

TRANSCRIPT

The Work Goes On

Guest: Ron Ehrenberg

Record Date: Nov. 28, 2022

Posting Date: Dec. 19, 2022

LINK to podcast: <https://on.soundcloud.com/cNR1d>

Ron Ehrenberg:

The changes going on in higher education are extraordinary now. Students are thought to be consumers; you have to make consumers happy. You can't make consumers happy if they are getting low grades.

Orley Ashenfelter:

Welcome to [The Work Goes On](#), a podcast from the [Industrial Relations Section at Princeton University](#). I'm your host, [Orley Ashenfelter](#), the Joseph Douglas Green 1895 Professor of Economics at Princeton University. In this podcast series of conversations with leading thinkers and practitioners, we are creating an oral history of an entire generation of industrial relations experts and labor economists whose contributions to the fields have been absolutely extraordinary.

Our guest today is [Ronald Ehrenberg](#), Irving M. Ives Professor of Industrial and Labor Relations and Economics at Cornell University. He is renowned for his work in labor economics and especially for his work and the economics of higher education, including time as a vice president at Cornell and as a member of the Board of Trustees of the State university of New York. Ron, welcome to [The Work Goes On](#).

Ron Ehrenberg:

Glad to be here, Orley.

Orley Ashenfelter:

Let's begin the discussion by talking about your background. Where did you grow up, Ron?

Ron Ehrenberg:

I grew up in New York City in a place called Stuyvesant Town. Stuyvesant Town was a major project of the LaGuardia Administration, and it was sort of like the Mitchell-Lama Housing is now. there were income cutoffs, you couldn't earn too much, and preference were given to veterans. So the first generation of residents were all veterans, but in particular they were white veterans because LaGuardia was so concerned about getting this project built that he agreed to a restrictive covenant that said only whites could live there. And of course, those of us who were there saw a lot of people who looked like us, but there were very few people who didn't look like us. And in 1967, I'm going to say, when I already was long gone, there was a suit brought which said you cannot have restrictive covenants. So it was still owned by Metropolitan Life then. And they said, "Fine, but we're going to have alumni preferences like they have at universities." And, if you had relatives already living there, then you moved to the head of the admissions list. And it was only years later that that finally was eliminated.

Orley Ashenfelter:

You grew up in right in Manhattan. Where did you go to high school?

Ron Ehrenberg:

I went to a high school called Stuyvesant High School, which may have its name changed soon because Peter Stuyvesant was a noted antisemite. It's amazing how the same issues keep reappearing. Stuyvesant High School at the time was one of the three selective high schools, at which you had to take a test to be admitted. And it was very, very selective because it was all male, which now of course it's not. Each year the number of PhDs awarded to former Stuyvesant High school graduates was the highest in the nation. So, I tell people the hardest thing I ever did academically was to go to high school where I just barely finished in the top 20% of the class.

Orley Ashenfelter:

That sounds like quite a high school. I'm afraid I might not have made it at all. Now where'd you go to college?

Ron Ehrenberg:

Well, my parents were both New York City school teachers. They did not have a lot of money at the time in New York. We were allowed to apply to four colleges, one of the city university campuses, and they let me apply to Cornell. But there was no question about my going there, which I was admitted because basically this was before the unionization and collective bargaining for teachers. And in a relative sense, teachers were more poorly paid than they are even today. So, I applied to a new public university, Harpur College, which was a liberal arts college in Binghamton, and now is the Liberal Arts College of Binghamton University. As I said, I got into Cornell, but I knew I couldn't go there. Interestingly, there is a school of industrial labor relations, as you know, at Cornell, which is part of the public part of the university, but I wasn't smart enough to realize that. And, in addition, I was a math major, and I wasn't thinking about economics yet.

So, I went to Harpur College, which turned out to be an excellent decision. Since it was the only public liberal arts college in the SUNY system, competition to get into it was extraordinary. And in my graduating class of roughly 400 students, over 10% went on to receive PhDs and half of them were women, which again was way ahead of its time. And I met the woman who became my wife there, which I guess was the most important part and why I'm such a dedicated alumni.

Orley Ashenfelter:

That's nice, actually. I saw you won an award there. And how did you end up in graduate school in economics?

Ron Ehrenberg:

I was a math major and when I got to real advanced calculus, which is now called real analysis, which was all proofs. If there were five questions on a test and you got one right and only part and part of a second, you would get an A. And I was frustrated, how could I get an A if I didn't know a lot? So, I switched to physics and in a second year physics class, there was something that I didn't understand, I can't even remember... Well, I think it was something called Thevenin's theorem. And I went up to the professor and I said, "I don't understand this theorem."

And he said, "I don't understand your question." And then he gave me an A. Well, if there was an engineering school, I might have become an engineer. But the only other two subjects that involved math were economics and accounting. And this was a very exciting time for economics around 1964 because for the first time we thought we could control the economy with fiscal and monetary policy.

And in addition, if you knew calculus, microeconomics was trivial. So, I made the decision to become an economist when I was a junior in college, but I stayed as a math major all the way through.

Orley Ashenfelter:

I know you went to Northwestern.

Ron Ehrenberg:

I have to go back now and tell you about a defining event in my life. When I was three or four years old, an aunt took me to a lake in upstate New York called Lake Mahopac. And she deposited me on a ladder going into the lake. And being an inquisitive young man, I decided to do an experiment. What would happen if I took one hand off? What would happen if I took two hands off? What would happen if I took one foot off? And when I woke up, someone leaned over me and said, "You almost drowned. You swallowed the whole lake." And so that instilled in me a tremendous fear of death, which I fortunately got over quickly. But a fear of failure, which stuck with me for a long time. And after that, I would be reluctant to do anything that might lead to my failure, and which also I had to do things quickly because the quicker I did it, the shorter the time that I hadn't failed.

So, when I got to graduate school, to my senior year in college, I just didn't even apply to the first top 10 economics programs. But I did apply to Princeton, which was in the top 10. And I don't know why, maybe it was because it was close to New York City so I could see my family often. And of course, I didn't get in, but I got a wonderful letter from Richard Lester who took the time probably to write to all of the candidates who were not admitted saying how hard it was, "We had many qualified applicants, and we could not admit them all." And that was a great learning experience for me because it taught me a little bit of kindness really cuts the pain of not getting something. And I've tried to emulate him in my behavior going forward. So, I quickly set a decision rule, and the decision rule was the economics program had to have eliminated the language requirements and instead substituted math for it. That was great.

And second, I would go to whatever school I was admitted to, the best school, that had the most financial aid. And that turned out to be Northwestern. And it turned out that was a wonderful choice because Northwestern had an outstanding faculty and a young assistant professor had just come named Dale Mortensen, and he became my advisor. He couldn't be my formal advisor because Northwestern would not allow people to be primary advisors until they had tenure. But he truly was my advisor. And the only thing I complained to him about was when he won the Nobel Prize sometime around... I think it was 2010. I said to him, "Why didn't you win it earlier when it would've done me some good?"

Orley Ashenfelter:

So, what was your dissertation?

Ron Ehrenberg:

Well, my dissertation was, I should say, came partially from Robert Solow, a Nobel Prize winner, Sherwin Rosen and Walter Oi, because Dale told me to write to Solow to ask him about a paper, which he thought I would like. I did. Solow wrote back and said, "We still have duplicating machines. We don't have email yet, so I recommend that you read this paper by Rosen." And that took me to a paper by Walter. And both of them were addressing employer's decisions on how many workers to hire and how many hours to have them work. And I decided to do a dissertation based on that.

And of course, the typical Northwestern dissertation at the time was to pick an interesting problem, set up a dynamic optimizing model, solve it for the comparative dynamic and comparative static properties,

and then try to test the predictions using the best possible economic techniques. And so, my dissertation really was [about] what determines hours of work per employee from the demand side. And there were some extensions of it. And I should say one of my advisors, not Dale, told me it would never work, but I didn't have any other ideas in mind. So I decided to do it. And ultimately it led right after graduation to a book, [an AER paper](#), and paper in the [Journal of Economic Theory](#), and one other paper. So, I never would tell any of my graduate students, "It wouldn't work." I would let them figure it out themselves.

Orley Ashenfelter:

And I know you went on from there to several different academic jobs before you ended up at Cornell.

Ron Ehrenberg:

Yeah, so the year that I was in the job market, Berkeley did something different. They did not interview people at the meetings. They sent a group of their faculty around to universities early at the start of my job market year. And then they made me an offer in September, which would expire the week after the meetings. Well, when other universities found out about that, I immediately got lots of similar offers from places like Berkeley... I'm sorry, Stanford, Hopkins, Minnesota, Wisconsin. I think I had about 10 offers, which all expired a week after the meetings. So I had a lot of time to think about what I wanted to do and ultimately I accepted the offer from Berkeley. But my fear of failure came back and I came close to having a nervous breakdown at the thought of going there. And so my advisors helped me to get out of the Berkeley job, and I spent a year in Chicago teaching at Loyola University.

And Dale was away the next year. So, I got to write a second dissertation on my own and began to realize I did not want to spend my career at Loyola University. And somehow the University of Massachusetts at Amherst found me, and I went there, and the first two years were heaven. Hugo Sonnenschein was already there; Vernon Smith was there. And I remember asking Vernon, "How could you leave Brown University to come to UMass?" And he said to me, "Wherever I am is a great university." So, it was terrific. But then a chairman based upon a departmental vote had rejected reappointing an assistant professor who was a radical economist. And the dean overruled him, and the chairman resigned saying, "If you tell me I'm not appointing people who are good enough, I'm willing to agree with you. But if you reject my recommendation, I'm not going to work with you."

And after that, all hell broke loose and the dean appointed five Marxist economists without tenure, without a departmental vote. So, Hugo and Vernon left right away, and I knew that I would have to leave. But in the year that I was writing my second dissertation, as it would be, I met Al Rees because he came and gave a talk at Cornell. And up to that point, the only thing I knew about unions was from Al's book. And Al invited me down to Princeton to give a talk. And I was speaking with you, describing what I was going to talk about, and you explained to me that the underlying model wasn't appropriate because if you used it, there would be nothing to estimate. And then you walked into the seminar, and you did not open up your mouth. And so, you saved me the embarrassment and I was simply able to say, "It's just heuristic because if you used the function I had used, then all of the elasticities would be one. There'd be nothing to estimate."

But you were very kind. And after the seminar you said to me, "Why don't we write this paper on the same topic together?" And we did. And then it turned out you were one of a two person visiting committee for the ILR School and who was going to recommend to the dean how to bring the economics group into the 20th century. Now this was already 1975, so they had missed the boat for a long while and you visited and you recommended two people and, well, you gave them a list of names.

And the first one was my friend Dan Hamermesh. And for some strange reason he turned the job down. So, the next year they came back to me and that's how I wound up at Cornell.

Orley Ashenfelter:

And you've been there ever since?

Ron Ehrenberg:

I have because the ILR School was not as restrictive as I feared it would be. I was free to work on anything that I wanted. And [one of my first major public papers](#) was a paper I had done on the economics of religion. Dan had published a paper on the economics of suicide that was published in the Journal of Political Economy. And all though we were friends, we were also competitors. So, with a visiting faculty member at the University of Massachusetts when I was still there, we decided, "What's better than a paper of the economics of suicide? How about a multi lifetime paper where you get utility from consumption in the afterlife and consumptions while alive?"

And all though this paper started out as a joke, it became a very important paper published in the JPE. And often I'm called the, along with Adam Smith who discussed the economics religion back in 1775, we were the two founders of what is now a subfield of economics. And that was just wonderful. All I had to do was to teach a required introductory class on labor economics, which all of our students took. And since Bob Smith and I had made the decision to write a modern textbook which was accessible to people who didn't know calculus, that was not a problem for me. And over the years, I had freedom to change my research interest whenever I wanted, as long as I continued to teach that required class.

Orley Ashenfelter:

In labor economics. And of course, your textbook has been around for a long time.

Ron Ehrenberg:

The textbook has been around, but I have to confess that I've had nothing to do with it since 1995 when I became a vice president of Cornell.

Orley Ashenfelter:

Well, let's talk about that. I think since that time that you mentioned, the '90s, you devoted much of your research to...and not only research, but also energy in actually involving yourself in the administration of universities to the economics of higher education. What would you say are the two main things that you tried to stress there?

Ron Ehrenberg:

Can I first go back to 1977 and say when I came up for promotion to full professor at Cornell, three trustees tried to block my promotion because of testimony that I had given in regulatory proceedings that involved the communication of workers in America and New York telephone. And Frank Rhodes, who had recently become president of Cornell and didn't know me from a hole in the wall, stood up and said, "Academic decisions should best be left to academics." And my promotion went through. And after that I would do anything I could to help Frank and the university prosper. And so I started serving on faculty budget committees and one of the first issues was, "We don't have money to be competitive with the other Ivy League schools in terms of financial aid. What should we do?" And we hit upon the

idea of doing preferential packaging where you give more grant aid and less loans to people who you really want.

And I wrote [the first economics paper that provided theoretical model that justified that](#). And over the years I kept serving on those committees and doing some research on higher education. And Frank, who had become a mentor of mine, made a series of provosts progressively involve me more and more in academic decision making. And eventually in 1995, I was the vice president for the final three months of the Rhodes presidency. And then I stayed on when Hunter Rawlings became president for three years.

So, the knowledge I had and the research that I had done on higher education. When I left the vice presidency, I had to decide what to do. And Frank said, "You would be a wonderful provost at another research one university." So I went to another mentor who was a man named Bill Bowen, who you are well acquainted with, and Bill by then was the president of the Mellon Foundation. And he said to me, "Don't become an administrator. You have the ability to influence higher education in general by your writing." So, I said, "Would you give me some money?" And he said, "We don't support individuals, we support centers. So set one up and come back to me." And I did. And that led to that the last 20 years of my career at Cornell when I had a [higher education research center](#) and freedom to work on whatever I wanted.

Orley Ashenfelter:

I have a couple of questions, we're getting to the end, that I would like to get your opinions about. First, you mentioned Bill Bowen, who was a labor economist, president of Princeton University, and there's actually quite a long history of people that work in industrial relations and labor economics being academic administrators, including of course the famous Clark Kerr at Berkeley. But even more recently, Becky Blank at the University of Wisconsin. Do you think there's some connection, a reason why that happens?

Ron Ehrenberg:

I think there is, which is although economic reasoning is helpful in leading a university, there are many times when it is not helpful and industrial relations people understand that the world is a very, very complicated place and that you have to build up relationships with all of the parties in the universities – the alumni, the students, the administrators, the faculty, and keep all of them involved in the decision making process.

Orley Ashenfelter:

I'm always reminded when someone says what you did, the famous comment of Clark Kerr, I'm sure you know it too, what you really need to do as an academic administrator is give the students sex, the alumni football, and the faculty parking.

Ron Ehrenberg:

If that were true, there would be many more administrators that are not IR people because that certainly is not the case today.

Orley Ashenfelter:

Let me ask you one more thing. I think it's an important issue that's come up. You, I'm sure, have followed this in the Chronicle of Higher Education and at other places, there have been these remarkable episodes of sexual harassment for which there have been substantial university payments. I

know University of Southern California forked over more than a billion dollars in some kind of reparations. What's your take on how this ever came to be such a big problem?

Ron Ehrenberg:

It came to be a big problem because administrators partially did not get the information they needed from people below them. And partially because some of the administrators were in fact doing the same things themselves and violating university policies in doing that.

But I think it's more generally because the changes going on in higher education are extraordinary now. Students are thought to be consumers, you have to make consumers happy. You can't make consumers happy if they are getting low grades. And that puts pressure on faculty to raise grades and makes the faculty unhappy. Consumers now have phones which take pictures. If anything that any administrator says or anything that any faculty member says that any student finds offensive will be spread all around the campus within five minutes, which leads to problems. And events are taken totally out of context.

Faculty are losing many of the privileges that tenured faculty have because to keep everybody happy, the administrators have to involve staff and students in their decisions as well. And the job of being a president keeps getting more complicated. As you know, there was a former Princeton professor, I believe, who was an extraordinary chemist and wrote the book on how to teach chemistry. It may be chemical engineering. And he went and became a lecturer at NYU after he retired and students complained that it was impossible to get into graduate school because he was so hard grading, even though he had watered down his test and had provided extra lectures on film to try to help the students. And NYU fired him because he was a lecturer. So, the control that students have has just fundamentally changed the nature of being an academic.

Orley Ashenfelter:

Ron, I think it's time for us to end our discussion today. I want to thank you. Our guest today has been [Ronald Ehrenberg](#), Irving M. Ives Professor of Industrial and Labor Relations and Economics at Cornell University. Please join us again for the next episode of [The Work Goes On](#), an Oral History of Industrial Relations and Labor Economics from the [Industrial Relations Section at Princeton University](#), when we will speak with [Lord Richard Layard](#), the founding director of the [Centre for Economic Performance](#) at the [London School of Economics](#). I'm your host [Orley Ashenfelter](#). Thanks for listening.

Announcer:

[The Work Goes On](#) is a production from the [Industrial Relations Section at Princeton University](#). For more information on our people, research, events and programming, visit our website, irs.princeton.edu.