



Charles Koch's Disturbing High School Economics Project Teaches 'Sacrificing Lives for Profits'

Is Koch Industries behind your university or grade school's economics curriculum?

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Charles Koch is known for being CEO of industrial giant Koch Industries and a chief financier of the massive conservative political operation he runs with his brother David. In recent years, student activists and investigative journalists have exposed another of Koch's hats: mega-donor to hundreds of colleges and universities, often funding free-market-focused academic centers housed at public and private schools alike. One Koch-funded program is advocating cutthroat economics to grade school students, even sacrificing lives for profits.

Anti-tax industrialist billionaires like Charles and David Koch stand to gain a lot by financing higher education programs tailored to their ideologies. Richard Fink, the Kochs' right-hand man for decades, laid out their "Structure of Social Change," the plan they devised in the late 1970s to shape society with their libertarian ideals. The plan begins with funding academic programs that favor laissez-faire economics, resulting in academic papers promoting the free market and chastising regulation and taxation. Next, think tanks they fund repackage the academic work into more easily digestible policy proposals that "citizen activists" (actually Koch-funded "social welfare" groups like Americans for Prosperity) use to pressure lawmakers.

From 2005 to 2014, the Charles Koch Foundation doled out nearly \$108 million to colleges and universities. The school that has accepted the second highest total from the Charles Koch Foundation from 2005 to 2014 is Florida State University, whose economics department entered into a 2008 agreement that gave the foundation a say in its curriculum and hiring decisions, as Dave Levinthal of the Center for Public Integrity reported. One part of the 2008 agreement, which proposed a \$6.6 million budget to be funded by the Charles Koch Foundation and unnamed "Donor Partners," established a "Program for Excellence in Economic Education" within the Gus A. Stavros Center for the Advancement of Free Enterprise and Economic Education, part of the economics department. Annual reports confirm these funding arrangements.

The 2008 Koch agreement also funded professorships, postdoctoral fellowships, an undergraduate program and administrative costs for the "Program for the Study of Political Economy and Free Enterprise," part of the Stavros Center as well.

The Stavros Center promotes "Common Sense Economics," a free-market-focused book coauthored by the director of the Stavros Center, James Gwartney, and accompanying course materials for economics teachers all the way down to the kindergarten level. The center, along with programs at other colleges and universities, hosts workshops for teachers who want to offer

Common Sense Economics courses at their schools; one such workshop occurred on February 4-5 of this year, hosted by the Excellence in Economic Education program.

Under “Readings Reflective of Common Sense” on the “Fun Readings” page of the Common Sense Economics website, one probably not-so-fun selection sticks out. “Sacrificing Lives for Profits,” written by Common Sense Economics coauthor Dwight Lee, actually argues that we’d all be better off if companies cut corners, even risking customers’ lives, in the name of profit:

"The charge that sways juries and offends public sensitivities ... is that greedy corporations sacrifice human lives to increase their profits. Is this charge true? Of course it is. But this isn't a criticism of corporations; rather it is a reflection of the proper functioning of a market economy. Corporations routinely sacrifice the lives of some of their customers to increase profits, and we are all better off because they do. That's right, we are lucky to live in an economy that allows corporations to increase profits by intentionally selling products less safe than could be produced. The desirability of sacrificing lives for profits may not be as comforting as milk, cookies and a bedtime story, but it follows directly from a reality we cannot wish away."

Lee gives the example of expensive safety features in cars. With cheaper, less safe cars, he argues, consumers would be free to spend more money on (overpriced) education and (overpriced) health care, ignoring compelling economic arguments for free education and single-payer health care, both of which might have a chance if it weren't for the extremely low tax policies he no doubt supports. The longer life expectancy that comes with more education and health care, he thinks, far outweighs the occasional traffic death due to dangerous automobiles, yet he apparently overlooks the fact that the healthiest, most highly educated individual could die in an instant from poorly manufactured brakes or shoddy paneling.

Dwight Lee is a senior fellow with the O'Neil Center for Global Markets and Freedom in Southern Methodist University's business school, which has held discussions featuring sweatshop proponent Benjamin Powell of Texas Tech University. SMU, based in Dallas, Texas, received almost \$586,000 from the Charles Koch Foundation from 2005 to 2014, and the school just announced a \$3.5 million grant from the foundation, along with \$3.5 million more from Rick Perry mega-donor and Ted Cruz supporter Darwin Deason, to found a criminal justice reform center. As it turns out, the O'Neil Center has teamed up with the Libre Institute, part of the Kochs' effort to engage Latino voters, to run free enterprise teaching programs.

Lee is also a fellow at the Independent Institute, formerly funded in part by the David H. Koch Charitable Foundation, and an “expert” at the Heartland Institute, which has received funding from the Charles Koch Foundation and the Claude R. Lambe Foundation, another Koch-led foundation that's now closed. The professor previously held faculty positions at several other schools including George Mason University, also known as “Koch U,” which has raked in by far the most money from the Charles Koch Foundation, the majority going to its two free-market academic centers, the Mercatus Center and the Institute for Humane Studies, at nearly \$78 million since 2005.

Students at FSU found “Sacrificing Lives for Profits” and attended the February 4 Common Sense Economics kickoff event, distributing flyers about the Stavros Center's Koch funding and

alerting participants to the author's enthusiasm for sacrificing lives for profit. They later demonstrated outside the building during the reception.

Ralph Wilson, a doctoral candidate at FSU who has led efforts to expose the university's Koch ties, took part in the demonstration. He wrote in an email to me:

Rather than teaching economics, FSU's agreement has let the Koch network propagate pro-corporate propaganda into K-16 classrooms all over the country, providing intellectual justifications for a moral trade-off: lives for profit ... The curriculum is a mish-mash of recycled free-market essays from Koch-funded think tanks patched together by corporate academics.

Despite documents that clearly outline how the Charles Koch Foundation's grant established the Program for Excellence in Economic Education, professors and university officials have gone to great lengths to deny this connection. According to Wilson, FSU officials denied that the workshop had ties to Koch money, and a local news story set to run was never published.

One professor in the Excellence in Economic Education program, Joab Corey, who spoke at the Feb. 5 workshop, sent emails to multiple FSU students who had asked about his Koch connections at the event. Corey wrote that he is "not biased or influenced by donors in any way" and denied any ties to Koch funding, writing that he "did not really know where the funding for my position came from," although he "vaguely remembered" that his position was funded by BB&T Bank (actually, the BB&T Charitable Foundation, which is known for making at least 63 million-dollar grants to universities explicitly for the purpose of teaching Ayn Rand's libertarian bible *Atlas Shrugged*). Corey's "undergraduate teaching specialist position" is in fact funded by the BB&T Foundation, which came on as a Donor Partner in the Koch-FSU agreement. What Corey failed to acknowledge is that the very program he teaches in was established with Koch funding, and that, at least originally, every hire within his program and the similar Political Economy and Free Enterprise program had to meet the approval of Charles Koch Foundation officials.

Corey also wrote that he thought those who objected to "Sacrificing Lives for Profit" didn't understand the argument and he invited dissenters to discuss it at office hours.

In 2014, someone left a customer review of *Economics: Private and Public Choice*, coauthored by Gwartney, linking him and other authors to Koch funding. Joseph Calhoun, assistant director of the Stavros Center and a lecturer in the Excellence in Economic Education program, weirdly posted a response credited to Gwartney that reads, "the Stavros Center for Economic Education and Free Enterprise at Florida State University which I direct has never received any funds from the Koch brothers or Americans For Prosperity, nor any of their charitable organizations." This is patently false.

Another coauthor of this volume and of *Common Sense Economics* is self-proclaimed "free-market environmentalist" Richard Stroup of Raleigh, North Carolina, who formerly taught at FSU and is a research fellow at the Independent Institute and an adjunct scholar at the Cato Institute, which was founded by the Charles Koch Foundation. Unfortunately for Stroup's "environmentalist" claims, and for the many students who've had to read *Economics: Private and Public Choice*, the textbook has earned a failing grade for its treatment of climate change by PhD economist Yoram Bauman.

Stroup's wife is Jane Shaw, former president of the John William Pope Center for Higher Education Policy, which has long advocated reducing university funding, cutting courses that focus on non-Western subject matter, and giving university donors control of how schools use their money. The Pope Center is funded by the John W. Pope Foundation, which has given millions to higher education programs mainly in the South and is led by Republican political mega-donor and close Koch brothers ally Art Pope.

Common Sense Economics has other primary hubs at University of South Florida's own Stavros Center and Northern Michigan University's Center for Economic Education and Entrepreneurship, which Common Sense Economics coauthor Tawni Ferrarini codirects.

The Stavros Center and other similar centers are part of a national movement to push free-market principles on kids all the way down to kindergarten, headed by the national Council for Economic Education, which has more than 200 state and university affiliates, including FSU and many other universities that also receive funding from the Charles Koch Foundation. Many of these affiliates host Common Sense Economics courses and workshops.

More Koch-funded programs are part of this movement. Charles Koch's Youth Entrepreneurs program to indoctrinate grade-school kids with free-market gospel is well established. Koch-funded Institute for Humane Studies' The EDvantage program, which features Ferrarini as one of its editors, is a "curriculum hub" for K-12 educators.

Across the country, Koch-funded academic centers and professors are training teachers of all grade levels to pass on the same ideas, even promoting lives lost in the name of profit. "Corporations like Koch Industries need this generation to make the lives for profit trade-off in order to justify their continued existence, and so they are trying to influence younger and younger students," wrote Wilson. "Charles Koch is quoted in Jane Mayer's recently published book, *Dark Money*, as saying that youths were crucial to his quest to alter society because 'this is the only group that is open to a radically different social philosophy.'"