

## Interview of Elizabeth Bailey

by Robert Willig

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*In your career you have held so many different important positions and played so many different roles. You have been a typist, a computer programmer, a PhD student, a newly minted PhD researcher, a department head (and my boss) at Bell Laboratories, the Presidentially appointed Vice Chair of the Civil Aeronautics Board, the Dean of a major business school (at Carnegie Mellon University), a chaired Professor of Business and Public Policy at the Wharton School, Member of the Boards of Directors of several Fortune 500 corporations, Member of the Board of Directors of TIAA-CREF, Chairman of the Board of Directors of the NBER, and many other posts and positions. Yet many say that you really have been no different in your persona in any of these jobs. What is your perception of the various important roles you have played, particularly in terms of how you felt in them and what sides of you were particularly exercised?*

It is true that I have displayed in many ways a consistent persona in my different career positions. I have always felt an enthusiasm for my work and have always enjoyed being a creative problem-solver, whether as a researcher or as an administrator. I have been able to attract good colleagues, and then have become an advocate for them. What I remember most is the energy and excitement I experienced in the process of creating new ideas and institutional changes.

Much of my work has been underpinned by strong intellectual foundations. At Bell Laboratories, I helped build an economic research group that could answer questions about multi-product natural monopoly and its economies of scale and scope. We also opined about distortions caused by then-existing regulatory practices. This group of scholars included you, John Panzar and Marty Perry, as well as other colleagues such as Gerry Faulhaber. This entire group went on to have distinguished careers in academia.

When I started at the Civil Aeronautics Board (CAB), the job was to free the airline industry from the tentacles of restrictive government regulation. A year later in 1978, the newly invigorated Board played an important role in Congress' passage of the historic Airline Deregulation Act. Shortly thereafter, the father of deregulation, Chairman Alfred Kahn, went on to another position in the administration, leaving me as the only economist serving on the Board. Over the next year, we realized that passage of the Act was the beginning and not the end of deregulation. A marvelous team of economists and lawyers was brought together to help rethink a wide array of regulations and to address the host of public policy issues that remained after the Act was passed.

*Did you find yourself as much of a mentor to those (both men and women) around you in all of your professional jobs?*

I have had the ability to work closely with a wide array of economists, and to be both a mentor and colleague to the same person at the same time. The perceptions of my colleagues, as expressed at my recent retirement luncheon, are that I have served as a catalyst in advancing their own agendas and have asked good questions that have furthered their research careers. This mentoring and collaborating was focused mainly on male colleagues, particularly early in my career at Bell Laboratories and the CAB.

When working with both male and female Ph.D. students at Wharton, I have attempted to 'deconstruct' the research process. My goal has been to illustrate how simple economic insights can be expanded and formalized through discussion and collaboration, ultimately forming something stronger than the original idea. To doctoral students overwhelmed with the study of classic papers, the idea was to make the research process appear approachable and achievable.

When mentoring women, I have tried to be a continuing source of encouragement regarding the balance of work and family. It is a particularly difficult balance for women whose family is arriving during their years as an Assistant Professor, such as Lisa George from Wharton, now a tenured professor at Hunter and Kathryn Shaw from Carnegie-Mellon, now a chaired professor at Stanford.

An example of long-distance mentoring was given by Nancy Rose at my CSWEP Award luncheon in January 2010. She recalled a 1986 handwritten note from me that states: "I very much enjoyed the paper you published in last Fall's RAND Journal, and have been citing it ever since. . ." Following this were comments on a working paper she had sent me and a description of my own recent papers. Nancy found it notable that I found time for both my own research and reaching out to a new assistant professor at MIT, while serving as Dean of the Graduate School of Industrial Administration at Carnegie-Mellon.

*Were you struck by the paucity of women in jobs near yours in many of your professional roles?*

The paucity of women has been more of an issue in the corporate roles I have served than in academia. As a new research head at Bell Laboratories, I was invited to a meeting of several hundred department heads. There was perhaps one other woman in the room. A male executive director approached me to say I should be sitting in the back (not the front) of the room as he assumed my role was as a note-taker for the meeting!

As a Corporate Director, serving over time on Fortune 500 Boards, I have often been the only woman on the Board. It has been a pleasure to see more and more senior managers, including especially general counsels, who are women. TIAA/CREF in particular has been marvelous in its diversity, both at the Board and senior manager levels.

*Did you find yourself forming alliances with the scarce women around you in some of your jobs?*

One successful alliance with other women was on the Princeton University Board of Trustees. I was one of a group of women trustees who collaborated on presenting the case for Eunice Kennedy Shriver to receive an honorary degree for her role in the Special Olympics.

I have also successfully co-authored with a number of women, most notably the late Ann Fetter Friedlander of MIT, and Constance Helfat who is now at Dartmouth.

*You are famous, among other things, for being the first female Dean of a major business school. Do you keep track of such events, and do you see substantial changes in the roles of women in the work places you have inhabited?*

As CSWEP chair in the early 1980s, I was struck by the small progress that had been made in the rise of women economists to the rank of full professor in the top research universities. That is still true for the most part today, although most research universities now have a few such women (as opposed to none in the earlier period). Recently, two different women (Susan Athey and Esther Duflo) have been named as winners of the American Economic Association's John Bates Clark Medal. The number of women rising to Dean and President positions at top research universities has also increased – today, for example, Penn (Amy Gutmann), Princeton (Shirley Tilghman), Harvard (Drew Faust) and MIT (Susan Hockfield) boast of women presidents, versus only Chicago (Hanna Gray) in earlier times. Yale has a woman dean (Sharon Oster) of its School of Organization and Management. So, there has been significant progress.

*In your work as a director on boards of many kinds, did you feel like a token or an ornament, or like a fully participating member? Was it a struggle to secure the attention and professional regard of your fellow members?*

Corporate Boards value diversity. One or two of the typically ten to twelve directors tend to be current or former managers from academia or government. Such directors tend to be particularly valuable for making suggestions in areas such as public policy toward business, economics and international policy, or human resource policy. The most valuable members in terms of many business issues are often current or former CEOs of business firms of comparable size and complexity. Boards work by directors posing questions, and over time each director tends to get valued through his or her questions in areas of their expertise. It is interesting to me that the Board leadership role of presiding director is often filled by individuals with a background as a University president or cabinet level administrator.

*I have heard several different renditions of the classic story of how you persuaded Bell Laboratories to move you from your initial jobs there to a fully supported PhD student in Economics at Princeton, and soon after to the post of Head of the Department of Economics Research. Could you take a few moments to let us know the true story for the record?*

Bell Laboratories had a history of supporting education. Most members of the technical staff were hired directly out of college and immediately sent to get a Master's Degree in a relevant field. Bell's funding of Ph.D.'s was rarer. In economics, it was viewed as the best start-up strategy to "grow your own." So, all employees with an undergraduate major in economics were contacted and asked whether or not they were willing to spend a summer looking into economic regulation issues. I volunteered. It was not easy for the Bell Labs management to accept the prospect of a female computer programming employee publicly theorizing about regulated firms like AT&T engaging in inefficient economic behavior due to regulatory distorted incentives. There was a three-person Council of Economic Advisors at AT&T consisting of William Baumol, Alfred Kahn, and Otto Eckstein. I gave them a presentation at the end of the summer on rate-of-return regulatory distortions, and when they endorsed my work, the Labs management took the high road and encouraged me to study for a Ph.D. When I decided to apply to Princeton's Ph.D. program in Economics the next year, William Baumol (its head) was willing to admit me, based on my earlier work at Bell Labs, which evolved into my dissertation and a subsequent monograph. He and Alfred Kahn turned out to be two of my strongest mentors and supporters throughout my lifetime. I returned to the Labs and was treated exceptionally well as one of the very few female Heads of a research department.

*Tell us about the "Buck stops here" story.*

When I left Bell Labs for the CAB, I took with me a sign for my new desk that supposedly said "The buck stops here" on one side, and "P=MC" on the other side. I explained that I would often put "The buck stops here" facing my office guest to show off my political resolve, while putting "P=MC" facing inward to remind myself to do what my economics training taught me was right. On other occasions, I would put "P=MC" facing out to confuse and disarm my visitors, while facing "The buck stops here" inward to remind myself that the real responsibility was indeed my own. The only part of this story that needs modification is that instead of "The buck stops here," that sign actually read "I'm Tougher Than I Look." That phrase was used by me at my Senate confirmation hearings to explain why my appointment by President Jimmy Carter would work. The comment broke the ice with then-Senator Ted Stevens from Alaska, and he laughed and said that his wife also was tougher than she looked.

*What are some of your career "greatest hits" in terms of accomplishments or just satisfactions? And, by the way, do these correspond to what you regard as your professional legacy?*

One of my "greatest hits" was helping to start the "Harbor School for Learning Disabilities" for my handicapped son, James. This effort put me in touch with a group of men and women involved in challenging social and human endeavors. I have valued such individuals all my life, including those with whom I served on the Board of Bancroft NeuroHealth. In intellectual and life contributions,

my second son, Bill, has been awarded dazzling patents, has parented wonderful children and is a greatest hit for me as a mother.

Several “greatest hits” involve economics. The most recent is the selection of Jim Poterba to be the new President of the National Bureau of Economics Research (NBER) during the period when I served as Chair.

Another economic “greatest hit” was helping to start and guide the Bell Labs economics research group, as I have already described. This hit includes my best research papers with co-authors Will Baumol, Bobby Willig and John Panzar.

Another economic and institutional ‘greatest hit’ was the work I did at the Civil Aeronautics Board with Alfred Kahn and many others, including Michael Levine, Dan Kaplan and David Kirstein.

Finally, I have found my service as Dean at Carnegie-Mellon and long term department Chair at Wharton to be immensely rewarding, as has been my service on Corporate Boards.

*Thank you very much for sharing these reflections with me, especially since you are so busy now with the logistics of retiring from Wharton and relocating.*

You're welcome, and thank you because it is really a pleasure to have the opportunity to share with you and the readers. My last thought to share is the coming challenge of enjoying work just as much in retirement as ever !