



## TRANSCRIPT

### The Work Goes On

**Guest Host: Michael Moskow**

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#### Michael Moskow:

The people who work in the private sector are willing to take more risks, I would say. People who work in government are willing to take fewer risks and the Fed is somewhere in between, but it attracts very talented people who work hard and they're doing what's best for the American people.

#### 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 [Michael Moskow](#), who is vice chair of the [Chicago Council on Global Affairs](#). He is renowned for the breadth of his career, which spans his research on collective bargaining, several positions in government service, including at the U.S. Labor Department, and finally as President and Chief Executive Officer of the [Federal Reserve Bank of Chicago](#). Mike, welcome to [The Work Goes On](#).

#### Michael Moskow:

Thank you, Orley. Delighted to be here.

#### Orley Ashenfelter:

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

#### Michael Moskow:

I grew up in Paterson, New Jersey, a very famous city in New Jersey, which I'm sure you've heard of.

#### Orley Ashenfelter:

Of. It is, and you're not the only person on this podcast... Did you know Bob McKersie grew up there?

#### Michael Moskow:

I did not know. I know Bob McKersie, but I didn't know about his connection to Paterson.

**Orley Ashenfelter:**

He grew up in Paterson. Yeah. There may be others, but you're not the first person on this podcast series to actually have grown up in Paterson, New Jersey.

**Michael Moskow:**

Well, the most famous, of course, is Alexander Hamilton, who founded Paterson, New Jersey.

**Orley Ashenfelter:**

I guess you're right, yes. So, you went to school there.

**Michael Moskow:**

Right? Went to public high school, Eastside High School.

**Orley Ashenfelter:**

What did your family do?

**Michael Moskow:**

My father had a very interesting background, actually. He went to law school, which in those days you could get an undergraduate degree and a law degree, I think in maybe three or four years. But he got out during the Depression, so he couldn't get a job as a lawyer. So, he was a professional basketball player.

**Orley Ashenfelter:**

That right.

**Michael Moskow:**

Right. And we used to talk about it, and then he passed away a number of years ago, but about five years ago, I Googled him and found there was an encyclopedia of professional basketball, and he's in the encyclopedia with the years he played and his scores and so forth. And of course the scores in those days were much lower. And then he broke his ankle, and he was at the time playing for the Philadelphia Silks, and that was the end of his basketball career. But he played professional basketball about five years. Then he went into the used office equipment business again during the Depression, and that evolved into a new office equipment business. And that then evolved into getting involved in real estate. And actually, he was with some partners who were the first ones to have second mortgages. That's at the time when the banks did not have second mortgages. And so, he was finance, real estate, and a citizen of Paterson his whole life and very active in the community.

**Orley Ashenfelter:**

Well, I know you went to Lafayette College, a very, very good college. Maybe not as well... I went to a small college, so I kind of specialize in obscure small colleges. How did that happen?

**Michael Moskow:**

It happened because I had two older cousins. They were brothers, and they both went to Lafayette, and they kept talking to me about what a great school Lafayette College was. And so, I applied, and I was accepted. Of course, in those days, Lafayette was all male. It was 1,500.

**Orley Ashenfelter:**

I didn't know that. It wasn't co-ed. I didn't know that.

**Michael Moskow:**

It was in the 80s. It became co-ed. It's a much better school today than it was back when I went there in the 50s. Another interesting connection to Paterson is Bill Simon, because Bill Simon was in the Nixon Ford administration, and I was at a lower level and we knew each other. And he grew up in Paterson and he went to Lafayette College.

**Orley Ashenfelter:**

I didn't know that.

**Michael Moskow:**

So, the Simon family has been very generous to Lafayette, and there's a Simon School of Economics and business there.

**Orley Ashenfelter:**

That's excellent. Now I know it's in Easton, PA. I've been through there many times, right near the river. But then of course you ended up at Penn. How did that happen? You went to graduate school there I know.

**Michael Moskow:**

Right. I went to the University of Pennsylvania in Philadelphia, and an interesting story because, well, I taught high school for a year, and I was in the Army also, but after the Army and high school, I met a young lady. I got engaged, and she was an undergraduate student, and she was at Barnard at the time, so we had to find a place where we'd both can be in school. So, I applied to Penn. I was accepted by the University of Chicago. I was accepted, and I really couldn't decide between Chicago and Penn, and she was going to go to Bryn Mawr.

**Orley Ashenfelter:**

That solved that one.

**Michael Moskow:**

Well, she would've gone to Chicago if I had selected the University of Chicago. Anyway, I called a former professor of mine at Lafayette, and I said... He's in the economics department. And I said, I've been accepted to these two schools and trying to decide which one. And he said, oh, Penn's a better school. I said, oh, okay. Well, that solves the problem. So, I went to Penn. Then of course, subsequently I learned actually Chicago was much higher rank than Penn in those days. And I was back at Lafayette giving a talk number probably ten years later. And I said, I always wondered why you suggested I should go to Penn, and you thought it was a better economics department than the University of Chicago. And he said, oh, I thought you wanted to go to Penn.

**Orley Ashenfelter:**

So, he was just telling you what you wanted to hear.

**Michael Moskow:**

What he thought I wanted to hear.

**Orley Ashenfelter:**

Yeah, yeah. I know your early work wasn't collective bargaining. Who did you work with?

**Michael Moskow:**

Right. At that time the University of Pennsylvania had George Taylor, was one of the leaders in the industrial relations labor economics area. He was a very well-known advisor to probably five presidents on issues relating to national emergency strikes. So, he was the pillar of the department, and I got to see him at one point, and we talked, and I just was very impressed with him. And he, by coincidence, knew one of my parents' neighbors in Paterson, David Cole, C-O-L-E, who was a very well-known arbitrator and mediator, and he actually was the arbitrator for the AFL-CIO on jurisdictional differences between different labor unions, members of the AFL-CIO.

**Orley Ashenfelter:**

So, intraunion disputes.

**Michael Moskow:**

Exactly. I used to... Even when I was undergraduate, I would stop in to talk to him, and he had great stories about what he was doing. And so, I knew Taylor, one of the main people, knew David Cole. And then I bump into John Dunlop. By coincidence, I had written my PhD dissertation on collective bargaining for public school teachers. And in those days, the American Assembly had meetings a couple of times a year, and they brought in people to talk about different policy issues, and they had one on labor relations. So, they invited me, and I was a very young PhD student going to this meeting in New York, and I meet Dunlop at the bar, which is typical of John.

**Orley Ashenfelter:**

That does sound typical.

**Michael Moskow:**

And we started to talk, and one thing led to another, and next thing I know, I get a call from him saying, I'm doing this book for the Rockefeller Brothers Fund with Derek Bok, on labor in the American community, and Nancy Hanks, who was running a portion of the Rockefeller Brothers Fund, wants us to do something on labor in the performing arts, and she's suggesting a chapter, but we really don't want to do that, but would you be interested if I recommended you to do this study for them? So, I said, sure, happy to. So, I went to see Nancy and others at the Foundation and ended up doing a project on, I wrote a pamphlet, monograph on labor relations in the performing arts, one of the few things ever written on this subject.

**Orley Ashenfelter:**

There isn't very much. You're actually right and there probably should be. In fact, I think both of the things you did, that one as well as public school teachers, that was early days for unionization, probably in the schoolteacher business.

**Michael Moskow:**

Very early days.

**Orley Ashenfelter:**

Yeah. And little is written, there was this book by Bill Bowen about the performing arts, but I don't think it has much, if anything, to do with the role of unions, which is still an important subject in many of the performing arts areas. You were teaching at Temple, is that right? How did that happen?

**Michael Moskow:**

Well, I first taught at Drexel, which was right next to the University of Pennsylvania, while I was getting my doctorate. And then a little bit later, and I taught a year at Lafayette, and then I came back to teach at Temple because my marriage was having some difficulties, so we ended up splitting and I came back and started to teach at Temple, and I taught there for two years.

**Orley Ashenfelter:**

It's fascinating that Dunlop, that you got connected to him. I can't tell you how many people who we've had the podcast with, who had a connection to him. I always ask people this because I met him once or twice. I always thought he was kind of a formidable guy. What did you think of him?

**Michael Moskow:**

Very impressive and very earthy. He spent a lot of time with the construction industry, particularly the unions and the unionized contractors. So, when I was at, I took this one-year leave of absence to go to Washington to the Council of Economic Advisers, and that was the height of the inflation problem. This is just when Nixon came into office in 1969, the number one problem was inflation. And the number one cause of inflation we thought was the construction industry -- wages and prices. Wages were going up double digits in those days. And this was a major topic of discussion and a lot of concern within the whole Nixon administration about this. So, the expert on construction industry negotiations and labor relations, of course, was John Dunlop. So, we had him come down to visit us, give us advice and so forth. And he recommended, had one recommendation to us that we accepted was to have a group called the Construction Industry Collective Bargaining Commission, which would look at structural problems in the labor side of construction to see if we could deal with some of these structural problems or the industry could, and this would alleviate some of the pressures.

So, they formed this commission, and as it turns out, I ended up being the second head of this commission. The council was supposed to be a one-year appointment. Well, they asked me to stay a second year, and then the Labor Department offered me this job, so I worked halftime at the Labor Department and halftime at the Council. And then as things proceeded in 1971, in the spring, we were really desperate to do something about the wages and prices in construction, and we organized a meeting, and this was Dunlop's suggestion, with the president, and he was going to bring the unionized, the union leaders and the unionized contractors in to meet with him, and he was going to press them to do something about this. So, as it turns out, he came to the meeting and he looked around the table, and of course, here are all these craft union presidents who has supported him in the election. And I

think he then sort of got mushy. He mumbled some things about encouraging them to do something, and the meeting was a failure, clearly.

**Orley Ashenfelter:**

I had someone who's connected to that group, Al Rees, one of my teachers, of course. He always had this wonderful line where you stand depends on where you sit. That may have been appropriate for this meeting with Nixon, I guess.

**Michael Moskow:**

Well, what then happened is we ended up recommending that he suspend the Davis-Bacon Act, which he had the authority to do if he considered it a national emergency, and this is the key act for helping construction workers. It's the prevailing wage law. So, he suspended it, and that was a lever that the union leaders could use in order to get their members to reduce their demands because they were getting 15, 16 percent increases a year. So, he suspended it. We formed this Construction Re-stabilization Committee, which Dunlop chaired of course, and he would meet with the group, and he would review their agreements before they were accepted, and he had a significant impact. And this now in, I think February, March of '71. So, we had wage controls in construction before we had economy-wide wage controls.

**Orley Ashenfelter:**

Yeah, I think, and maybe Rees was on that commission. I can't remember.

**Michael Moskow:**

Reese chaired the Council on Wage and Price Stability.

**Orley Ashenfelter:**

That came later.

**Michael Moskow:**

It came later. And I ended up being the second chair. I followed Al.

**Orley Ashenfelter:**

Yeah, before we get to that, we'll come to that. Before we get to that, I have to ask you about the time that I first really met you. And that was when you were, I believe it was called Assistant Secretary for Policy Evaluation and Research, in the Labor Department. ASPER. Yes. ASPER. Exactly. How did that come about that you were in that position?

**Michael Moskow:**

Well, it stemmed from the fact that when I was at the Council of Economic Advisers, I worked on a very interesting project. George Shultz, as he came into office, recognized the issue of national emergency strikes. He said we should have a final offer selection process, and by that he meant they if can't reach agreement each party comes in and makes their last best offer. And then an arbitrator picks one or the other but cannot mediate. There's no middle ground here.

**Orley Ashenfelter:**

Final offer arbitration.

**Michael Moskow:**

Right, exactly. Which they use in baseball now today.

**Orley Ashenfelter:**

Well actually it was used here for a long time for firefighters and police officers in New Jersey. Dick Lester helped to write the original bill. He basically got that implemented.

**Michael Moskow:**

So, that was probably after we went through this process at the federal level.

**Orley Ashenfelter:**

Yes.

**Michael Moskow:**

You had it in New Jersey. So anyway, this was Shultz's proposal and they formed a committee, so the General Counsel of Labor, the General Counsel of Commerce, Transportation, and a guy named Ed Morgan, who was in the White House. We all met and then they said, I'm a labor economist so they put me on this committee too. And as it turned out, when it came to write the option paper, they looked at me because I was the neutral and asked me to write the option paper for it. And then Bill Safire got involved with a speech, draft speech. We met with the president. This was very unusual, but he wanted to hear what was going on with this proposal and we were all set to go, and we were within one day of his proposing it on the Hill. And politics intervened. Let me say this. And he withdrew the law or the proposal. It was never proposed, never became the law.

**Orley Ashenfelter:**

Well, I have to ask you about something very especially important for me in a way, because when I went into the Labor Department, I think you recruited me. It was really a special moment for me because there was this guy you may remember named Farber. I have a colleague here named Farber, a different Farber, and there was this amazing opportunity to match trainees to Social Security earnings records. And I started off at that point trying to analyze what the effective training was on earnings. And it turns out that method, that way of doing things, difference in differences, I just sat through a seminar here a minute ago in which difference in differences, which basically we started using in the Labor Department because it was the easiest way to explain what we were doing. We didn't want to say it was a regression. And that had a big effect on me. And it actually turns out to have had an extraordinarily large effect on the way that empirical economics is practiced. I'm not sure if you were even aware of that.

**Michael Moskow:**

Very much aware of it. I mean, first of all, I was delighted that I was able to convince you to come to the Labor Department. I thought it was a long shot. And once you were there, of course you had an enormous impact on the Department and this whole program evaluation area.

**Orley Ashenfelter:**

It worked into, it's a whole subject. And of course, exactly. My favorite was that I was working for Michael Moskow. So, I tell this story to other people. I had a red phone in my office that was directly connected to you, and I still remember sitting in the office with a journalist when my red phone went off because I had to have a direct connection to my boss, which was you. The red phone went off and I said, I'm sorry I have to take this call. It's from Moscow. Of course he didn't realize your name was Moskow, and he was very impressed. I later on explained to him that I was actually talking to Michael Moskow, not Moscow, the Kremlin. In any event, it was a great year for me. I had a wonderful time doing all that. And you stayed there for a while, and then I guess you moved on and what came next?

**Michael Moskow:**

Right. Well, let me first, before I answer that, I recall you talking about these data when you were in the Department and they were longitudinal data, right?

**Orley Ashenfelter:**

Yes.

**Michael Moskow:**

I mean, you were very excited about this, and I was delighted that you could have the potential to have an impact in the short-term using these data. So, this was one of the best things I did for the Labor Department was to recruit you. And I think you're either one or two years, right?

**Orley Ashenfelter:**

Yeah, that's right. And the people that followed me were fairly similar. So, the mission basically kept growing.

**Michael Moskow:**

And it still exists today, by the way. I looked it up and there is a Department of Evaluation. I don't know how long it's going to last these days.

**Orley Ashenfelter:**

I don't know either.

**Michael Moskow:**

It's there. So, what happened is the election, and so Nixon was reelected, of course. He fired three quarters of the cabinet officers, and he brought in Peter Brennan into the Labor Department who was a guy from the building trades in New York. And I think for some reason I wasn't fired but to this day, I don't know why because all my friends were gone. And then, so I got an offer from Jim Lynn, who was the new secretary of HUD, to come over there and he had put together some functions. So, it was similar to ASPER in the Labor Department, but on a much bigger scale. We had a budget of 200 million dollars for research at HUD, which in the areas that we were in, was a significant number.

**Orley Ashenfelter:**

That would be in today's dollars to be in the billions.

**Michael Moskow:**



Right. So, we had program evaluation there too. We had experiments that we were doing on housing allowances.

**Orley Ashenfelter:**

Oh, were you involved with those housing allowance experiments?

**Michael Moskow:**

Very extensively. Yeah.

**Orley Ashenfelter:**

I did not realize that. So, you actually are trailblazer, you just went from place to place.

**Michael Moskow:**

I couldn't keep a job. So, actually I looked it up. I had 17 different jobs in my career and none of them was longer than two and a half years until I went to the Chicago Fed. I was there 13 years. So, I finally had a job I could stay in for a period of time, but HUD... Nixon had suspended the subsidy housing programs right after the election, and he said, wanted HUD to do a study of what our housing policy should be. So, that was one of the enticements for me to go to HUD was head up this study. So, we had a whole team of people who were working on it, and our recommendation was, we didn't call it vouchers because vouchers is a bad term politically, so we called it direct cash assistance. Instead of giving the money to the builders and the contractors and so on, we give it directly to the families. That was the proposal. So, it took a while, but eventually it caught on. Amazingly, it caught on, and both Republicans and Democrats supported it. When we initially proposed it, I think there were about 10 economists in the United States who supported it and everyone else opposed it, but over time it did catch on and I think I'm very proud of the fact we made that contribution.

**Orley Ashenfelter:**

Well then from there you went to the Council on Wage and Price Stability, I guess.

**Michael Moskow:**

Right. Then Al Rees, who had been the first chair of the Council on Wage and Price Stability, when he stepped down, they recruited me to come in and I got confirmed for that position. So, I was there for a couple of years. And then of course, Ford came into office and Dunlop was Secretary of Labor and he had a major disagreement with Ford on something called common situs picketing, which very few people understand.

**Orley Ashenfelter:**

Yeah, honestly, I actually work in this area. I don't know what it is either.

**Michael Moskow:**

Yeah, well, join the crowd. So anyway, he resigned over this issue and then Bill Usery became Secretary of Labor, and I became the number two. We called it undersecretary in those days. Today it's deputy secretary. So, I ended up in the Ford administration as Undersecretary of Labor.

**Orley Ashenfelter:**

And I guess I had forgotten that, probably not for very long though.

**Michael Moskow:**

Right. And then of course, when Carter was elected, I had to leave and decided not to go back to universities or colleges and to go into the private sector. And I got a job in Chicago at a company called Esmark, which was a former Swift meat packing company, and they formed a holding company and diversified. And I worked for four different companies in the Chicago area. Spent 14 years there, and then I got recruited to go to in the first Bush administration, Bush 41, Carla Hills brought me in as one of her deputies. So, I was Deputy Trade Representative for a year and a half. And then...

**Orley Ashenfelter:**

Now I have to ask you about that. Of course, as you know, trade, tariff is the favorite word of our president.

**Michael Moskow:**

It's a beautiful term.

**Orley Ashenfelter:**

What were you doing as the Trade Representative?

**Michael Moskow:**

Well, it's one of the best jobs you could have. There are only something like 70 people who work for that agency and it's a cabinet level agency. So, I had... My beat was Japan, China, Southeast Asia, and then certain industries like steel, airplanes. And so, I headed up a series of negotiations on Airbus subsidies. Airbus was receiving significant subsidies from the countries that owned it, and we were stalled in negotiations for years. So, anyway, I was fortunate to be able to bring that one home, and we came up with an agreement that lasted about 20 years. It doesn't exist anymore, but it did last about 20 years. Then I also negotiated with the Japanese extensively. I was in Japan eight times in the year and a half that I was there. And China of course as well. So, every day you're focusing on a different industry or a different country. It's like going back to school literally to be in that type of a job, one of the best jobs you could have in Washington.

**Orley Ashenfelter:**

Sounds like it's fascinating. Well, you probably have a perspective on that set of issues that you might want to think about saying more about it some point.

**Michael Moskow:**

I have definite views on the subject.

**Orley Ashenfelter:**

Is that right? I think our podcast... We're going to run out of steam before we have enough time to actually cover that. But I definitely think that there's room for it because I do want to ask you one more thing. You're in the private sector for a while in Chicago, I guess, and then you were at the Fed for quite a long time, long serving.

**Michael Moskow:**

Thirteen years.

**Orley Ashenfelter:**

Thirteen years. How did that come about, I guess at that time were you a professor again or not?

**Michael Moskow:**

I was. So, I was Deputy Trade Representative, and then of course when Clinton got elected, I had to leave again. Incidentally, when he was elected, the president gets sworn in at 12 noon on January 20th, and he was sworn in at 12 noon, January 20th, and I only got paid for half a day that day.

**Orley Ashenfelter:**

[Laugh] That does not seem very nice.

**Michael Moskow:**

No, it's not very nice. Any case, so I then went back to Chicago and I was a visitor at Kellogg, at Northwestern University's business school for a few months, and they said, why don't you become a faculty member, non-tenured? And so, I did, and I started teaching at Kellogg. Wonderful school, great experience. And then the head of the Chicago Fed, Sy Keehn, stepped down and they had a search firm, and they contacted me and offered me the job. So, I then went to the Fed and spent 13 years in that job, which of course is a completely different experience than these one-, two-year jobs that I had leading up to it.

**Orley Ashenfelter:**

You have a wonderful staff there, actually, Dan Sullivan, who you I know you know well.

**Michael Moskow:**

Very well.

**Orley Ashenfelter:**

Was one of our students here, one of my favorite people.

**Michael Moskow:**

I know that. Yeah, he's a first-class economist, and of course he's a micro economist who then being at the Fed, he got involved significantly in the macro side as well.

**Orley Ashenfelter:**

But he is in Chicago. I guess that's the old line. You can't really take the people out of Chicago. Once they get there, they seem to fall for it for one way or another, because he was an undergraduate at the University of Chicago before he came to Princeton.

**Michael Moskow:**

Right, and a very good economist.

**Orley Ashenfelter:**

You probably have a takeaway or two from your time at the Fed. What would you say about it?

**Michael Moskow:**

I guess what I would say is it's a truly unique American institution. I've been in the private sector. I've been in the federal government. I've been in academia, and then the Federal Reserve, and it's completely different. The people who work in the private sector are willing to take more risks, I would say. People who work in government are willing to take fewer risks, and the Fed is somewhere in between, but it attracts very talented people who work hard and they're doing what's best for the American people. And as you know, of course, it's an independent entity, and the Fed leaders and people working there want to keep it independent and they bend over backward to make sure that they're nonpartisan, nonpolitical in what they do and what they decide. So, it's a great American institution and we want to keep it independent.

**Orley Ashenfelter:**

Well, I hope that's the way it works. As you know, there's been issues about who gets to be independent anymore. Michael, it's just been a terrific pleasure. I'm sorry we don't have more time actually to talk about some other issues, but it's been a great pleasure to have you here and learn a little bit about Paterson. I didn't know you grew up in Paterson, New Jersey.

**Michael Moskow:**

Well, it's great to be here. Thanks for inviting me.

**Orley Ashenfelter:**

Our guest today has been [Michael Moskow](#), the vice chair of the [Chicago Council on Global Affairs](#), as well as former scholar of industrial relations and president of the [Chicago Fed](#). 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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