

# MY LIFE AND ECONOMICS

by Ronald G. Ehrenberg\*

## I. Introduction

Age 51 is a bit early to be writing a retrospective about one's career as an economist and one's life. This is especially true for me since I am not on track to win a Nobel Prize, to be admitted to the National Academy of Science, or even to be elected a Fellow of the Econometric Society. Nonetheless, as I write this essay during the fall of 1997, I look back on the 28 years I have spent as a PhD economist and see a record of accomplishment of which I am proud and a number of messages worth conveying to budding economists. Moreover, because I became the Vice-President for Academic Programs, Planning and Budgeting at Cornell in the spring of 1995 and am unsure when, or if, I will return to the faculty, taking the time to sum up my career to date may well help me to decide the directions in which I want it to go in the future.

I hope that a number of messages come through to you in this essay. They are that we all are products of our environment and experiences, that family, friends, and students mean much more in the long-run than all of the publications on one's vita, that committing oneself to a single institution can be overwhelmingly satisfying, and that famous economists are not spared from adversity and must learn to cope with life's problems just as everyone else does. However, I am getting ahead of myself, so let's start at the beginning.

## II. My Early Years

I was born in New York City in April of 1946. The defining event of my early life occurred around age four when an uncle and aunt took me upstate to a lake for a weekend vacation. Without going into the details, which I vividly remember to this day, I almost drowned. When I regained consciousness after being saved, someone told me I had almost died.

Out of this experience I developed a fear of death (which I fortunately later outgrew) and, since as a four-year-old I viewed death as the ultimate failure, a fear of failure. I became driven to avoid failure, and since unexpected events could always occur that might frustrate my efforts, everything I did had to be completed as soon as possible. This drive to quickly achieve things, was a major motivating force for the first 40 years of my life. This drive was re-enforced by my being a first child and the only grandchild for five years on my mother's side of the family. The hopes and aspirations of my grandparents, parents, and four uncles and aunts all rested with me during those early years.

## III. My School and College Years

I grew up in a Jewish family in which my parents were both secondary school teachers. Their choice of occupation, made during the depression years, was motivated by a desire for financial security as well as by the belief in the fundamental importance of education. They were hard-working people whose life revolved around work and family; however, there was little discussion in our house of the social values that Judaism teaches that have shaped the careers of many other economists from Jewish backgrounds.

I benefited from what at the time may have well been the best public school system in the country, the New York City public schools. Public school teachers during the 1950s and early 1960s were drawn predominantly from the upper tail of the female talent distribution. They loved learning and they conveyed this love to their students. Education was also seen as a vehicle for upward mobility. Bright students were not held back in the name of "equity." I remember one teacher giving me a present of a book written in French after I achieved a ninth grade reading level while in fourth grade—she clearly felt I needed an additional challenge. Sadly, I never achieved any facility in foreign lan-

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guage and this lack of language talent would, in large part, as we shall see, explain where I went to graduate school.

Junior high school went rather quickly for me because at that time the way the New York City schools coped with bright students was to group them together and compress three years of work into two. Given my need to achieve things quickly, this suited me perfectly.

I attended high school at Stuyvesant High School, one of the preeminent public high schools in the nation. Specializing in math and science, it drew students from all over New York City and these students were admitted based on scores on a competitive examination that was very much akin to an SAT examination. My high school years were probably the most intellectually challenging and competitive ones of my life, and I ultimately graduated in the top fifth of the class with a love of mathematics. Calculus thrilled me because it had so many applications to real world problems and I wanted to major in mathematics in college.

Which college would I attend? Finishing in the top fifth of a class in which 99% of the students went on to college was an achievement to be proud of, but it was not an outstanding enough accomplishment for Harvard or Yale. While I was admitted to Cornell's College of Arts and Sciences for the class of 1966, this was prior to the compact between the federal government and the selective private institutions that led these institutions to adopt needs-blind admission and need-based financial aid policies. Public school teachers' salaries were still relatively low in the early 1960s and, with two sisters at home, my parents could not afford to send me to Cornell. So, off to Harpur College (which later became SUNY-Binghamton) I went.

Harpur College in the early 1960s was a truly elite public liberal arts college. It was the sole liberal arts college in the SUNY system at the time, and with only 400 students in each class, could be highly selective. Its motto was "Let Each Achieve All That He Is Capable of Being" and we surely did that. My rough count from my alumni directory is that over 50 of my classmates received PhDs (I ignore here all of the classmates who went into "lesser" occupations such as medicine, law, or business). My experiences at Harpur, which included meeting the woman who became my wife in 1967, have tied me closely to that institution and made

me a strong supporter of high quality public higher education.

I wish I could say that I was destined to be an economist, but in truth I "fell" into it.<sup>1</sup> I started as a mathematics major in college, but when calculus turned to advanced calculus (now called "real analysis"), math became proving theorems rather than a tool to solve real world problems. Furthermore, I found it quite unsettling to be given five questions on an exam, to be able to answer only one and parts of a few others correctly, but still to be awarded an A in the class.<sup>2</sup> A change of course was called for and I switched to physics.

Physics made extensive use of calculus and I enjoyed studying it until I came to a concept that I didn't understand in a fourth semester course. I asked the professor to re-explain the concept; he replied that he didn't understand my question, and then he also gave me an A in the class. I was devastated; how could I be doing A work if I didn't understand something? So I quit the study of physics and looked for another major.

If there was an engineering major at Harpur, I might well have become an engineer. However, there wasn't. The only other disciplines that I perceived made extensive use of mathematics were accounting and economics. I looked at the introductory accounting text and then the introductory economics text. The latter was an edition of Paul Samuelson's famous text. The decision was easy; I switched to economics.

My first three courses in economics with Robert Melville, Al Carlip, and John LaTourette (later a college president) made me feel like I was in heaven. The Kennedy/Johnson tax cut of the early 1960s had just taken place and the economy was growing. Economists believed they could "control" the macroeconomy. Microeconomics was logical and easy to understand for anyone, such as myself, who understood calculus, and could be used to figure out the solution to virtually any resource allocation program. I became an economics major.<sup>3</sup> Only years later did I learn how imprecise our discipline actually is and how limited is our ability to "control" anything.

The most important influence on me at Harpur was Gene Silberberg, who at the time was a new assistant professor from Purdue, and who is now a professor at the University of Washington and author of a leading mathematical economics text. Plagued with a fear of failing if I went on for a

PhD, my response was to think of becoming a high school mathematics teacher instead. Gene threatened to “kick me in the face” if I did. I was a coward, and off to PhD study I went.

Gene also gave me a valuable piece of advice. He told me that during my career I would meet people like Hugo Sonnenshein and that if I used them as my comparison group I would never be happy. I had no idea at the time who Hugo was. After graduate school, he turned out to be the person who attracted me to the faculty of the University of Massachusetts and was my colleague there for two years. Hugo, of course, was a leading economic theorist and editor of *Econometrica* and now is the president of the University of Chicago. Gene’s advice has served me well, however, because no matter how good one is at what one does, invariably there is always someone better. If you make your comparison group that one person, rather than all the people you are better than, you are dooming yourself to be unhappy.

#### IV. Graduate School Years

Harpur College was not a household word in the mid 1960s and, given my basic insecurity about my abilities, I was not sure that I could “hack it” at the very best graduate programs in economics. So I crossed the top 5 off of my list and applied to the next 10. Fellowship money was readily available at all top institutions, thanks to the National Defense Education Act Fellowship program, which provided funding for three years, including summers, of PhD study. Many graduate programs in economics still required proficiency in one or two foreign languages to receive a PhD, but some had eliminated all language requirements and instead required proficiency in mathematics. Given my lack of language ability, my decision rule for which graduate school to attend was simple: Choose the highest rated program among the set of programs that provided the most years of fellowship support and had no language requirement. On that basis, which had nothing to do with the economists on the faculty, I enrolled at Northwestern University.

Having made my decision based on absolutely no relevant information, I am happy to report that Northwestern was *ex post* a wonderful place to study economics. The faculty emphasized rigorous analytical training. Economic models were to be

used to derive testable empirical implications and then the theory tested.

My dissertation addressed whether an increase in the overtime premium would be an effective way to reduce employers’ usage of overtime hours and expand employment. It was, very much, a typical Northwestern dissertation for that time and had the following properties. First, a dynamic model of optimizing behavior was developed and equilibrium obtained using either the calculus of variations or optimal control theory. Next, comparative static or comparative dynamic analyses were conducted to derive testable propositions and careful econometric estimation undertaken using “frontier” econometric methods to test the implications of the theory. Finally, the resulting estimates were used to analyze a policy issue and the implications for public policy drawn. To this day, I try to impress upon my graduate students the need to demonstrate modeling and econometric skills, as well as substantive interest in policy problems, in their dissertations.

I learned several other things during my graduate school years, which influenced both how I treated my students and the lessons that I conveyed to them. First, much of what I absorbed in graduate school in theory and econometrics classes later showed up in various strands of my applied research throughout the years. I repeatedly stress to students that individuals who apply lessons from one area of economics to problems in another area often can make major contributions to the latter.

Second, while searching for a dissertation topic, Dale Mortensen suggested to me that I write to Robert Solow at MIT and ask for a copy of an unpublished paper of Solow’s that Dale thought that I would find interesting. I did; Solow wrote back that he didn’t have any spare copies (this was during the “stone age” and pre-copiers), but he suggested that I might look at another topic that he thought would be interesting to think about. I followed his advice and my dissertation resulted. More importantly, I was touched that such a distinguished economist (later a Nobel Prize winner) would respond to a letter from a mere graduate student at a much lesser institution. As a result, throughout my career I have tried to emulate Bob’s behavior and I promptly respond to letters (and now email messages) from faculty and students from around the world, regardless of the stature of the institutions at which they are located.

Third, after I thought about Solow's topic for a while, which led me to a paper by Sherwin Rosen, perhaps the leading labor theorist of his generation, I developed an idea for a dissertation based on Rosen's paper and took it to one of the faculty members in the Northwestern department. He told me it wouldn't work. I was crushed, but since I had no other ideas, I continued to pursue the topic. My efforts led to an article in the *American Economic Review*, while I was still a graduate student, a dissertation that I completed in four years, and ultimately three other articles and two books. This experience taught me never to tell a student "it won't work" and I encourage students to pursue their interests regardless of my priors about their likely success.

Fourth, Robert Eisner arranged for me to spend the summer after graduate school at the Council of Economic Advisors. My experiences at the Council transformed my career as I learned that economics is much more than an intellectual exercise and that economists really do have a lot to say about public policy. It was my good luck to work there with Michael Moskow (now President of the Chicago Fed) and Marvin Kosters (now a senior fellow at the American Enterprise Institute). They taught me, by example, that "high-priced" senior economists should shelter their "low-priced" junior colleagues from the pressures that the senior people face. Their example has made life a lot more pleasant for all of the graduate research assistants who worked with me during my career.

Finally, my success in graduate school, coupled with a booming academic market meant there were many faculty positions that awaited me after my graduate career. Northwestern was an up and coming department and the faculty saw in me a potential placement at a better department, that would enhance the Northwestern department's reputation. My pleas that I would prefer to go to a less competitive and more teaching-oriented environment were not heard, and they made contacts for me at the very best departments. I wound up having to choose among positions at more than 10 different major research universities.

Graduate students today faced with a weak job market probably would think me very lucky. In fact, contrary to what we teach our students, more alternatives are not always better than fewer, especially if none of them are the type of job one really wanted. I hit an information overload and could not

make a rational choice. Ultimately, I accepted a position at Berkeley but concluded several months later that I needed to take a year off to regroup and decide what I really wanted to do. I spent that year teaching at Loyola University of Chicago and wrote the equivalent of a second dissertation (without any faculty advisors this time), which ultimately led to a second *American Economic Review* paper and another book.

Objectively, the faculty at Northwestern were trying to help me to get a position that, in their view, would be the best place for me to start my career. Their evaluation of what would be "best", however, was based on the assumption that the "track" that they were on was the best one for me. While I have wound up on that "track" myself, I never assume that my career path is best for all my graduate students and I never push them towards jobs that they don't really want. Many of them are now happily situated in the nonacademic sector and at "lesser" institutions. While their career choices have not necessarily maximized my "prestige" in the profession, most are very happy doing what they are doing.

## V. My Life At Cornell

I moved from Loyola University to the University of Massachusetts after a year, and four years later, in 1975, moved to Cornell University. I have spent the last 23 years teaching undergraduates and graduates at Cornell, conducting research on labor market and educational issues, and now serving as an academic administrator. I have been fortunate enough to be associated with the National Bureau of Economic Research during much of this time, which means that when I was young I was regularly exposed to the very best senior people in my field and now that I am older, I get to meet all the upcoming young stars. I have interacted regularly with people in Washington but, save for 6 months in the early 1970s, I never was able to spend any extended period of time there in a policy position. I had many opportunities to do so, but these conflicted with my wife's career or my sons' schooling. I have never regretted doing what I perceived was best for my family as a whole.

My career at Cornell has been a wonderful one. I have had the freedom to address a wide range of interesting policy-related problems at the federal,

state and institutional levels and to think and write about fundamental issues that our society confronts. I've been lucky to have a large number of wonderful colleagues and one, Bob Smith, and I wrote the first modern labor economics text book in the early 1980s. It is now in its 6th edition and is still the best-seller in its field. This book, which was designed specifically for our students at Cornell and stresses the usefulness of labor market economics for social policy analysis, has influenced the way that a generation of students think about labor market issues. This influence is the real reward for "nonprinciples" text book writers.

I am now marking my 28th year as a publishing economist. Throughout the years my graduate students have had a hard time believing the early insecurities that I claim I felt, the dry periods that I claim I experienced when nothing seemed to go right, and the fears I claim I often felt during much of my career that I never would generate another research idea. They look at my long publication record and question if I am lying. But I repeatedly tell them these stories anyway to emphasize to them that their "heroes" are mortals and that the fears that they are feeling are not unique. Most of my research has been co-authored with my students and my contacts with these students, and the other students whose dissertations I have supervised, have been among the most rewarding parts of my professional life. Many of these students have been female and I've learned from them (and they from me) that mentors do not have to be of the same gender.

The love and foundation of my life has been my wife, Randy, and our marriage has now passed the 30-year mark. In addition to love and support, I also get research ideas from her descriptions of the issues that she has faced as a teacher, a school principal, and now an assistant superintendent of schools. We have co-authored three papers together and I have also co-authored a paper with our older son. He is still angry at me because I put my name first on that paper and only first authors get the citations in the Social Science Citation Index.

My family's life has not been without its trials. Most recently, our oldest son was diagnosed with a malignant brain tumor in 1990, while he was a junior at Cornell. For over a year, his younger brother, my wife and I helped him cope with multiple surgeries, chemotherapy and radiation therapy, as he battled an illness whose prognosis was high-

ly uncertain. Cornell and my colleagues were wonderful to us all during that period and I became an ardent supporter of the Family and Medical Leave Act and of legislation that prevents insurance companies from denying anyone health insurance coverage. Happily we are now over 6 years post-treatment and the 1996 Memorial Day weekend marked the simultaneous graduation of my older son from Georgetown Law School and his younger brother from Cornell. My older son is currently employed in Washington, DC and my younger son is a second year law student at Michigan.

In 1987, Cornell made me the first Irving M. Ives Professor at the University. Ives was a United States Senator, the founder of Cornell's School of Industrial and Labor Relations, and the co-author of the first state employment discrimination law in the United States, New York's Ives-Quinn Act, which predated the Civil Rights Act by 20 years. Since I have devoted a good deal of my career to analyzing the effects of social legislation, I have always felt an affinity to Ives and I was greatly honored that Cornell chose, to associate my name with his.

As I neared age 50 in 1995, the age at which my close friend Dan Hamermesh's research suggested that any economist's chance of continuing to publish in major economic journals is close to zero, it was natural for me to question the direction that my career would go.<sup>4</sup> I had been teaching classes in, and doing research on, university behavior and the economics of higher education for over a decade. I had been active on Cornell University faculty/administrative committees dealing with economic issues, feeling that this was a way that I could use my professional expertise to repay Cornell for all that it had done for both me and my family. When I was asked to serve as Vice-President for Academic Programs, Planning and Budgeting at the University, I felt that I really had no choice but to accept. While I miss having the freedom to allocate my time that comes with being a Professor, I am enjoying the opportunity to help guide this great institution through very difficult financial times.

## **VI. My Contributions to Economics<sup>5</sup>**

Some labor economists have developed theoretical models that now bear their names. Others have similarly derived econometric specifications that

carry their names. Still others have developed important econometric methods that subsequently have been named after them. Examples that come quickly to mind here are the “Lazear” model of mandatory retirement, the “Mincer” earnings equation, and Jim Heckman’s “Heckit” procedure to deal with sample selection bias. I, however, have neither a theoretical model, an empirical specification, nor an econometric procedure named after me. Rather, my claim to “fame” is that I have spent a career conducting empirical analyses that have been designed to influence the public policy debate in a wide variety of labor market and educational areas. I also have devoted substantial effort to analyzing whether compensation policies are designed in a way that provides agents with incentives to perform in “desirable” manners and have been especially interested in whether such incentives exist in the public, nonprofit and regulated sectors of our economy.

My earliest strand of research, which continues up to this date, focused on analyzing the impact of social insurance programs and protective labor legislation. As noted above, my dissertation dealt with whether raising the overtime premium from time and a half to double time would be an effective way of stimulating employment growth. This was quickly followed by the first study to analyze, in the context of a formal job search model, the labor market effects of varying unemployment insurance (UI) benefit levels. The study, conducted jointly with Ron Oaxaca, took a model of job search that had been developed by one of my dissertation advisors, Dale Mortensen, to explain the unemployment-inflation tradeoff and used this model to provide an econometric structure to analyze the effects of changing UI benefit levels on unemployed workers’ durations of unemployment and post-unemployment wages. One can view longer spells of unemployment as a social cost of higher benefit levels and higher post-unemployment wages as a social benefit of higher UI benefit levels. Hence, analyses of the magnitude of both relationships is important.

During my career, I have analyzed a variety of other labor market programs and legislation. These include studies of the effects of minimum wages on the educational attainment of children from different family income classes, whether mandated social benefits, such as unemployment insurance or retirement benefits are paid for by workers in the

form of lower wages, how the (now abolished) social security student benefit program influenced college-going and labor market behavior of children of social security recipients, whether comparable worth programs in the public sector would lead to a decline in female employment in the public sector, and whether advance notice requirements when workers are about to be replaced, such as those mandated under the WARN legislation, influence displaced workers’ probabilities of unemployment, duration of unemployment if unemployment occurs, and post-unemployment earnings. In perhaps my major work to date on labor market policies, I wrote a book for the Brookings Institution in 1994 that addressed how free trade agreements, such as NAFTA and the European Economic Community, influence, and are influenced by, social insurance programs and protective labor legislation.

A second strand of my research has focused on public sector, nonprofit and regulated labor markets. Using models of consumer demand, including those that allowed for habit-formation (which I had learned about in graduate economic theory courses), in 1973 I was the first economist to estimate systems of demand equations for employees in the public sector. The estimated wage elasticities that were derived from these equations provided estimates of the “market constraints” that limit the wage demands of unionized public employees and thus provided support for allowing public employees the right to bargain over their wages.

The estimated responsiveness of public employment levels to grants from other levels of government that I obtained from these models provided estimates of what has become known as the “displacement” or “fiscal substitution” effects of federal “public employment” programs—programs that provide funding to state and local governments to expand their employment levels. Twenty years later, I used similar analytic frameworks to estimate how research universities react to changes in the number of graduate students for which the federal government provides financial support and how local school districts react to changes in state aid for education. In each of these cases, my interest was in showing that institutional responses to changes in external funding are often quite different than the funders may have anticipated.

My interest in public sector, regulated and nonprofit labor markets led me to conduct studies of

how institutions in the public sector influence labor market outcomes. In particular, I have analyzed whether having a professional city manager led to lower public sector wages and whether the effects of public sector unions on wages and productivity depended upon the structure of public sector bargaining in the area. I also analyzed whether the substitution of different types of nurses in hospitals in response to changes in their relative wages depended upon whether the hospitals were public, private non-profits or private for-profits and, in a book written at the end of the 1970s, I analyzed how the structure of regulated industries influences the wages of workers in these industries. This latter study grew out of my participation in a regulatory case before the New York State Public Service Commission, and from this case I learned that the standards of "refereeing" in the "real world" when "big" dollars are at stake are often much stricter than those used by academic journals.

Economists tend to believe that "actors" in economic systems respond to incentives. However, I have always wanted to know if incentives actually are structured in ways to encourage actors to perform in ways that "principals" consider desirable and, if they are, whether such incentives have desired effects on behavior. As a result, I have looked local governments and analyzed whether incentives for "performance" could be inferred from the structure of compensation for city managers, police chiefs and fire chiefs. Similarly, I analyzed whether the compensation of local building trade union leaders was related to the compensation gains that they won for their members. This latter study required me (actually a student of mine) to collect considerable data from union records, and throughout my career I have stressed to my students that the best research often arises from people putting considerable effort into generating new data, or combining existing data from a wide variety of sources.

Since both my parents and my wife were involved in elementary and secondary education, it was natural that I should be interested in issues that arise in this sector. I have studied the compensation and mobility of school superintendents to see if there are incentives operating to encourage them to maximize the amount students learn and to serve as responsible fiscal managers. I have also studied how sick leave provisions in teacher contracts influence teachers' absenteeism, students' absen-

teeism and students' test score performance. Both of these studies involved major data collection efforts and included surveys of local school districts in New York State.

Concern for enhancing the public debate about affirmative action policies in teacher hiring recently led me to conduct several studies that analyzed whether the match of teachers and students by race, gender, and ethnicity had any effect on how much students learned or on teachers' attitudes towards their students.<sup>6</sup> While others have often shied away from addressing such socially sensitive issues, I have appreciated the freedom that tenured faculty at major research universities have to dispassionately address controversial important social issues and continually have exercised this freedom.

As I began to get involved with faculty governance at Cornell, it was also natural for me to think about how my skills as an economist could enhance my participation on faculty committees. When Cornell's financial aid costs began to rise at a rapid rate in the early 1980s, I developed a model of how a selective university should allocate a limited financial aid budget across different categories of accepted applicants, given a specified objective function, and then showed how one could estimate the parameters necessary to actually implement such a model. The model, which was nothing more than a simple discriminating monopsonist model, provided the intellectual underpinnings for what has since become known as "preferential packaging" in the undergraduate financial aid community. Many universities now regularly estimate, for different groups of their accepted applicants, how sensitive the decisions of admitted applicants to enroll are to the levels of financial aid provided and vary the package of grant and loan aid that they offer to individuals with identical levels of financial need. My research on this subject was followed by studies of how colleges students' grades and graduation probabilities are influenced by their employment while in college, whether the high tuitions charged by selective private colleges and law schools are warranted in terms of the post graduate educational and labor market outcomes that they yield for their graduates, and whether African-American students are better off if they attend Historically Black Colleges or Universities (HBCUs) instead of other institutions of higher education.

My evolving interest in higher education led me to analyses of the academic labor market and how

the types of financial support doctoral students receive for graduate school influences their completion probabilities and times to degree. I have also studied whether reductions in tenure probabilities influence the salaries that universities must pay for faculty and analogously, how faculty salary levels affect their turnover probabilities. The latter study grew out of my service on the AAUP committee that annually collects data on faculty salaries from American colleges and universities and was another example of how I have combined service (this time to the profession) and research during my career. More recently, I have analyzed the determinants of doctoral program rankings and have also written about the future of higher education, from the perspective of an economist.

It is worth emphasizing that my research has often been fun to conduct and to lecture about, as well as intellectually stimulating. Two specific examples illustrate this point. First, my interest in compensation policies led me to try to test the theory of tournaments that had been developed by Ed Lazear and Sherwin Rosen, among others, in the early 1980s. To do so, I needed to find an environment in which the prizes for winning were specified a priori, measures of individual output were available and estimates of the relationship between output and input could be inferred. After bemoaning the fact that such data were not available for any “real world” situation, I realized that professional golf tournaments provided a perfect natural experiment. I wrote two papers on the incentive effects of the prize structure in professional golf and when I lectured about these papers in various venues, the audience was always very attentive.

Second, after Gary Becker’s household allocation of time models had been used to analyze the determinants of an individual’s investments in health, which in turn imply the determinants of an individual’s expected length of life, as well as to analyze the determinants of an individual’s decision to commit suicide, which in turn imply the determinants of the individual’s actual length of life, I joked with a colleague at a party that the next extension would be to analyze a multi-lifetime utility function (which permitted utility after death) to derive implications about the life-cycle pattern of participation in religious activities. As my Catholic colleague and I began to think about this topic, we discovered that there was a considerable serious research by sociologists and psychologists that

addressed religious behavior. We then set out to develop a simple household allocation of time model that could explain all of the observed empirical regularities about religious behavior that other social scientists had found, as well as to provide new testable implications. What began as a joke wound up as two very serious papers in the *Journal of Political Economy* and the start of what twenty years later is now a growing subfield of research on the economics of religion.

While I have always considered the research I have produced to be of great interest, I realized after a while that it is difficult for one’s own research to have a major impact on either the profession or public policy. So I began organizing conferences in which I would bring together groups of researchers working on similar topics and then published the proceedings of these conferences as symposia in journals or as books. Among the conferences that I organized and saw through to publication have been ones dealing with whether compensation policies mattered, whether raising the minimum wage would be desirable, contemporary policy issues in education, gender and family issues in the workplace, and the role of race and gender in American education. I believe that the impact of each of these collections has been far greater than anything I could have done individually.

As I look back with considerable pride at my long publication record and at the wide variety of interesting issues on which I have worked, I am almost ashamed to admit that I never had a “research program,” or long-term research plan, as many of my colleagues did. Rather, the topics on which I have worked typically arose from discussions with family members or colleagues, and from ideas for research that I got from reading the *New York Times*, *Business Week* and the *Chronicle of Higher Education*. I was also fortunate enough to attain a sufficient level of stature in the profession so that after a while, people often asked me to write review papers on particular topics. A number of such “commissioned papers” often led me to develop the ideas for new independent research and a series of subsequent papers.

## VII. Economists Who Have Made a Difference in My Career and Life

A number of economists have played important roles in my career and my life. I have already mentioned some. In this concluding section, at the risk of alienating people who I inadvertently have left out, I want to mention a few more.

While I was a graduate student, one of my dissertation advisors, Frank Brechling, introduced me to Dan Hamermesh who was then a graduate student at Yale working on a similar topic. Over a 30-year period Dan and I became close colleagues and friends, although we have never been at the same institution and have written only one short paper together. For years, until my research productivity declined when I moved into academic administration, we regularly exchanged drafts and commented on each other's work. We have shared each other's happiness and family hardships. Every economist needs to have a professional friend like Dan.

When I was in graduate school, everything I learned about unions came from a book written by Albert Rees titled *The Economics of Trade Unions*. I was introduced to Al, who was then a Professor at Princeton, when he came to Northwestern to give a seminar. Al, who later was Provost at Princeton and then President of the Sloan Foundation, invited me to Princeton where I met Orley Ashenfelter, and some 15 years later, Al also funded a major research project/conference of mine. His son Dan was one of my PhD students and I am delighted that I could repay Al for what he meant to my career by serving as a mentor for Dan.

Orley Ashenfelter is "my" Hugo Sonnenshein (see section III). Once I realized that I could never be as prominent as Orley, rather than feeling bad about myself I relaxed and learned everything that I could from him. Orley showed me that one can model the determinants of labor market institutions, as well as their impacts, in rigorous analytical frameworks. He also hired me as a consultant to work with him in Washington for six months at the U.S. Department of Labor, which solidified my interest in policy-related research and led me to teach courses at Cornell for a decade on evaluation research methods.

I have already mentioned how Bob Eisner obtained a position for me at the Council of Economic Advisors after I completed graduate school. If this was not enough, Bob always praised me

when, after graduate school, he would hear a paper of mine at a professional meeting. I cannot even begin to express how much such praise from an economist, who later became President of the American Economic Association, meant to me. I try to remember to always behave in a similar manner to my former students. I have also unabashedly adopted the externality framework that Bob has used for years when he explains the rationale for wage subsidy programs in my own writings on government interventions in labor markets.<sup>7</sup> Bob spent virtually his whole career at Northwestern University and, by example, taught me the importance of committing oneself to a single institution.

I once went up to Sherwin Rosen, after listening to a seminar of his, and commented that any one of his papers was deeper than the sum of everything that I had written in my life.

Sherwin replied that I had it all wrong. He said that he and I pursued different types of research, that the research that I pursued was equally as important as what he was doing and that what I did, I did exceedingly well. His words of praise were very important to me and encouraged me to keep on my chosen path, even though the economics profession often seemed to value theory and economic innovations more than empirical research.

A best unnamed noted economist once told me that I would never have a major effect on public policy because I always sought to understand how policies are actually working rather than to pursue a political agenda. As such, he told me that liberals consider me conservative, conservatives consider me liberal and neither group trusts me. When I told this story to Henry Aaron, for many years head of the Brookings Institution Economic Studies Program, Hank replied that the noted economist had it all backwards. He said that the profession understood that I had no "axe to grind" and thus my research was taken very seriously. I appreciated Hank's words very much, as well as his efforts to involve me more closely in Brookings activities.

In the mid 1980s I ruptured a disk in my back and had back surgery, but the pain persisted. For a number of years I was preoccupied with pain and my professional productivity suffered. The fear of failure which had dominated my early life came back and I was convinced that my career was over. Out of the blue came a call from Dan Newlon, the Director of the National Science Foundation Economics Program, inviting me to become a member

of the NSF Panel on Economics. Dan's invitation was the push that I needed to stop feeling sorry for myself and I was able to redirect myself back to my work and my life. When my son's illness, which I have described above, struck my family several years later, I was in a much better emotional position to cope with it.

Walter Oi's accomplishments as an economist are extraordinary, all the more so because he has been blind throughout most of his career. Walter has been a friend and mentor to many labor economists of my generation. When my son permanently lost three-quarters of his vision as a result of his illness, I took him to Rochester to meet Walter. This visit helped him to understand that physical limitations need not limit one's intellectual accomplishments.

Finally, about a decade ago, Charles Clotfelter of Duke invited me to join him to work on a book on the economics of higher education. His invitation is what firmly set me on the professional course that I am on today. We have also become close friends. The best part of being an academic economist is meeting people like Charlie. For as I said in the introduction, family, friends and students mean much more in the long-run than all the publications on one's vita.

### VIII. Postscript

I loved being a senior central administrator at Cornell. To paraphrase the words of James Freedman, one of the best parts of my job was that I was able to raise very fundamental issues with my colleagues in the administration and on the faculty and to force them to think about these issues. They did not always respond to these issues in the way that I personally would have preferred, but I had the satisfaction of knowing that the University was seriously thinking about these issues.<sup>8</sup>

I had agreed that I would serve in my administrative position for either three or five years. By the third year I had accomplished many things in my role and all of my faculty and administrative colleagues were appreciative of my contributions to the University. However, I found myself getting increasingly frustrated about the nature of my position because I did not always have access to the resources that I needed to finalize projects upon which I had been working, and because my position in the administrative hierarchy excluded me

from discussions on some major issues that faced the University in which I felt my input would have been useful. As a result, in July of 1998, at the end of my third year as a vice president at Cornell, I returned to my faculty position and established and became first Director of the Cornell Higher Education Research Institute.<sup>9</sup>

### Notes

1. However, I was born the week that John Maynard Keynes died.
2. To this day, some math professors persist in giving impossible exams in similar courses and then grading on curves.
3. Albert Einstein is reputed to have found economics more difficult than physics. This difference in our perceptions may be best understood as a difference in comparative advantage. My guess is that Einstein had a big absolute advantage over me in both subjects.
4. See Sharon Oster and Daniel Hamermesh, "Age and Productivity Among Economists," *Review of Economics and Statistics* (February 1998).
5. Readers interested in citations to my writings can check my web page, <[www.ipr.cornell.edu/RGEspage/RonsHome.HTML](http://www.ipr.cornell.edu/RGEspage/RonsHome.HTML)>. My publications are grouped there both chronologically and by subject.
6. In an effort to get something named after me, throughout one of these papers I used the abbreviation RGE to refer to race, gender and ethnicity effects. Sadly, to date, no one has caught on that these are my initials and the abbreviation is not yet widely used.
7. Another rationale for government was provided to me long ago by Chicago labor economist Arnold Weber (who was later president of both the University of Colorado and of Northwestern), who remarked that "the invisible hand is all thumbs in the labor market."
8. See James O. Freedman, *Idealism and Liberal Education* (Ann Arbor, MI, University of Michigan Press, 1996).
9. For a description of what my years as an administrator taught me about the use, and uselessness of economic analysis in academic administration, see Ronald G. Ehrenberg, "Adam Smith Goes to College: An Economist Becomes An Academic Administrator," *Journal of Economic Perspectives* 13 (Winter 1999).