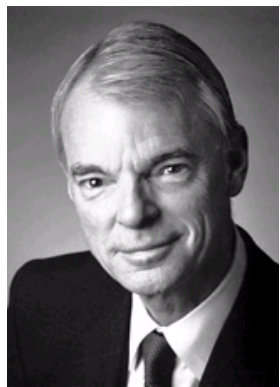




A. Michael Spence

The Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel 2001

Autobiography



Getting started

I was born during the second World War in Montclair New Jersey. This was more or less an accident (the location that is). My father was based in Ottawa as a member of the War Time Prices and Trades Board, the Canadian version of wartime price controls. That work entailed frequent trips to Washington to coordinate with their American counterparts. New Jersey is more or less half way between the two capitals and my mother was visiting friends. So although I grew up in Canada during and after the war until leaving for college in the United States, I managed to also be an American by birth.

My father once said about being a parent that it is the only thing you do that requires a very long period of learning and at about the time that you are becoming competent, you

don't need the skills anymore. Notwithstanding this modest assessment of their parenting skills, they were wonderful parents. My father was the son of the registrar of the University of Manitoba. He was an intellectual by instinct (he had a PhD from Northwestern University in Commerce and Finance) and in another time, might very well have chosen a career in academic life. I learned from him to love precision in thought, the power of abstraction and the use of symbols to capture structures and relationships. He was also a very good athlete and we spent a lot of time playing basketball, football, hockey, just about anything.




My mother was the only child of my grandparents, who lived in Minnesota at the time of her birth and later moved to Winnipeg. My grandfather was an engineer with the Canadian Pacific Railway. [For the younger generation, an engineer in those days was the person who drove the train.] My mother was strong-willed, demanding and very supportive all at the same time. I think I inherited from her a kind of tenacity (sometimes referred to as stubbornness) that served me well. It partially filled gaps when sheer intellectual horsepower (of which others had much more than I) proved insufficient.

The overall effect of my parents upbringing was to provide a great sense of security, being surrounded by love and affection, a great (perhaps too great) sense of self-confidence (there really weren't any challenges that were deemed beyond reach for any reason), and an equally great sense of intellectual adventure, a world populated by opportunities and challenges rather than obstacles and roadblocks. I don't have the professional expertise to know whether and how important these general frames of reference that one's parents impart, are. An amateur's guess based on my own experience is that they are important and I believe the sense of freedom and the confidence to try to use it were among our parents' greatest gifts to us.

I have included a time line that places events in my life and in my family's life generally in the right place and the right order. I hope that this has the advantage from the reader's point of view, that it is fairly easy to skim without using up much time, and also easy just to skip.

Education

Next to my family, it seems clear to me that the educational institutions and the teachers from whom I had the privilege of learning, were especially important. They were (i) excellent and (ii) a liberating force. In looking back, what is surprising is how uniformly true this was. My middle and high school in Canada, UTS, attached to the College of Education at the University of Toronto, was for my American friends, not dissimilar to the Lab School at the University of Chicago. It was then and it still is excellent in two respects. The teaching achieved a very high average quality and topped out in the superlative range, and the students were without question in the same league. This combination that I have now seen (and even presided over in academic administration) several times strikes me as particularly potent.

-  Printer Friendly
-  Comments & Questions
-  Tell a Friend

The 2001 Prize in:

Economics
 Prev. year Next year

The Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel 2001

- Press Release
- Advanced Information
- Information for the Public
- Presentation Speech

George A. Akerlof

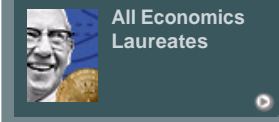
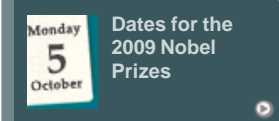
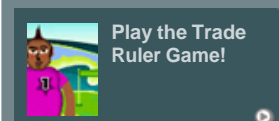
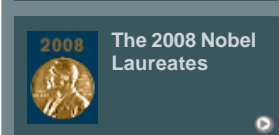
- Autobiography
- Prize Lecture
- Interview
- Diploma
- Photo Gallery
- Prize Presentation
- Banquet Speech
- Other Resources

A. Michael Spence

- Autobiography
- Prize Lecture
- Interview
- Diploma
- Photo Gallery
- Prize Presentation
- Other Resources

Joseph E. Stiglitz

- Autobiography
- Prize Lecture
- Interview
- Diploma
- Photo Gallery
- Prize Presentation
- Other Resources

-  All Economics Laureates
-  Monday 5 October Dates for the 2009 Nobel Prizes
-  Play the Trade Ruler Game!
-  2008 The 2008 Nobel Laureates

I would also add that all of the schools and universities I attended seemed to me to be excellent at the time and in measurable ways they are even better now. This is really very encouraging. The combination of a workable basic formula and the capacity to improve over time is what one hopes for in any aspect of society: business, government, the non-profit sector. Thus the pattern of excellence was repeated at Princeton, Oxford and Harvard. There are probably many reasons for the high standards and the continuous improvement. One is the healthy synergy between teaching and research - the excitement of the research is transmitted to the learning process, and the energy and curiosity of the students produces new ideas in research. A second is competition. All of these institutions have very successful competitors who, with the help of vigilant alumnae and alumni, keep them constantly on their toes.

Teachers, colleagues and students

Education is in the end about individual interactions and about learning. As someone who aspired to become a teacher and a scholar, it is hard for me now to imagine a better group of teachers and mentors and colleagues than those with whom I worked and learned.

The research side of academic life is often viewed from the outside as a solo and at times lonely activity. In fact it is quite the opposite, a communal activity in significant part where interaction and interchange generate ideas and critiques of them. The research for which we were recognized this year was part of an exciting time in which many helped build the applied microeconomic foundations of several applied fields. I personally owe a great debt to my colleagues and former students who were part of that effort. While it is not possible to acknowledge all those debts, there are many whose help was both generous and invaluable. Jim Rosse and Bruce Owen at Stanford in the 1970's helped me make the link between theory and industrial organization. Many of the problems that I had the opportunity to work on were the result of teaching and working side by side with them.

My thesis advisors are very different and very gifted. [Kenneth Arrow](#) taught me (and many others) mathematical economics and general equilibrium theory. When I took his course in general equilibrium theory, the take-home exam that I produced was lost. After a frightening phone call and a successful search for a copy, I rushed it in and waited while Ken read it, which he did (all twelve pages) at a rate of about 2 seconds a page. Now I have to say that there was a lot of mathematics on those pages. I just assumed that he wasn't really reading it, until he finished and then started asking me some detailed questions about the assumptions and analysis on page five. Describing Ken Arrow's contributions to economics in the second half of the 20th century would come quite close to just describing the evolution of economics during that period.

Tom Schelling, as all who studied with him knew, had an extraordinarily original mind. Unique in our experience was his capacity to analyze using carefully constructed analogies, with just the right number of similarities and differences. Many of my younger colleagues were motivated in the best possible way by normative and policy questions. I think I tended more to being just fascinated by how markets and mechanisms like them worked. A great deal of that interest and motivation came from hours spent with Tom Schelling. It could be tipping points, focal points, sorting out congestion on a beach with surfers and swimmers, deterrence. Schelling's curiosity seemed endless and his capacity to shed light remarkable.

Richard Zeckhauser saved me from exiting from academia prematurely, after perhaps too many years in classes and libraries. He started me teaching and tolerated with grace the first few embarrassing outings. I wrote my first paper with him on insurance markets, moral hazard and adverse selection. Richard's lightning quick mind was and is matched by the tremendous breadth of his interests and his intuitive grasp of complex phenomena. More than once I had the experience of having him tell me the answer to some complex market problem, my not completely understanding the answer, going away for a couple of weeks to try to capture it in a model, and deciding after that effort that he was right in the first place.

It is not uncommon for graduate students to be encouraged to pick something relatively safe or at least manageable as a thesis topic. Honestly, it is not bad advice. But I have to say that I never received advice like that, or if I did, I didn't hear it. In addition to their time and insight, I owe to my advisors their encouragement and support for grappling with the informational structure of markets, however risky that might have been.

I should like to acknowledge and thank Gilbert Harmon, Richard Ludwig and Robert Kuenne at Princeton University. They are largely responsible for my interest in philosophy and economics and for the interest I developed in trying scholarship and teaching as a career.

At UTS, Don Fawcett taught several generations of us about hard work, competing, winning and losing gracefully, and about the importance of trying to do something that makes a difference.

As one can tell from a glance at the autobiographical timeline, I have had two careers (first as teacher and scholar and then in academic administration) and with luck I am embarking on a third, though the last will in part be a return to the first. My colleagues and friends, Edward Lazear and Mark Wolfson have shared the excitement and the challenges

in all three, and enriched the whole experience in ways that are hard to describe accurately.

As an administrator, I had the privilege of working with two associate deans, Phyllis Keller at Harvard and Paul Johnson at Stanford. These two served with and trained several deans, and had a lot to do with the sustained excellence in their respective faculties and schools.

Derek Bok, the President of Harvard for over 20 years, gave me the chance to be a dean and then used his legendary skills as a leader and educator to help me become competent at my job. Whether he succeeded in this is for others to judge, but with his patience and wisdom, he taught me much that I value greatly.

Our family

It has always struck me as ironic and wonderful that the most important parts of life, one's family, the unconditional love for one's spouse and children and the joy of seeing children learn and grow to wonderful human beings, are exactly those things that one shares with all the rest of humanity. Monica and I have had a wonderful ten years together. Our children (Monica's step children) Graham, Catherine and Marya have thrived with the continued support of their mother, Ann Bennett Spence. We all hope that as they enter adulthood, that the world that they will live and work in has as much freedom and opportunity as the one we enjoyed.

The Nobel Prize

It is a wonderful and unexpected honor to receive the Bank of Sweden Prize in Economic Sciences in Memory of Alfred Nobel. Receiving this prize with Joseph Stiglitz and George Akerlof, whose work I have learned from and admired makes it even more gratifying. It was also very nice to see that Michael Rothschild's important contributions were recognized during Nobel week in December. And perhaps most importantly, it is a source of great satisfaction that the work on the informational structure of markets seems to have taken hold in microeconomics and that it has had some influence in other disciplines. The three of us, and many others, contributed to the development of this sub-field and all share in the recognition that goes with this extraordinary prize.

Michael Spence brief autobiography

Year

- | | | |
|------|--|---|
| 1943 | Born Montclair New Jersey | |
| 1944 | Brother Randy born in Ottawa | |
| 1945 | | |
| 1946 | Family moved to Winnipeg | |
| 1947 | | |
| 1948 | | |
| 1949 | | |
| 1950 | Moved to farm outside of Toronto - attended school in two room school house | |
| 1951 | | |
| 1952 | Moved to Toronto - attended John in Ross Robertson elementary school | Flunked first test in grammar grade 4 |
| 1953 | Brother Allan born | |
| 1954 | | Built houses on our island in Georgian Bay (north of Toronto) in summers with Father and brothers |
| 1955 | Attended University of Toronto Schools (part of U of Toronto) in grade 7 | |
| 1956 | | Played Pee Wee hockey for Ted's Pal's - 96 games - school suffered - chose school over hockey - never looked back |
| 1957 | | |
| 1958 | | |
| 1960 | | |
| 1961 | | Went to Europe for the first time - later took young people to Europe in the summers |
| 1962 | School Captain in last year in High School - Graduated from High School (UTS): went to Princeton University as a freshman - liberal arts not prevalent in Canada at the time | Met Cook family - roommate Steve, father Peter (portrait painter and freshman hockey coach) and mother Joan - became family friends |
| 1963 | | Randy comes to Princeton - family dog David (a female springer spaniel - don't ask) dies |

1964		Played ice hockey for Princeton for 4 years
1965	Brother Allan goes to UTS	
1966	Graduated from Princeton	Majored in philosophy - met Ann Bennett in last year - received Canadian Rhodes Scholarship - went to Magdalen College Oxford - decided to try an academic career with encouragement from parents
1967	Majored in Mathematics at Oxford	Randy graduated from Princeton - went on to a PhD at University of Toronto focussing on Economic Development
1968	Graduated from Oxford - entered PhD program in Economica at Harvard in the fall - supported by Danforth Fellowship	Married Ann Bennett - recovered from mononucleosis - spend summer in Georgian Bay
1969		The Vietnam War dominated the environment for all of the time I spent in the PhD
1970	Rapporteur in Faculty Seminar in Kennedy School - included my thesis advisors, Thomas Schelling, Richard Zeckhauser and Kenneth Arrow	Wonderful teachers and mentors - owe a particular debt also to Martin Feldstein for his mentorship at that time
1971	Began teaching analytic methods at the Kennedy School of Government at Harvard - it was one year old at the time	Summer spent at Berkeley in mathematical economics seminar - realized Andreu MasCollle knew more math than I
1972	Received PhD - received David A Wells prize for doctoral thesis	Wrote thesis call "Market Signaling" - seemed quite well received
1973	Moved to Stanford in the Economics Dept as Associate Professor - taught and did research in applied microeconomic theory and Industrial Organization	Ann enrolled in MBA at Stanford Business School - exciting group of young people in Economics - wonderful support from Bruce Owen and Jim Rosse getting into Industrial Organization - visited Brother Randy in East Africa in the summer
1974		
1975	Returned to Harvard Economics as Professor - began to teach graduate economic theory and undergraduate industrial organization using Michael Porter strategy cases -	Met Mike Porter
1976		Had two undergraduates in graduate theory course - Bill Gates and Steve Ballmer - both got A's
1977		
1978		
1979	Became a joint appointment in Economics and the Harvard Business School at Harvard - received Galbraith prize for teaching at Harvard	Son Graham born in the spring
1980		
1981		
1982	Received the John Bate's Clark medal from American Economic Association (given every two years to an economist under age 40)	Daughter Catherine born in January
1983	Became chairman of the Department of Economics at Harvard	
1984	President Derek Bok asked me to succeed Henry Rosovsky as Dean of the Faculty of Arts and Sciences - accepted - learned a lot from President Bok	Phyllis Keller as associate dean taught me how to be a dean - wonderful colleague and friend
1985		Daughter Marya born in March - I am learning how to be a dean in my first year
1986	Joined board of directors of Polaroid Corporation - Harvard celebrated its 350th anniversary -	My father died in the summer after a difficult struggle with dementia - I missed him a lot
1987		
1988		
1989		

1990	Stepped down as dean of FAS - Became Dean of the Graduate School of Business at Stanford University - succeeded Bob Jaedicke -	Family moved to California - joined by Mark Wolfson in dean's office - became very good friends
1991		Separated from Ann and later divorced in 1995
1992	Stanford gets into altercation with Government over Overhead cost recovery	Paul Johnson as associate dean for many years in the business school - wonderful colleague and later good friend - Took up windsurfing with good friend Ed Lazear who was nice enough to watch out for me
1993		Met Monica Cappuccini - later married in 1997
1994		Graham takes up golf - achieves handicap of 4 after 18 months
1995		Met Tom Siebel and joined board of Siebel Systems - his new company
1996		
1997		Monica and I are married in the summer - Graham graduates from Menlo School and heads for Princeton as a freshman - Monica and I take trip to Himalaya's in the fall
1998		
1999	Stepped down as dean of the business school at Stanford after 9 years - rejoined Mark Wolfson and his colleagues at Oak Hill Capital Partners -	Catherine graduated from Menlo School and headed for Columbia University as a freshman - visited Singapore as Lee Kwan Yew distinguished visitor
2000		Our mother made it to the new millenium and passed away peacefully on January 5. - developed and taught a new course in electronic commerce with colleague Garth Saloner - acquired a small condo on Maui in Hawaii
2001	Received word of receipt of Nobel Prize in October - family together for the award in December - a wonderful shared moment	Graham graduated from Princeton and I had my 35th reunion in June - almost a definition of aging. - brief bout with melanoma - successfully caught early thanks to a very alert dermatologist - Recia Blumenkranz

From [Les Prix Nobel](#). *The Nobel Prizes 2001*, Editor Tore Frängsmyr, [Nobel Foundation], Stockholm, 2002

This autobiography/biography was written at the time of the award and later published in the book series [Les Prix Nobel/Nobel Lectures](#). The information is sometimes updated with an addendum submitted by the Laureate. To cite this document, always state the source as shown above.

Copyright © The Nobel Foundation 2001