



EJW

ECON JOURNAL WATCH
Scholarly Comments on
Academic Economics

Dale T. Mortensen [Ideological Profiles of the Economics Laureates]

Daniel B. Klein, Ryan Daza, and Hannah Mead

Econ Journal Watch 10(3), September 2013: 493-496

Abstract

Dale T. Mortensen is among the 71 individuals who were awarded the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel between 1969 and 2012. This ideological profile is part of the project called “The Ideological Migration of the Economics Laureates,” which fills [the September 2013 issue of *Econ Journal Watch*](#).

Keywords

Classical liberalism, economists, Nobel Prize in economics, ideology, ideological migration, intellectual biography.

JEL classification

A11, A13, B2, B3

Link to this document

http://econjwatch.org/file_download/751/MortensenIPEL.pdf

- Modigliani, Franco, and Merton H. Miller.** 1963. Corporate Income Taxes and the Cost of Capital: A Correction. *American Economic Review* 53(3): 433-443.
- Mongioli, Gary.** 2011. Keynesian Economics and Socialism. Working paper.
- Parisi, Daniela.** 2005. Five Italian Articles Written by the Young Franco Modigliani (1937–1938). *Rivista Internazionale di Scienze Sociali* 113(4): 555-557.
- Parisi, Daniela.** 2007. Preface to *The Crisis of the Economic System, Political Prices and Autarky: Five Early Works (Rome 1937–1938)* by Franco Modigliani, ed. Parisi. Milan: Vita e Pensiero.
- Puttaswamaiah, K.,** ed. 2009. *Franco Modigliani: Peerless Twentieth-century Macroeconomist*. Enfield, N.H.: Isle Publishing Co. [Link](#)
- Ramrattan, Lall, and Michael Szenberg.** 2004. Franco Modigliani: 1918–2003, In Memoriam. *American Economist* 48(1): 3-8.
- Rothschild, Kurt W.** 2004. The End of an Era: The Austrian *Zeitschrift für Nationalökonomie* in the Interwar Period. In *Political Events and Economic Ideas*, eds. Ingo Barends, Volker Caspari, and Bertram Schefold, 247-260. Cheltenham, UK: Edward Elgar.
- Sutch, Richard.** 2008. Modigliani, Franco (1918–2003). In *The New Palgrave Dictionary of Economics*, 2nd ed., eds. Steven N. Durlauf and Lawrence E. Blume. Basingstoke, UK: Palgrave Macmillan. [Link](#)
- Szenberg, Michael, and Lall Ramrattan.** 2008. *Franco Modigliani: A Mind That Never Rests*. New York: Palgrave Macmillan.
- Uchitelle, Louis.** 2003. Franco Modigliani, 85, Nobel-Winning Economist, Dies. *New York Times*, September 26. [Link](#)

Dale T. Mortensen

by Daniel B. Klein, Ryan Daza, and Hannah Mead

Born and raised in Oregon, Dale Mortensen (1939–) went to Willamette University, studying economics and mathematics to “combine my interest in analytical problem solving with a concern for social issues” (Mortensen 2011). Mortensen reflects on his childhood:

My parents, as one of a few with any advanced education among the fruit growers and loggers of the [Hood River] valley, entertained the intellectuals of their community, their colleagues of like mind, the local school teachers, and a few eccentrics. I grew up listening to my father argue politics into the night and taking trips every Saturday to the

ECON JOURNAL WATCH

Hood River library where my mother maintained her interest in reading and encouraged the same from her sons. (Mortensen 2011)

On his academic development:

I was a good student with mathematical ability and interests. As such, I took the usual college preparatory program in high school for one looking to become an engineer, all the available courses in mathematics and science. In my last two years of high school and all through college, I also used these skills in summers as an assistant to my father who managed the forest holding of a local timber company, a job that included assisting in surveying the company's land, cruising its timber, and designing the roads used in the logging operations. I was also "well rounded" in the sense of that cliché in the 1950s. I had participated in boy scouts and 4H while in elementary school, had a bass baritone voice which I used in school and church choirs until 15 years ago, dabbled with acting and musical theater in both high school and college, and lettered three years as a member of the varsity football team of Wy'east High School, the new combined high school that served the valley students. . . .

In my last year at Wy'east, I became interested in American social history of the late 19th and early 20th centuries and the related literature, much of which concerned the industrialization of America. My grandfathers had been immigrants in the period; one had done reasonably well but the other lost his wife to tuberculosis in the twenties and his farm to the Depression of the thirties. From Sinclair Lewis, Hemingway, Faulkner and Upton Sinclair as well as the stories that my father's friends told about their experiences, I expanded my knowledge of the human condition during this period. From the progressive historians of the early twentieth century, I formed my own picture of the industrialization that had transformed the country at that time and developed an understanding of how it had affected the lives of my elders for both better and worse. By the end of my senior year in high school, I faced a dilemma . . . how could I combine my interest in analytical problem solving with a concern for social issues?

A high school friend . . . told me about his economics professor at Willamette University, Richard Gillis, who had inspired him in his first year at university. By chance, I had also found at the Hood River Library *The Theory of Games and Economic Behavior* by von Neumann and Morgenstern, the seminal text on what was to become game theory as

well as a major application of mathematics to social analysis. I realized that economics was a possible way to combine my two principal interests. The next year I enrolled in Willamette as the beneficiary of a full tuition scholarship, majored in economics and mathematics, and ended up as one of...the senior assistants to Professor Richard Gillis in my senior year. (Mortensen 2011)

After earning his bachelor's, he went for his Ph.D. to the Carnegie Institute of Technology (now Carnegie-Mellon). While working on his thesis, Mortensen was hired by Northwestern University, where he has been since. He was awarded the 2010 Nobel Prize in economics, along with Peter Diamond and Christopher Pissarides "for their analysis of markets with search frictions."

Mortensen's Nobel-winning work applied search theory to labor markets and unemployment. Upon receiving the prize, Mortensen summarized his research in a sentence: "It takes time for workers to find jobs and for employers to find workers" (quoted in Tremmel 2010). In their noted joint work, Mortensen and Pissarides (1994) found that unemployment spikes can lead to a vicious cycle, as Tyler Cowen explains:

The key point in this paper is to show how unexploited gains from trade can persist in labor markets. ... One way of putting the point is that negative shocks alter search behavior by both workers and employers and so fewer favorable matches come about. In particular, the rate of job destruction is extremely high. There is also an asymmetry between job creation and job destruction.... (Cowen 2010)

Mortensen has taken insights derived from his research on unemployment into other areas. After he showed that matching theory also applied to "the marriage market," other researchers tried to figure out how couples choose each other; they found that spouses often have similar levels of education. Matching analysis also sheds light on the housing market, as houses are heterogeneous and have important attributes that are hard to quantify (Mortensen 2010b).

Mortensen does not talk much about his political ideology; our guess is that his ideological outlook is, in the American context, establishment-left.

In an interview, Mortensen said that his models "help one analyze the impact of different policies on jobs once all the proper data are entered. That way, policies can be tweaked to achieve the right mix for better job growth" (Mortensen 2010b). Asked in another interview about creative destruction of agricultural jobs, Mortensen said, "Even though there may be economic gains there are social costs and governments should try to cushion some of those costs" (Mortensen 2010a).

When asked about the absence of unemployment benefits in India, Mortensen answered, “Having social nets seems to be an eventual outcome of development,” adding, “In the meantime, it would appear that the way to make labor markets and everything else in India more efficient is to improve the infrastructure—communication, transportation and the institutions of exchange” (Mortensen 2010a).

References

- Cowen, Tyler.** 2010. Dale T. Mortensen. *Marginal Revolution*, October 11. [Link](#)
- Mortensen, Dale T.** 2010a. It’s an Unfair World [interview by Sujata Srinivasan]. *Forbes India*, November 9. [Link](#)
- Mortensen, Dale T.** 2010b. Reviving America’s Animal Spirits [interview by Jonathan R. Laing]. *Barron’s*, December 24. [Link](#)
- Mortensen, Dale T.** 2011. Autobiography. In *Les Prix Nobel: The Nobel Prizes 2010*, ed. Karl Grandin. Stockholm: Nobel Foundation. [Link](#)
- Mortensen, Dale T., and Christopher A. Pissarides.** 1994. Job Creation and Job Destruction in the Theory of Unemployment. *Review of Economic Studies* 61: 397-415.
- Neumann, John von, and Oskar Morgenstern.** 1944. *Theory of Games and Economic Behavior*. Princeton, N.J.: Princeton University Press.
- Tremmel, Pat Vaughan.** 2010. Dale Mortensen Wins Nobel Prize. *Northwestern University News*, October 11. [Link](#)

Robert A. Mundell

by Daniel B. Klein, Ryan Daza, and Hannah Mead

Robert Mundell (1932–) attended the University of British Columbia and the University of Washington for his undergraduate studies. Mundell remembers: “During World War II, my father, who was in the army, kept maps of the war theaters on our kitchen wall, and I kept up that interest in high school. I remember particularly being appalled by the Soviet occupation of Eastern Europe. It seemed to me as I entered college that the major problems in the world concerned international relations—especially with the Soviet Union—and living standards. So I studied Russian and Slavonic Studies at UBC, along with economics, which gradually evolved into a deeper passion” (Mundell 2006, 89-90). While a student at