

Inaugural Fellows Lecture

Society of Labor Economists
May 3, 2014

Walter Y. Oi
1929-2013



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Dale T. Mortensen
1939-2014



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The SOLE Executive Board noted with sorrow the passing of two Fellows, Walter Oi and Dale Mortensen, since we last met. The Executive Board officially named the Saturday luncheon lecture at these meetings the “Fellows Lecture” as a tribute to the legacy of these stellar economists with the intention of creating an annual opportunity to pay tribute to Fellows who passed away during the previous year. We will, therefore, begin the inaugural Fellows Lecture with a memorial.

Walter Oi, his guide dogs Genie, Karl, Gail, Blondie, and Rosellen, and usually his wife Marjorie were fixtures at gatherings of labor economists, including the SOLE meetings, for more than 50 years. In 2007 Walter was named the first, and only, Distinguished Fellow of the Society. He was the Elmer B. Milliman Professor of Economics at Rochester University, where he taught generations of labor economists and confronted many of us with his famous peppering of questions when we presented papers there. [go off script: story about presenting AKM at Rochester] Walter is best known, especially among economists old enough to remember the Vietnam War, as the person most responsible for convincing President Richard Nixon's Commission on an All-Volunteer Armed Force in the early 1970s to abolish

the draft. The commission, on which Walter served as the staff economist, was not only influenced by Walter's seminal work on the true social cost of conscription, it also relied heavily on his methods and recommendations for setting the compensation and terms of employment for volunteer soldiers. There are many lessons from this work that are still relevant, both for the regular armed forces and for the reserves. Walter's work on labor demand, the firm-size wage differential, and employment disabilities remains an important part of the modern labor economist's toolkit. He will be deeply missed.

Dale Mortensen was the Board of Trustees Professor of Economics at Northwestern University. The 2010 winner of Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel, along with Peter Diamond and Christopher Pissarides, Dale's pioneering work on search frictions in the labor market transformed the way we think about wage determination and the macroeconomic determinants of employment and unemployment. The DMP model, via its explanation of the role of the reservation wage and match function in determining search outcomes, has become the standard tool for analyses of unemployment benefits, job vacancies, wage

dynamics, and a host of other questions central to the study of labor economics. Dale has many former students in the Society. All of them, as well as all of us who knew him, will remember him as a colleague who was generous with his compliments when he admired your work and gracious in criticisms when he thought you could do better. [go off script: story about the seminar and lunch at Aarhus on October 11, 2010] We will all cherish our memories of Dale.

And now, to the first Fellows Lecture.

The Bureau of Labor Statistics is a pillar of the American statistical system and the envy of many of its sister organizations around the world. It is known for its professional leadership, methodological strength, bedrock integrity, and fundamental willingness to continuously improve the data that it provides about the American labor market. Its Commissioners have often come from our ranks, and we are fortunate to have two of them with us today. Katharine Abraham, the Commissioner from 1993 to 2001 will deliver the Fellows Lecture. Erica Groshen, the current Commissioner, has graciously agreed to introduce Katharine. I have known both of them since they were graduate students at

Harvard in the 1980s. It is my great pleasure now to welcome Erica Groshen to introduce Katharine Abraham.