

TRANSCRIPT

The Work Goes On

Guest Host: Samuel Bowles

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Samuel Bowles:

It's certainly not the case any longer that the real big questions of society are being dodged by conventional economics or by the mainstream. Inequality is one of the hottest topics there is, the future of work, climate change. So, I think economics has come to focus more on these serious problems.

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 emeritus 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 their fields have been absolutely extraordinary. Our guest today is [Samuel Bowles](#), who is emeritus Professor of Economics at the [University of Massachusetts](#) and research professor and head of behavioral sciences at the [Santa Fe Institute](#). He is renowned for his work in non-traditional aspects of labor economics and especially for his work on schooling and inequality. Sam, welcome to [The Work Goes On](#).

Samuel Bowles:

Thank you very much, Orley, it's great to be here.

Orley Ashenfelter:

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

Samuel Bowles:

Well, I grew up in a little town in Connecticut. I went to a high school in a place called Deep River, Connecticut, and we had a regional high school of three towns and my graduating class had just 35 kids in it. So, this is an important part of the story because at age 11 I went to India. My dad was working for the government, and I spent a good bit of time when I was a kid in India, and I found that I was actually not that great academically compared to the other kids in the school. I went to a school that, believe it or not, had no buildings. It was just in tents. It was two thousand kids that was about as many people as lived in the town that I came from, and they were all pretty well educated. They're all Indian kids except for my two sisters. And I remember one day I came home, I told my mom, I said, "look, I'm not really any better at anything than these kids, not even better in sports," though I was a lot better fed than they were. And I said, "what's the deal? I'm not better at math, not better at anything, but they're so poor. How come they're so poor?"

Orley Ashenfelter:

By the way, Sam, I have to interrupt to ask, what was your father doing there? I know he was an ambassador.

Samuel Bowles:

Yeah, he was the Ambassador to India from the United States. And so, this question kind of bothered me about how we could all be so similar across the world and yet there are differences in income between countries like India at the time and U.S. It was probably something like 20 to one in those days. And anyway, I was puzzled by that and probably more than anything else that's why I ended up in economics. It's just because I was not only puzzled by it, but as I grew older and thought about the right and wrong of it, it didn't seem very right either. The other thing that had a big effect on me growing up was that when I was an undergrad, I took a semester of Intro to Economics.

Orley Ashenfelter:

You were at Yale. Is that where you did your undergraduate, at Yale, yeah? And who was the teacher?

Samuel Bowles:

Well, you probably know him. He is a labor economist, Lloyd Reynolds.

Orley Ashenfelter:

Oh, of course he's not with us anymore, but extremely famous guy.

Samuel Bowles:

He was a very famous and a very kind person, but he taught a course which seemed designed to essentially turn people away from the field, or maybe it was me. I came into that course thinking, oh, maybe I'm going to figure out why Indian people are so poor and why America is so rich. And so I mean, I love the guy, but after one semester I decided that's it for me in economics. And as I grew older, I realized that that course was like an immunization shot. I got a little sick of economics, but I knew I'd never come down with a disease. So, that was it.

After I graduated, I was tired of going to school. I wasn't very academically oriented, and I'd been into music basically, and I went to Africa as a teacher. I worked for the government of Nigeria as just a teacher in a remote area. And just looking around me, I got curious about economics again and I decided that I would probably better learn some. And at the time, ideas were forming in my mind about injustice and so on, and I thought if I was going to do something along those lines about inequality, I'd better know economics. So, I applied to and got into a good economics program. And when I finished my PhD,

Orley Ashenfelter:

It was Harvard. I guess...

Samuel Bowles:

That was Harvard. Yeah.

Orley Ashenfelter:

Let's back up just a little bit. I know that you're interested in music. These Ivy League schools like Yale and Princeton and so on have many different choruses. I guess you were a part of this famous Russian where you sang Russian songs.

Samuel Bowles:

Well, yeah, actually I should probably tell you about that. That's also part of my upbringing. When I went to college, I tried out for sports and I wasn't good enough and I wasn't good enough to join the big time musical groups, but there was this sort of esoteric group doing Russian music. Now I thought that was great because I had decided I was going to learn Russian because the Cold War was happening. This was just five years after the death of Stalin, and you remember the times. I mean, we were really concerned about a World War. I decided I would learn Russian and I would learn how to perform Russian music. I was a baritone, and I formed with this group, and we performed both in the U.S. and we then traveled. The group was actually pretty good. We won a few contests and so on, and then we had the great idea, why don't we go to the Soviet Union and perform there, which we did, but we did it in a kind of... This was still the 50s, but it was a kind of 60s idea in the making.

There were some people in our group that didn't want to be part of any cultural exchange with the Russian government, and there were some people in the group who didn't want to be part of any cultural exchange involving the American government. You know, a bunch of students. And there were people like me who didn't want to be involved with any government involved in this thing. So, we had this brilliant idea. Listen to what we did. We applied as tourists and we kind of counted on them not figuring out that we were actually an organized group. And the first night we were there, we told our guides, our handlers, well, "as a matter of fact, we're going to go out and do a concert now," and in Leningrad in 1958, there was nothing to do at night, so, we immediately attracted a huge crowd belting out Russian music.

Obviously, we didn't look Russian but we're all fluent in Russian. And of course, pretty soon the police showed up and they said, "sorry, it's not legal to sing in the park," and the crowd actually booed the police officers. Anyway, this was my... And that went on. I mean, we sang probably that summer, I think we sang something like 30 concerts. And then, so we figured that was that. We applied the next year, and they admitted us again and we did the same thing. We went around and we did concerts in front of the Kremlin and Red Square. But for me, I mean, think about this, I'm 18 years old. I'm beginning to have kind of left of center ideas. I care a lot about justice, inequality and so on, and it was a pretty good piece of my education to just go to the Soviet Union and to see what a communist country looks like and seeing it as a musician, I faced the same thing that Russian musicians faced, although for them it was much worse. They were not allowed to play jazz, for example. So, by the time I was 20, I had been immunized against economics and against communism, and I was kind of ready to go.

Orley Ashenfelter:

So, now you're at Harvard in the graduate program. By the way, do you still sing?

Samuel Bowles:

I sing in a country western band. I am not a very good musician, but good enough to play. And it's mostly in the kitchen, but occasionally I get up in front of a microphone, I play the banjo because every folk singer that I know plays guitar, so I had to differentiate a little bit.

Orley Ashenfelter:

Really? Oh, you play the banjo. I love banjos because there's so many good jokes about them. Well, here's my new favorite. How is a banjo different from an onion?

Samuel Bowles:

I don't know.

Orley Ashenfelter:

People cry when they stamp on, when they cut onion. There's a bunch of versions of that. Why do old banjo tunes sound the same? They are the same. I didn't know you played. That's great. I'm glad to hear that.

Samuel Bowles:

Yeah. Anyway, so I'm back in economics and I did well enough to get a job at Harvard, and I not only did well enough to do that, I was asked to, initially with Wassily Leontief, to teach the advanced micro course, and I later took over the course myself with a co-teacher. And so I had a sense that, well, I had kind of succeeded as a young economist. And then I had the good fortune of being asked by Dr. Martin Luther King if I wouldn't give him some advice about economics and of course, I was thrilled. I knew Dr. King through anti-Vietnam War activity that he and I had engaged in at the time. And so, he said he would send me some questions and I said, "well, I'll definitely get back to you." I opened the envelope and here's a set of questions. And they're all about economics, and I'm sure you can guess Orley what happened.

I looked at these questions and I said, "these are damn good questions. I don't have a clue how to answer these." I didn't know where to look. They were empirical questions, but also conceptual ones. Imagine, a new successful PhD, and this could have been the high point in my life. This is why I studied economics so I could actually get into the fray and help out and make the world a better place. But that was kind of a shocker for me, and I decided that there was something wrong that I was actually teaching the grad students in micro. And I decided then and there that I was either going to leave economics, I considered that very seriously, or I would try to change it. And that's what I've been trying to do since.

Orley Ashenfelter:

That's very interesting. And of course, how did you meet... You and Herb Gentis were involved for a very, I mean, I don't even know how many books you guys wrote together, but a lot.

Samuel Bowles:

I don't think I recall how many, but Herb was like my brother since about 19, actually, since the time with Dr. King. That's since '67, '68. And just to give your listeners some idea, we talked every day on the phone. We were like brothers or partners. We worked on a whole set of problems together. He was interested at the time in kind of a new topic in economics, which was endogenous preferences, how the preferences that motivate us actually come from the economic activities in which we engage. We learn these preferences by the kind of activities that we are part of and also, of course, by our religious teachings, and other things we encounter. And he wrote a brilliant dissertation essentially looking at how the problem of the formation of preferences and values had been handled in economics. And we used to meet every Friday at a place called Charlie's Lunch in Harvard Square for a beer or two, and just how'd the week go?

And we kind of wondered about how to take these ideas and make them more engaging for people. And we said, look, we've got to do some empirical study; otherwise, it's just a bunch of talk. And so we hit on schools because schools produce a lot of information and schools are essentially involved in forming us, the kind of values and the kind of people we become. So, that was our idea. And I was of course interested in the ways that schools might also contribute to either the alleviation of inequality or perhaps the rationalization or legitimization of inequality. So, that's how we got started.

Orley Ashenfelter:

I wanted to ask you, but I wanted us to talk... I have a little discussion of that book. I think it was influential and it's still around. So, you got started with that and how long did it take?

Samuel Bowles:

Well, I think it was published in '76 I believe, so eight years. And it's kind of an odd combination. As you probably know, there's a fair amount of econometrics in it. There's some history. There is some sort of leftist political sentiment or rhetoric about capitalism. And I think that what we showed is that the schools produce adults that can fit into the society in which they live, and this requires them to be a certain kind of person that has to have certain values and certain expectations and so on. And I think where we differed from what had been going on before that was schools do this primarily by the ways schools organize the experiences of kids, how they relate to each other, how they relate to people in authority, like teachers and so on. So, it was kind of the behavioral experience of being in a school and not the curriculum.

So, it was not the cognitive content of the curriculum, and here we were really quite different because the critics of the school system, particularly those from the left almost entirely were concentrating on what was being taught, that is the ideas and the history and so on. And what Herb and I showed, I think quite convincingly in retrospect, given what's come out since then, that schools actually do make a big contribution to earning more later on, but it's primarily not through altering our cognitive capacities, what we know that is our knowledge or what might be called our skill, but rather it's in altering our behavior, that is the kinds of personalities we have, our willingness for a large part of the workforce to do relatively boring work for a long period of time under the authority of somebody who's not a family member. Now, if you think about that, that's what we're used to.

But having spent a lot of time in Africa, I realized that wow, the idea of being under the authority of a person who's not a member of your family was really a new part of the modern world. We do that, of course, when we join a bureaucracy or join a firm. Our supervisor is some person who often we don't know. They have no particular authority in our community, which is made up of our family. So, we saw the schools as performing this function, and that was, of course, a rather dim view of how schools work because what it says is schools are socializing you to be a cog in the corporate machinery or something like that. And of course, schools do much more than that. And I mean, I've been a teacher all my life and I love education and I love teaching, but I think Herb and I have been vindicated in two ways by recent econometric evidence. The first is on this question that the schools contribute to the economic success of adults, importantly through the effect on behavior. This has been, of course, a big part of Jim Heckman's work. He talks about soft skills and behavior.

Orley Ashenfelter:

Yes, I was going to mention his name because I did a podcast with him earlier. I don't recall if we talked about that, but of course he has been working pretty hard to try to develop evidence on what aspects of schooling are important and how the attitude factors seem to be important. When I first saw your work,

what I thought was most interesting about it is that you didn't treat the school like a black box. Up to that time, most of the work, including some of my own, was really about measuring returns to schooling without actually trying to say anything about what was in that black box called school. You were amongst the earliest, I think, to work on that problem.

Samuel Bowles:

Yeah, that's right. That's a nice way to put it. I mean, for example, we did things which were kind of fun. We said, while the schools are training people to fit into the adult world, well what do you have to be to be a success in the adult world? So, personality wise, well, we didn't know the answer to that, but we did some surveys, essentially psychological measurement of personality types in employment. These are mostly white-collar people, just who we happen to have in our sample. And we associated with each individual in a work team words like aggressive, independent, creative, punctual, and so on, a bunch of adjectives. And to our, it wasn't our great surprise, we found that for these middle level white-collar employees, the things which were most highly correlated with the supervisor's rating of the person's appropriateness for a promotion were things like punctuality, willingness to follow rules and what was very negatively assessed were things like independence and creativity.

So, we thought, oh, well, okay, welcome to the world. And then the obvious thing is, well, let's look and see what is being rewarded in the schools by grades. And we did the same study on kids in school, and we looked at their grades, and in the case of grades we could look at grades conditional on a measure of the student's academic ability, like some achievement test. And we found the same thing. The students who were obedient, punctual, internalizes rules and so on, were being graded well, and the students who were creative, independent and so on were being ranked down, graded down, and I'll say it again, holding constant with their actual measured academic ability. So, I mean, yes, we did try to get inside, oh, so what's going on here? It looks like the school is actually rewarding a certain kind of person who is the same kind of person that the supervisors in the workplace are also liking.

Well, then it was of course, then the question is, well, how did the schools turn out that way and how did the schools come to be this, basically an environment for teaching people to fit into the modern corporate world? And that's a very interesting historical question. It didn't just happen that way. Obviously, employers promoted that to some extent, but also the families of working-class people also promoted it because they wanted their kids to be successful. At the time, in the late 60s, early 70s, there was a so-called free school movement, which was essentially a libertarian or anarchistic movement in schools against the authority structure of schools. And what we found out through interviews and so on was most working class families didn't have a lot of time for this idea of free schooling because they were afraid they would turn their kids into the creative independent kind of people who would have a hard time on the job. Anyway, Herb and I learned a huge amount in the process of doing that, and I'm glad the book is still around.

Orley Ashenfelter:

Yeah, it is still around. Now we should probably talk a little bit about your work with... It's a very topical issue, inequality, and I know you probably have your own perspective on, well, I guess there's two different issues, which is how it happened, how we've evolved to a fairly unequal society, but also maybe on things to be done about it. And I know you've been working on that. I think it's probably a big project at the Santa Fe Institute. What can you tell us about it?

Samuel Bowles:

Well, I've been at the Santa Fe Institute for a quarter of a century, and shortly after I came here, I initiated the big program on the [Dynamics of wealth inequality](#). And I was curious about how inequality wealth moved over time, and as I studied more and more, I came to be interested in pre-history. That is a period of time in the past in which I think there was a really big change in how humans lived. And so, let's go back five to ten thousand years, go back to the time around when agriculture started maybe 11-thousand years ago. And before then we were hunting and gathering populations quite egalitarian. We've of course since measured wealth inequality, both human wealth and material wealth among hunters and gatherers. We've measured the intergenerational transmission of wealth in these societies. But the first farmers were very egalitarian. They had a very equal distribution of wealth.

They were, in fact not much different from the hunters and gatherers. So, the first thing we learned is that most people think that inequality really came on when farming happened. It's not true. We had something like four or five millennia, millennia of farming before we had this big uptick in wealth inequality. Now of course, we measure wealth inequality in fairly elementary ways like the size of houses or the size of storage areas or how much the goods that are buried with people in their burials. But there's a very dramatic change that takes place sometime around five-thousand years ago, and that was associated with a change in technology, the introduction of plows and oxen, which basically was a labor-saving device. The ox-drawn plow was the robot of the late Neolithic early bronze age because it displaced labor and it made land scarce and it made labor abundant.

And then there was also the development of political concentration of political power in the form of governments. And those two things, the concentration of power in the hands of the well to do and the technology which made labor redundant and material goods scarce, that seems to be where the thing started. Now, obviously running forward, what's extraordinary is that we achieved five-thousand years ago levels of inequality which are fairly much like what we have today and not much happened between five-thousand years ago and the present. There are some ups and downs but try to figure out anything that matters for wealth inequality, whether it's modern-day Sweden, feudal Europe, the city states of Italy and so on. Wealth inequality is at a very high-level Gini coefficient of point-six or point-seven right across the board. So, we found two things really. We found a dramatic increase doubling of the Gini coefficients taking place about five-thousand years ago, and a remarkable constancy since then.

Now looking forward, there are obviously... I mean we'll think the same kind of things may be coming to bear. The first would be technology, and the second would be politics. And I think the development of democratic rule, meaning the extension of suffrage to virtually all people and the preservation of liberal rights... Democracy really didn't come until the early part of the last century because essentially the vast majority of people didn't have the vote until around 1900. It happened around the time of the first World War, and it was part and parcel of recruiting soldiers to fight in the first World War. So democracy, meaning everybody votes in a liberal environment is really something new. And we saw in the 20th century a quite dramatic fall in income shares of the rich, of the richest people. That was reversed in some countries, many countries after 1980.

But I think democracy is really an important part of achieving a less unequal society, and therefore the deepening of democracy, its preservation, is very important. The other thing is technology, and that's a hard one because obviously I said the oxen plow were the robots of the neolithic. Well, what about the robots of the present and the AI and so on? There are two things going on. I'll simplify, over simplify greatly. Of course, there's a huge labor displacement associated with some kinds of routine labor that essentially just gets put out of action by a machine or an algorithm. What it means, however, is the jobs that are left tend to be more complex jobs that are quite difficult to measure if the job is well done because those are the jobs that couldn't be replicated by an algorithm or a machine. Now, if that's the case, the jobs in the future are going to be very difficult to motivate just by the fear of being fired or by people measuring, are you producing enough?

Because it's so hard to say, well, what is the product? Think about the jobs in the modern economy. They're not so different from the kind of jobs that you and I have, Orley. There are jobs in which the quality of what's being done is really hard to measure, and I'm not talking about science and technology only. That's a small part of it. Think about waiting on a table in a restaurant. How do you know if that's a job well done? What about taking care of the elderly or taking care of kids, or what about performing private security as a guard, for example? These are all jobs in which it's very hard to tell if the person's doing a good job. And I think motivating that kind of labor in a modern economy is going to require other forms of organization which mobilize the sentiment of the worker, either his or her intrinsic motivation to do a job well or reciprocity towards an employer or a boss who has shown some generosity towards the worker, or perhaps in some cases cooperative forms of production in which workers can monitor each other.

We don't know how this is going to shape up, but I think labor is now being transformed into something which is increasingly difficult to measure. In some cases in the gig economy we're seeing, okay, now if you deliver the package, you get paid if you don't deliver it or you don't get paid. And the same true with a ride to the airport. So, essentially information technology will allow some of the economy to look more like just producing a service and getting paid for it. But my guess is that much of the economy is going to be very hard to motivate by if you didn't do the job, you don't get paid, then we're going to have to find some way to motivate fairly complex work. And it can't be through fear or that's through fear of being terminated or not promoted.

Orley Ashenfelter:

Yeah, actually, you made two interesting comments. I had just thought about this yesterday because there was a move here... I happen to be in San Francisco as we talk, and there was a move here to reduce the voting age to 16, and it got voted down that people over 16 didn't agree to that, but I think part of the reason was because you want to provide people a voice in what the outcome will be. David Lewin was one of our podcasters recently and pointed out that trade unions have some of the same characteristics. They give people a voice. It allows to actually have some reason to really care about what they're doing. But it also... Remember the voting age used to be 21, went down to 18 largely because of the point you made, which is that we were drafting them.

If you're an 18-year-old to get drafted. Why can't you vote? Exactly. We're coming to the end of our podcast, and there is one more topic I'd like your view about and how it came about. I know you moved as a block basically to the University of Massachusetts some years ago, but I also know that you were close to many of the people who started an organization that still exists. And by the way, I've mentioned it because it's also called a union, the [Union for Radical Political Economics](#), and it's still going on. They still have conferences. You were close to a lot of the people connected with it. I think probably I remember in particular David Gordon, who died so young. What's your take on the current status of that kind of activity in political economics?

Samuel Bowles:

Thanks for asking about that. Yeah. We formed in the late 60s a group of economists at Michigan, Harvard, MIT, and elsewhere, grad students and young faculty, because we thought that economics was not addressing the questions that we cared about and that we thought most others cared about, and it's pretty obvious what they were. There are questions like inequality and war and colonialism. In urban areas, there was a big question about how the urban areas would develop, and we felt that the standard economics which we were teaching and learning and so on, wasn't addressing that. And we thought at the time that, and I think so still, that the economics of Karl Marx had a lot to teach us about those

things because the ideas like that were more central to Marx as they were to Schumpeter and to many other people. So, the idea was let's change the questions and then see what theories would work.

And so we developed a kind of amalgam of focus on these inequality questions and also the exercise of power in society by private bodies. And I think at the time it was a very important counter to what was, I think the narrowness, both disciplinary narrowness, but also topic narrowness of the economic discipline. And I have to say, the leaders of the American Economic Association, people like Ken Arrow and Bob Solow and Jim Tobin and others were extremely congenial towards us in providing space for us to meet at the annual meetings and so on. So much has changed since then. I mean, it's certainly not the case any longer that the real big questions of society are being dodged by conventional economics or by the mainstream. Inequality is one of the hottest topics there is, the future of work, a whole bunch of topics, climate change.

So, I think economics has come to focus more on these serious problems. I think there still is a gap because suppose you think as most students do around the world because we've done surveys, that the two biggest things that economists should be addressing is climate change and inequality. Suppose you think that. If you think that, what kind of economics do you think you would advocate students should learn in their intro courses? Well, I think they should learn some game theory and something about collective action. They should learn something about bargaining. They should certainly learn something about a model of behavior different from homo economicus, not excluding self-interest, but including the fact that we sometimes act for ethical and generous reasons. In other words, I think economics really needs to fundamentally alter its content if it's going to address those questions. And by the way, I think a lot of the insight that I've found for addressing those questions comes from places who your listeners may think is surprising.

One of the most, I mentioned Marx. One of the most frequent, also, is Hayek. I think Hayek's understanding of the modern market economy as an information processing system, which is dealing with the fact that information is necessarily local and often noisy. I think that's a fundamental point about how we have to think about economics. So, it's interesting. What Paul Samuelson did at the end of the Second World War is he knew that there was a crisis, and that economics had to change, and that there were some new tools, namely Keynesian economics, that had to get into the intro course, and that's what he did in 1948. But it's too bad that he didn't also think of Ronald Coase and Hayek and Schumpeter or Nash or Van Neumann. There were great economists at the time who could have been part of a new paradigm in economics along with Keynes and Marshall and Walras. And in the last ten years, with a global team we've put together an intro course, which is what we think economics ought to be at the intro level. If you really think that addressing the questions that I've mentioned, climate change, inequality, future of work, innovation and so on, if that's what's important, here's the economics you should learn. It's free, it's online, and it's being used in a lot of places, and it's called Core, C-O-R-E.

Orley Ashenfelter:

I've seen the mention of that, and it's easy to find on the website. So yeah, that's very interesting. So, you think that in a way that your experience with URPE, as it's called, it kind of helped you to evolve to the point where you actually ended up engaged in some teaching. That's a very interesting way to think about it. Our guest today has been [Sam Bowles](#), Emeritus Professor of Economics at the [University of Massachusetts](#) and research professor at the [Santa Fe Institute](#). 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](#). I'm your host, Orley Ashenfelter. Thanks for listening.

Announcer:

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