

WALTER Y. OI:
REFLECTIONS ON HIS CAREER AND HIS LEGACY

When discussing Walter Oi's career and his legacy, the first thing that must be recognized is that there is an important folklore component. As with all folklore, it is a bit difficult to check the actual data but, in substantial ways, the accuracy may be somewhat irrelevant. I was asked to provide some reflections about the scope of Walter's career, a task which clearly takes me beyond my own personal observations. Therefore, I am forced in part to rely on the lore, and, indeed, my remarks will be heavily weighted toward the Rochester component of that lore that started with his arrival at the Graduate School of Management in 1967 and continued through his move to the Economics Department in 1975.

A summary statement of Walter's career is how others identify his research interests and contributions. Labor economists think of him as a labor economist; industrial organization scholars think of him as working in IO; defense analysts think of him in defense economics; transportation economists think of him in transportation. This seems highly unusual. It is more typical, when somebody works in as many areas as Walter has, for everybody to presume that the person's real forte is in some area other than one's own. This unusual positive correlation for Walter reflects simply the importance of his contributions in each subarea. (The one place where this does not seem to be the case is agricultural economics, owing to his reputed insensitivity to different kinds of cows while at Iowa State.)

There is an easy element to reviewing his work. Not much has to be said about anything because most of his work is so well-recognized. For example, just giving the title, "Labor as a Quasi-Fixed Factor" (JPE, December 1962), is sufficient to fix the ideas in everybody's mind.

Given that, I think one aspect of my task is to point out relationships that might not be immediately obvious. I think, for example, of his own experiments in applied marketing. One of Walter's first professional pieces was the definitive work on baseball attendance, relied upon by Ralph Andreano in his book No Joy in Mudville. The reaction to this piece, entitled "Baseball Attendance: Correlation Matrix and Cross-Sectional Correlations," led Walter to realize that some changes in packaging were necessary. This undoubtedly led to "A Disneyland Dilemma:

Two-part Tariffs for a Mickey Mouse Monopoly," a much more successful piece.

Another relationship that deserves attention is the seriousness with which he takes his professional work and specifically the linkages to his own behavior. There are many instances that I could point out here. As most of you know, Walter has worked intensively on transportation policy, starting during his time at Northwestern's Transportation Center. This led to four books on various aspects of transportation policy.¹ It also led to his paper on optimal residential location in the Gregg Lewis volume (JPE, August 1976, Pt. II). Having worked through all of the details of the consumer's problem gave Walter certain insights when looking for his first house in Rochester. Upon looking at a house that faced directly onto a funeral parlor, it was immediately evident to Walter that the average person would be more bothered by looking out at this funeral home than he would and that he could therefore capitalize on the compensating discount.

A second example of the application of his professional work to his behavior has actually been important in my own training. Walter has done a wide variety of analyses of the efficient operation of firms, including how various agency problems can be worked out. The direct application of this analysis is found in the running of Rochester's economics department, which Walter did between 1976-1982. Among the legacy when I took over as department chairman from Walter was methods for efficiently using the capital stock. With each cup of coffee that Walter had during the day, he took the opportunity to collect data on how many people were in with their doors open. After compiling sufficiently large samples, Walter noted that one of his senior colleagues made little use of his office and proposed simply that the capital stock would be more fully used if somebody (presumably with a different within-day pattern of work) shared this person's office. This appears to be a direct recommendation flowing from his work on slack capacity (AER, May 1981). (I should note, particularly given the small number of senior faculty in our department and thus your ability to infer who was set to share offices, that our colleague was actually in the library completing a book manuscript. The efficiency

¹The Economic Value of the United States Merchant Marine (with A.R. Ferguson, E.M. Lerner, J.S. McGee, L. Rapping, and S.P. Sobotka), 1961; An Analysis of Urban Travel Demands (with P.W. Suldiner), 1962; Economics of Private Truck Transportation (with A.P. Hurter), 1965; and, Demand Analysis for Air Travel by Super-sonic Transport (with N.S. Asher, W.F. Beazer, W.A. Cox, and R.F. Muth), 1966.

point, therefore, is still correct, but you should not leap to any conclusions about the conscientiousness of our senior faculty.)

Another aspect of Walter's career and behavior that is obvious to everybody dealing with him is his incredibly high standards. A clear example is found in his article on the economics of academic tenure and how universities should deal with extensions and removal of mandatory retirement laws (Science, December 21, 1979). Published at age 50 but anticipating that it did not and was unlikely to apply to him, the article described how universities could write contracts to deal with the declining productivity and subsequent overpayment of his older colleagues. His standards also enter in what is expected of his students. Again, as part of the Rochester folklore, there are two stories which indicate the importance of standards. The first is the simple fact that acceptance of a Ph.D. student's main thesis chapter by the JPE is not sufficient to imply that a thesis is ready to defend. The second is the notation on an undergraduate term paper submitted to Walter: "Very good paper--this is publishable, B."

Another way of looking at Walter's career is that it follows what I would call the "classical model" for economists. With few exceptions, his work is motivated by important economic and social problems, frequently ones directly related to public policy. He has done much to show that economics has important things to say about public policy issues. This conclusion flows from his activities in many areas: the time he spent with the Gates Commission on the Volunteer Military (New Individualist Review, Spring 1967; AER, 1967); his writings on product and industrial safety (Bell Journal of Economics and Management Science, Spring 1973; Law and Contemporary Problems, Summer/Autumn 1974; Regulation, Nov./Dec. 1977); and his modeling and analysis of comparable worth ideas (Contemporary Policy Issues, April 1986). There are, of course, a few things that do not fit, such as his analysis of k-class estimators (IER, February 1969) or his forays into Soviet collective farms (AER, March 1968), but these are exceptions in his career.

While I think that I can put much of Walter's behavior and performance into a larger model, I end with two puzzles. The first is one that I believe may already have been observed by those who have attended seminars and conferences with Walter. Let me set the scene. The seminar is lagging a bit, and the speaker is off writing down things in a particularly obscure notation. Suddenly there is an abrupt, high-pitched dog snore that permeates the room. The puzzle relates to the fact that this observation

comes separately from each of Walter's dogs: Genie, Karl, and Gail. What is the mechanism that leads to such flawless timing? The second puzzle derives from the fact that Walter always has one of the undergraduate economics majors as his reader. How is it that his reader is always the best-looking female among all of the economics majors?

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