, April 2000.


The Budget, Taxation, and Economic Growth (with others), Joint Economic Committee Report, Congress of the United States, October 1999.


Comparing Spending and Performance in Florida’s Public Schools and Colleges (with others), Tallahassee James Madison Institute, 1997.


A Positive Program to Improve Florida Schools, Tallahassee: James Madison Institute, 1990.


Testimony


Other Media Publications


Videos

classes at both the high school and college level. We helped choose and revise the video clips and prepared the manual about how to use them effectively in the classroom.)


“Life in the Former Soviet Union,” a conversation with James Gwartney and J. Cooper, narrator, James Madison Institute, 1992, 30 minutes, VHF.

“Transition: Socialism to Markets,” a conversation with James Gwartney and J. Cooper, narrator, James Madison Institute, 1992, 30 minutes, VHF.

Book Reviews


Honors and Special Invited Lectures


“Geography, Institutions, and New Evidence on the Sachs-Acemoglu Debate” (with Hugo Montesinos and Joseph Connors), presentation to the annual meeting of the Public Choice Society, Louisville, Kentucky, March 16, 2019.

“Are Stock Prices High or Low?” presentation to the Free Market Forum of Hillsdale College, Kansas City, Missouri, October 12, 2018.

“Worldwide Income Inequality, the Process of Development, and Demography” (with Joseph Connors), presentation to the annual meeting of the Economic Freedom of the World Network, Panama City, Panama, September 8, 2018.


“Has Money Growth Caused the Low Interest Rates of Recent Years, or Is the Cause and Effect in the Other Direction,” invited lecture to Cengage Teaching conference, Tampa, Florida, October 28, 2016.
“Public Choice, Economics, and Recent Developments in Economic Education,” invited lecture to a plenary session of the annual meeting of the Association of Private Enterprise Education, Cancun, Mexico, April 13, 2015.


2013 Upton Scholar of Beloit College. Involved spending a week in October, 2013 at the college giving special lectures, including a keynote lecture on “Institutions, Economic Freedom, and the Wealth of Nations.”

Lifetime Achievement Award, Ottawa University, October 2012.


Honorary Doctorate in Social Science, Francisco Marroquín University, Guatemala, May, 2008.

Adam Smith Award, Association of Private Enterprise Education, April 2004. (The award recognizes a “sustained and lasting contribution to the perpetuation of the ideals of a free market economy as first laid out in Adam Smith’s Wealth of Nations. The recipient of this award must be an individual who has acquired an international reputation as an eloquent scholar and advocate of free enterprise and the system of entrepreneurship which underlies it.”)

Will Herberg Award for Outstanding Faculty Service, Intercollegiate Studies Institute, October 23, 2003.

Member, Presidential Commission on 21st Century Labor Force.

Outstanding Professor Award, 1997-98, Templeton Honor Roll. (One of approximately 50 professors honored for their writing and efforts to bring scholarly knowledge to bear on problems affecting society.)


1995 recipient of Distinguished Scholar Award, Association of Private Enterprise Education, association meeting, April 9-11, 1995, in Atlanta. (This award is granted for a sustained record of scholarship and communication of ideas.)

Teaching Incentive Plan (TIP) Award, 1994.

Visiting Professor of Economics, Central European University, Prague, 1993-1994.


Outstanding Teacher Award, Florida State University, College of Social Sciences, 1989-1990.

Member, Mont Pelerin Society, 1986-present.


Mont Pelerin Society National Fellow, grant to attend 1982 Mont Pelerin Society meeting in Berlin.


Outstanding Teaching Fellow Award, University of Washington, 1968.

Richard M. Weaver Fellow, 1965-1966 (Fellowship Program of the Intercollegiate Studies Institute funded by the Relm Foundation).