



TRANSCRIPT

The Work Goes On

Guest: Richard Murnane

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Richard Murnane:

Given the extraordinary inequality in family incomes in the United States and inequality in opportunities, that I think is critically important, that high quality education is a critical path to upward mobility, even more important than families having money.

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 [Richard Murnane](#), who is the Juliana W. and William Foss Thompson Professor of Education and Society at the [Harvard Graduate School of Education](#). He's renowned for his work in the economics of education among a range of other topics. Richard, welcome to [The Work Goes On](#).

Richard Murnane:

Thanks for having me.

Orley Ashenfelter:

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

Richard Murnane:

I was born in Haverhill, which is a shoe town on the North Shore along the Merrimack River, north of Boston. And my parents were both teachers and then my father got a job as high school principal in Newburyport, which was 13 miles away, which is now a yuppie town but in 1950 it was a factory town that had lost its factory, so it was a troubled place. So, after being there for a few years, he wanted us all to have a better education and him a better school district. So, we moved to Danbury, Connecticut, where my father was a high school principal there until he retired.

Orley Ashenfelter:

Danbury. Isn't that interesting? I'm actually just outside of Danbury right now, in Brewster, New York. That's an interesting old town, Danbury.

Richard Murnane:

It is.

Orley Ashenfelter:

How did you like it?

Richard Murnane:

It was okay. I was only there for three years. I went to high school there in the high school where my father was the principal, and then I went off to college. So, it was fine. I mean, nothing particularly special. It was surely better than Newburyport at that time.

Orley Ashenfelter:

At that time maybe. Yeah, that's true. So where did you go to college?

Richard Murnane:

I went to Williams College.

Orley Ashenfelter:

I knew that and I was a little bit surprised. How did that happen?

Richard Murnane:

I, in high school, wasn't really much thinking about college and my father said Williams College. We didn't have very much money. Our family had four kids and he was paid at the very highest 26,000 dollars as a high school principal. And he said Williams was good to educator's kids. So, I applied and they took me and they gave me some money, and that was that.

Orley Ashenfelter:

Small college, and of course still one of those small colleges that has an incredibly good reputation.

Richard Murnane:

It was a remarkable experience for me. Changed my life enormously. I became interested in economics. Probably most importantly, a big influence on me was a guy named Bill Gates totally unconnected to the foundations....

Orley Ashenfelter:

The other Bill Gates. Yeah...

Richard Murnane:

This Bill Gates was an economic historian, a very good teacher. What was most important for me is Bill stuttered very badly, as did I for most of my life. So, the fact that he could do this. He could get in front of a class and could talk about... He'd get stuck on a word and he couldn't say it and he couldn't say it and he couldn't say it. Well, this was my experience, so it made me feel at home in his classes and made a big difference to me.

Orley Ashenfelter:

I can see, but you don't seem, that doesn't seem to be happening now.

Richard Murnane:

I get much more sleep than I did back then, and I'm not worrying about getting good grades, or then getting a job or then getting tenure, or then raising two kids. All those things contributed to the stuttering, but fortunately, life is easier now. I still work, but not nearly as hard.

Orley Ashenfelter:

Now I know you went to graduate school at Yale.

Richard Murnane:

I did. And that in fact, Bill Gates is responsible for. I got into MIT and Harvard and in fact had a lovely note that I still have from Bob Solow suggesting that I come up. But Bill had just been to Yale and had talked to Jim Tobin and he said, "they're really pretty good. You should think about them." So, Bill didn't say much that I didn't pay attention to. So, Bill thought that was a good thing. So, off I went to Yale after a year in Europe. I had a Fulbright to Germany for a year.

Orley Ashenfelter:

I know before you finished the Yale degree, you actually were a high school teacher too. Isn't that right?

Richard Murnane:

That is right. What happened was I had a year in Europe reading the European press about the Vietnam War that I was just horrified by and surely did not want to be a part of. And when I got to Yale, I was drafted and as a kind of act of civil disobedience, I had decided I'd go to jail if I had to. I wasn't going to go to Canada, but I had a colleague in economics who knew my parents and said, "if you do that, you won't stop the war and you will kill your father." And he said, "I've got a friend who runs a high school in Houston, a private school, Jesuit school, who may need a math teacher. Why don't you go do that instead, do something useful?" So that's what I did.

Orley Ashenfelter:

And that got you out of the draft?

Richard Murnane:

It did. It wasn't clear that it would, but it did, and the three years of high school math teaching were important. I wasn't very good at that time because I really didn't know how to teach, but the students survived and I don't think I did too much harm and I sure learned a lot.

Orley Ashenfelter:

It's true actually, when you first start teaching, I found it to be the same. I felt like I learned more than the students ever did just from the teaching.

Richard Murnane:

Well, that was surely my experience.

Orley Ashenfelter:

Then back to Yale.

Richard Murnane:

That's right. I finally got to be 26. I found a wonderful woman to marry who was also a Yale doctoral student, in her case in biology, and we both were doctoral students there. Both got our degrees from Yale. Yale actually was not good in labor economics at that time. Well, it was early 70s by that time, and they had admitted a bunch of students who thought labor economics should be Marxist economics and that wasn't what I wanted at the time. So, there wasn't very much labor economics, but there was Richard Nelson who was again, a very important influence on my life and became a very close friend over the next 50 years, and he was really a guiding force for me.

Orley Ashenfelter:

Richard Nelson's the name. Yeah, and of course he spent time in several universities, didn't he? Who did you work with at Yale? I know what your dissertation was. It's sort of a precursor to just about your whole life.

Richard Murnane:

It was. It was. I mean, because my parents were teachers, I've been listening to stories about schools around the supper table from the first age I can remember, and so that's what I was interested in and my father's story, his father was an immigrant. He had very little money, wasn't going to go to college, but just got a chance at the last minute to go to the University of New Hampshire. Totally changed his life. So, the idea that education could play an important role in upward social mobility was really central to my growing up and that's what I wanted to work on.

Orley Ashenfelter:

And you did. Who did you work with?

Richard Murnane:

I worked with Guy Orcutt some and I worked with Dick Nelson a lot.

Orley Ashenfelter:

Guy Orcutt. Now that's a name, quite a famous name I guess. Didn't he move to Wisconsin from Yale or am I...

Richard Murnane:

You got it backwards. He was at Wisconsin for many, many years. Came to Yale near the late in his career, was working on this kind of micro simulation model that became the trim model at the Urban Institute now, and he was a really interesting man, very supportive of me. I had just read Rick Hanushek's paper on teachers making a difference, and so I had an opportunity to collect data from New Haven, micro data on teachers and kids and said, boy, it'd be interesting to do kind of a replication of what Rick did but with more interesting and richer data, and that's what got me started.

Orley Ashenfelter:

That is fascinating because I think it's remarkable that I managed to get Rick Hanushek on the podcast a couple of weeks ago and that you were then actually working in the same area. What did you find out?

Richard Murnane:

I found out that there were enormous differences among teachers in their effectiveness. Not a big surprise. I also found that teachers improved an awful lot in their first two or three years on the job. There were two things. I also found kids' parents' education made a big difference. Again, not a surprise. They were the good things I learned. What I did not learn actually at Yale was that one... I worked with John Quigley as well, and John had a connection at a publisher and said this would make a good small book. So, I did that. But what I didn't realize was that you could publish a book and also publish articles from that book in economics journals. That was a huge mistake in terms of my early career, but something I learned.

Orley Ashenfelter:

So, it came out as a book rather than as a... I wondered how where it had been published. I looked at your CV, which is extremely long, by the way. It is quite an effort to look at your CV, trying to find where that was published, but I never did really. But it has a remarkable title. Something about... I've forgotten. It sounds incredibly modern.

Richard Murnane:

["The Impact of School Resources on the Learning of Inner City Children."](#)

Orley Ashenfelter:

See that's just like that's ripped out of the headlines.

Richard Murnane:

It was a lot of fun and most of all, I learned a lot. Not only did I want to do good empirical number crunching work, but I talked to the school principals of the schools that I studied, and I learned so much from them that helped me to understand what was coming out of the computer in terms of empirical results.

Orley Ashenfelter:

Well, okay, you're finally finished at Yale. What happened next?

Richard Murnane:

I took a job at University of Pennsylvania and was there for four years. It wasn't a great fit for me. It was a great department, but they were not really interested in education. I remember asking the chair if I could teach an economics of education course, this would've been in 1975 or '6, and he said, "well, no, you can't do that. If you want to teach a labor economics class and do a little bit of education, that would be fine." But that was the time. And then after four years there, I got the opportunity to move to Yale, which was a good fit for both my wife and me. So, I did that and was there for five years. It was a better fit, but not again, a perfect fit. The difficulty there was... The early work I was most proud of had to do with teacher labor markets and for example, why a contract that awarded seniority made sense in education, why merit pay, which had been tried in thousands of school districts across the country over a century, didn't last in virtually any of them. Well, there were topics I was interested and I learned about, but I had a lot of trouble getting economics journals to be interested in them. So, then I would give up. I got them published in public policy or education journals quite readily, but that of course didn't help my early career.

Orley Ashenfelter:

Well, it's so interesting you say that because it is true that I think the origin of a lot of economics of education work started off with labor economics, but it has become evolved basically to a separate field or at least a subfield within the broader empirical areas of economics. It was not true at the beginning. People would've wondered why. Well, actually, it was true of other things too, and even in the other parts of the labor field, people wondering, why are you studying this problem when there's unemployment in the world or some other explanation that you'd seem to be concerned about, especially if you're interested in macroeconomics. So, now eventually you're going to go to Harvard.

Richard Murnane:

Yes, and that proved to be a much better fit for me, and it worked for my family too. So, when I was there for more than 30 years. It was wonderful for me. One of the things that made it really work for me is that not only did I have an opportunity to learn about child development and more about the tales of teaching and learning from my colleagues, but also the labor economics group. First Richard Freeman and then Larry Katz were very welcoming, and that was terrific for me. Between those two and then the [NBER, the National Bureau of Economic Research](#), also was very welcoming, so I was able to get both economics, which I liked, but also I got to teach about education and about the role of economics in contributing to good education, and that was a real joy for 30 years.

Orley Ashenfelter:

Before we get into some of the work that you did and the topics and findings, which we certainly want to do, I want to ask you about one other thing. You actually wrote a methods book, which I think is geared to researchers in the economics of education. I'm just curious, how did that come about?

Richard Murnane:

That's a nice story. One of my closest friends is John Willett, who's a very good Stanford-trained statistician, and after, I don't know, it started maybe in the mid-90s, we realized our doctoral students were not using causal methods and there'd been a lot of advances in causal methods. So, we said we should teach a course on how to use causal methods in research related to education. So, we started doing that together and we did it for at least 20 years, and we realized that there were good books on econometrics, but they weren't really tailored to the needs of our students, and many of them were too

technical, so we decided we should write one, so using our students to help us along the way. We worked on that for six or seven years. My colleague and friend John is a fabulous pedagogue, and that was enormous amount of work, but I'm glad we did it and I think it's been useful. Many people have told us, for example, the chapter on instrumental variables is particularly valuable. My colleague John Willett gets all the credit for that, but he was and is very good at using graphics to explain things, and I think that's a nice example of that.

Orley Ashenfelter:

It is very interesting because you were addressing a real problem in the field because a lot of the work that had been done in the economics of education really didn't take careful account of whether or not things were correlation as opposed to causes, and it's very important. I think that's probably one of the reasons that the field has become a field in a way. It's the respect for methods that are important for making sure you have a valid inference.

Richard Murnane:

If I could say one thing on that. That's surely true Orley, but it's also the case, the increasing availability of administrative data on kids and teachers totally changed things, and that began in the 1990s. I mean, I went in early 1970s to collect my data by going to the basement of a school that had paper records on kids and who taught them and their test scores, and I spent months and months writing down numbers. That's now all available electronically.

Orley Ashenfelter:

Richard, I'm glad you brought that back up because I wanted to note when you mentioned that you'd collected your own data in the 1970s, that was a remarkable thing for an economist to do. At that time, sociologists would engage in collecting their own data, but economists rarely did, and today of course, that's changed. As you noted, of course, in addition there's a lot more data sets available that are available without your having to hand code them all, which is I think also equally important, and that's still growing in the sense that there's a lot more opportunities for use of data in that way.

Well, let's talk a little bit about your findings. After this 30 years, what would you say are three of the most interesting or important, let's put it that way, the most important things that you've learned about schooling and the economics of it?

Richard Murnane:

Not an easy question. One thing is that quality of education matters enormously. That's not a surprise but given the extraordinary inequality in family incomes in the United States and inequality and opportunities that I think is critically important, that high quality education is a critical path to upward mobility, even more important than families having money. We've learned this from this very nicely done randomized control trial that Greg Duncan and his colleagues completed, or they're still working on, called [Baby's First Years](#), about the effects of providing funds to moms of low income who have newborns. That didn't make much difference, but the evidence that the quality of education children get both in school and out of school is critically important. A second is perhaps that peers really matter. I wrote about that early on because from my own teaching experience, I knew that my ability to teach effectively depended so much on the backgrounds of the students in front of me, and if there was one or two somewhat emotionally disturbed children, it took so much time to deal with them.

There was just much less time for instruction. Now, of course, peer groups has been a topic in sociology for a long time, but only really in the first 10 years or so, last 10 years or so, have economists taken that

on, but they have shown that in fact, having in your class an emotionally disturbed child has quite remarkable impacts on other children in the class, quite lasting impacts, so I think that's really important and that's critical to this whole idea of how you reward teachers and why I think merit pay has, which has a very long history. There's merit pay in the community in which I live in Newton, Massachusetts in the first decade of the 20th century, but when you recognize how schools work, how good schools work, you can understand why merit-based pay is not an effective strategy for improving schools. This is an issue in which my colleague and friend Rick Hanushek and I have been disagreeing for 40 years.

Orley Ashenfelter:

I assume this is because of the nature of cooperation that you want that you don't get if you have merit-based pay.

Richard Murnane:

That's right, and also the recognition that there are, first of all, whom you teach matters so much, and the potential for... If pay is going to depend upon, for example, test scores, there's so many opportunities to lobby to get the right kids and not get certain other kids. I can remember asking a teacher now 40 years ago, would it matter if, in terms of her teaching effectiveness, if there were two fewer children in the class, and her response was, "could I pick out the two who would leave?"

Orley Ashenfelter:

What did you tell her? Yes?

Richard Murnane:

Well, I think, that's the point.

Orley Ashenfelter:

I understand. Well, we're starting to come toward the end of our podcast, but I would like to ask you about something else you did. You've written a lot of papers with Frank Levy and one book, which I think may be...

Richard Murnane:

Two books.

Orley Ashenfelter:

Well, I was going to only talk about one, but if you want to talk about both of them, that's okay.

Richard Murnane:

Right.

Orley Ashenfelter:

Well, at least one that I found fascinating, which is this idea of trying to think through what... This is particularly relevant right now because of all the talk about AI and everything else, what skills are most important or will be most important for those that are trying to design educational systems? I think that's what you were grappling with. What did you learn?

Richard Murnane:

That's right. That was an enormous... That was Frank's and my first book [*Teaching the New Basic Skills*](#). We published it in 1996, I think. Of course, we learned that basic cognitive skills are critically important, being able to read, being able to do arithmetic, but of course that's not a surprise. We learned that in fact, that those skills had become more important. They were more important in the 1990s than they were in the 1970s, but of course, that's all pre-AI. What we also learned was the importance of being able to work productively with people from different backgrounds, people who didn't look like you. Along with the quantitative work Frank and I did we also did some, I guess what our colleagues would call qualitative work, although basically it was talking to people in organizations. We did a case study at Honda of America located in Marysville, Ohio. This was in the 1990s. This was a high wage employer in the time in which high school graduates were not doing well, so they could be very selective in whom they hired, and the question was how did they go about deciding whom to hire?

Orley Ashenfelter:

This is especially interesting for... I actually visited that plant. Yeah, it was a greenfield plant probably when you went there.

Richard Murnane:

It was.

Orley Ashenfelter:

Go ahead now, tell us what you learned.

Richard Murnane:

So, what we learned, of course, is not surprisingly, the first things they do is they check on drugs, on previous employment, those kinds of things that everybody did as there were many, many screens that they didn't cost very much to implement. But the last step, which was quite costly, was for candidates who made it through these early stages, they had them work in groups at a group task that could not be done by an individual. So, it might be such as putting up a tent. If you ever tried to do that, it's very, very hard to do by yourself.

Orley Ashenfelter:

Especially if it was windy.

Richard Murnane:

Exactly, and they had trained observers who would watch, and a critical feature of the assessment was how well individuals were able to work productively with people from different backgrounds, how well they were able to engage them, and that played a key role in determining whom they hired.

Orley Ashenfelter:

Fascinating. I actually visited there because they didn't want a union, and they had a very elaborate system of arbitration, which didn't require them to have a union to represent the workers involved. It was sort of like a jury trial, a very innovative system that they had adopted. Quite remarkable. I don't

know if that plant still operates the way it used to or not. I also remember they had sushi in the cafeteria.

Richard Murnane:

Do you have time for one more story?

Orley Ashenfelter:

Sure.

Richard Murnane:

Well, another case study we did that was actually for the second book. We also learned.... We studied how the introduction of technological change in dealing with checks processing affected skill demands in a large bank. So, we did this work, typically field work, being at this bank from 10 at night, two in the morning when all the checks came in from the ATMs, and it used to be they were all processed by hand, and so they had then the question is that about three percent of the checks have problems. They're overdrafts; they're fraud; they're not signed; and they had an army of people who worked with these paper checks to deal with them. One person dealt with no signatures. One person dealt with fraud. Well, then they introduced technology where they took pictures of the checks and they just dealt with the images, and that had just a dramatic impact on the skills that they needed for the people who handle these exceptions because instead of having it be all silos, they wanted people to handle all the problems for a bunch of checks, and that required computer skills, but that wasn't what was hard to teach.

What was hard to teach was an understanding of the whole system, and that led them to move to better educated employees.

Orley Ashenfelter:

Isn't that interesting? Fascinating. That's just been wonderful to talk to you about this, but I hadn't quite realized there was such a coherent theme to a lot of your work associated with cooperation and things related to it, which of course is a fascinating aspect of all of economics.

Richard Murnane:

Thank you for talking with me. I very much enjoyed this.

Orley Ashenfelter:

Well, I thought it was wonderful too. Our guest today has been [Richard Murnane](#), Thompson Professor of Education at the [Harvard Graduate School of Education](#). 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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