

Tunisia Honorary Speech, April 16, 2010, on Inauguration Day of New PhD program
at The University of La Manouba in Tunis, Tunisia

by William A. Barnett

I am honored to be asked to address your university on the occasion of the inauguration of your new PhD program. I am aware of the fact that you have an eminent faculty. I have been to your country, for which I have great respect. I am sure you know that America has warm feelings toward your country, and has, since your first president, Habib Bourguiba, met with President Kennedy and his wife long ago.

I shall not presume to present myself in a pretentious manner to your university. Instead, I should like to emphasize my age and experience and would like to tell you about my life's experience and why I feel you are making a move towards the best life style that exists in our world. While my current age of 68 has its disadvantages, it does provide a perspective that I did not have when younger. Yes, I am no longer as good at sports and athletics as I was when young, but I do now see why, over these many decades, I have moved toward the life style that I now have and that I recommend to all of you.

As an undergraduate, I was an engineering student at the Massachusetts Institute of Technology. At that time, America thought that the space race was its most important priority. It was believed that America was in a race with the Soviet Union to put a man on the moon. In retrospect, we now know that it was not true, and the Soviet Union did not have that objective in mind. But at the time, I thought I should join in on that venture. So when I graduated from MIT, I accepted a position in Los Angeles at Rocketdyne Division of North American Aviation, now part of Boeing Corp., to develop the rocket engines for the Apollo project to put a man on the moon. Although I had a Secret Security Clearance, the contracts were civilian, and the objectives seemed noble and exciting. For the first year, I found the work to be stimulating. I learned new things every day, and the challenges were formidable. In addition, since it was viewed as a priority of the country, the funds for the research and development were formidable. Although we were doing very high-tech research and development, perhaps the most innovative and challenging in the world at that time, I was an employee of a corporation. As is common in corporate work, I had learned much of my job after about a year. I had become a specialized expert. The initial challenge and excitement of the work gradually declined.

I could not see myself spending the rest of my life doing what I had already learned to do well, at the direction of the executives of the corporation. So I decided that perhaps in the long run I might be happier to become one of the firm's executives myself. As a result, I took a leave to get a Master's Degree in Business Administration from the University of California at Berkeley. It took me a year to complete that program and acquire that degree, and then to return to Rocketdyne. But when I returned, I was another person. The Vietnam War had expanded, and I had learned, while a student at Berkeley, that America's role in that war was something I should oppose. Although my work at Rocketdyne was entirely civilian and I had nothing to do with firm's military contracts, the corporation did have military contracts for weapons used in the Vietnam war, including military aircraft and intercontinental ballistic missiles. I was not at all comfortable about that association, and the nature of

my work at Rocketdyne on the space program became less and less satisfying to me as my opposition to that war grew.

I decided to get a PhD degree and change my life style to one in which I would have greater control over what I did. I studied at the University of Chicago and Carnegie Mellon University, while on leaves from Rocketdyne. But after completing my PhD degree in economics and statistics, I decided not to return to Rocketdyne. Two Washington organizations approached me about possible positions, while I was still a graduate student. One was the Central Intelligence Agency, which invited me to fly to its headquarters in Langley, Virginia for a job interview. I laughed and declined the interview. The other was the Board of Governors of the Federal Reserve System in Washington, DC, for a position in its elite research section, called the Special Studies Section. I took that position, moved to Washington, DC, and completed my PhD dissertation while at the Federal Reserve Board in Washington, DC. I was no longer a rocket scientist.

The Special Studies Section was an exceptional place, which unfortunately no longer exists. We were in the Watergate Building about 2 miles from the Board Building. We had remarkable independence, excellent resources, and the ability to choose our own research. My colleagues were outstanding people, and my research was very successful, with publications in the many of the best journals, including the *Journal of Political Economy*, the *Review of Economic Studies*, and *Econometrica*. In only a few years, I became well known within the economics profession and began receiving surprisingly good offers from universities. While the Special Studies Section of the Federal Reserve played an enormous role in the evolution of my research, I did feel like that my audience was in academia. While I was being funded entirely by the Federal Reserve, the recognition and influence of my work was in academia and academic journals rather than in Washington.

I accepted a position at the University of Texas at Austin. The position was as a Full Professor with tenure, and I soon received an endowed chair and an endowed research fellowship at that university. I was never an assistant professor or associate professor. I moved from Washington directly into an endowed full professorship with tenure. I had four offices, one in the Business School, one in the Economics Department, one on the 15th floor of the Texas tower, and one at a research institute at which I had private research funds. Culturally, the change was startling. I am originally a Bostonian, not a Texan. There is an old saying about the long distance between Boston and Austin. In some ways, Texas always seemed like a foreign country to me. In fact to this day, I feel more comfortable in Tunisia than in Texas. But it was at the University of Texas, where I really learned what I wanted to do with my life. For the first time, I felt like I had control over what I wanted to do and was appreciated for what I chose to do on my own. I had found the best life. My first three PhD students were Salam Fayyad, Seungmook Choi, and Jeong Ho Hahm. I worked closely with them on their research and have enjoyed watching the trajectories of their careers. Seungmook Choi became a full professor and department chair at the University of Nevada at Las Vegas; Jeong Ho Hahm became Director of Research at the Bank of Korea; and Salam Fayyad, my most famous former student, has become the current Prime Minister of the Palestinian Authority in Ramallah. Of course I have had many more PhD students since then, and I am proud of all of them.

Since then, I have been a professor at two other universities. I am founder and editor of the Cambridge University Press journal, *Macroeconomic Dynamics*, and the Emerald Press monograph series, *International Symposia in Economic Theory and Econometrics*. I have published, as author or editor, over 20 books and over 130 articles in professional journals. I am always busy. I work long hours, seven days a week. Why? Because I love it. At Rocketdyne, when I was being told what to do, eight hours a day for five days a week, my work was becoming more and more routine and less and less interesting. I looked forward to the weekends. The Federal Reserve position was enjoyable and valuable to me, but did constrain my independence and entrepreneurship. The idea of moving up the line in government never appealed to me, but that is the primary objective of economists working for governments and is their customary measure of success.

I founded the Cambridge University Press journal, *Macroeconomic Dynamics*, in 1997 as a means of creating a macroeconomics journal that values only science and not any particular political, regional, cultural, or methodological agenda. In macroeconomics that new focus seemed unusual, but as a former rocket scientist, I felt that there was merit to that objective. Now having over a decade of experience as an editor, I'd like to provide you with some background on how journals operate. Authors frequently are not familiar with the nature of an editor's job, so I shall share with you some information on how academic journals really work.

From the standpoint of an editor, the allocation of journal space among authors is a zero sum game. The annual allocation of journal pages to an editor from the publisher is fixed in advance, based upon the subscription rate charged to subscribers, especially institutional subscribers, mostly consisting of academic libraries. An editor cannot commit more annual pages to a journal than provided in the budget of the publisher at the start of the year. If an editor accepts and sends more than the budgeted number of pages to the publisher, the publisher cannot retroactively increase the subscription rate for that year. As a result, the longer the submitted paper, the higher is the probability of rejection. Remember that.

You also will need to choose the journals to which you submit. The oldest and most highly regarded journals have the highest submission rates and hence unavoidably the highest rejection rates. When I first started up *Macroeconomic Dynamics*, the rejection rate was 60%. Now it is 95%. Why have I not asked the publisher, Cambridge University Press, to increase the annual pages budget, so I could return to a 60% rejection rate? The reason is that the more pages budgeted per year, the higher the subscription rate the publisher will charge, and academic libraries are becoming increasingly resistant to high institutional submission rates. Hence with a growing submission rate and fixed annual budget for printed pages, I must keep the rejection rate high. I first recognized this, when the journal's queue for publication of accepted papers at Cambridge University Press rose to 2 ½ years. After having gone through the procedure of revisions and resubmissions and having finally received acceptances, the authors were very upset about having to wait for an addition 2 ½ years to see their papers in print. I had to increase the rejection rate to decrease the queue. I informed my Associate Editors, and they kept that in mind in dealing with referees and sending to me their recommendations. So who is it that deals with the growing submission rate from the expanding profession? It is the new journals that keep starting up to meet the demand.

In short, if you want fast turnaround time of a submission and a high probability of acceptance, submit to a relatively new journal. If you feel that you have something so important that it should be widely visible and may be able to survive an extremely selective review process, submit to an established journal, such as *Macroeconomic Dynamics*, and be prepared for a difficult and slow process with high rejection risk.

Once you have submitted, there are various possible outcomes. One such possibility is a rapid rejection by the editor without refereeing. If that happens, do not dispute it. Submit elsewhere. Such “screening out” decisions by an editor are in the best interests of the author. If an editor does that, you are being informed that you have submitted to the wrong journal and your odds of acceptance, if the paper is sent out to referees, are extremely low and could delay your ability to submit to a suitable journal for many months, with eventual outcome that almost surely will distress you. The editor did you a favor by sparing you that delay and aggravation.

Alternatively, your paper may get through the initial screening, and be sent out to referees; but you might subsequently receive a rejection along with two negative referee reports and a negative recommendation from an Associate Editor. Do not dispute the decision. You have no leverage and no chance of reversing the decision, when all reports are negative. Alternatively, it is possible that you might get mixed reports, including one positive and one negative report, but a rejection from the editor. In such cases, do nothing for a couple of weeks until you cool off, since you likely initially will be angry. Two weeks later, read the reports again and think about whether you might be able to satisfy the negative referee with a revised draft. If so, dispute the decision as follows. Emphasize the positive report, and explain how you think you could satisfy the negative referee. The editor might permit you to try. But keep in mind that your revised draft will go back to the same referees along with anything and everything you have said to the editor. If you say anything insulting about the negative referee, the associate editor, or the editor, all will see what you have said. Your paper will be delayed in a slow process, you will get new reports, and they will most likely be far more negative than what you first received. To be able to turn around a negative decision, you must be very diplomatic, and you must be able to deliver on what you promise. If you do not believe that you can satisfy the negative referee with a revised draft, do not try. Instead, immediately submit to a different journal, after using the comments you got from the referees of the initial submission. That is normally the best strategy, since the odds of turning around a mixed decision are usually not good, if the option of revising was not left open by the editor.

The best you normally can hope for from a first rate journal is a decision of “revise and resubmit.” Such decisions rarely provide any assurance of acceptance of a revised draft, but leave that possibility open. Editors know that if they provide such an assurance, the revision they will get will be minimal and inadequate. So such revisions are rarely encouraged, even if explicitly permitted and suggested. If you get such a decision, do it. Revised as asked and resubmit. There are no guarantees, but the odds are good. Unfortunately many authors feel personally insulted by the criticisms in such reports and decisions, strike back with a hostile letter, and never revise and resubmit. Big mistake. Do you want to know the secret of success in academia? Never fail to revise and resubmit, when an editor leaves that door open, no matter how upset you may be about the criticisms in the reports.

Once you start publishing successfully, you still could go in an unfortunate direction. Many economists think they need their work to be used by governments, and they want their work to play a role in politics and policy. They move as close as they can to views they believe will influence government. In my book with Nobel Laureate Paul Samuelson, *Inside the Economists' Mind*, Paul commented on that mind set. He observed that Keynes had written that the views advocated by politicians often came from publications by economists long ago. But Paul said the opposite is true. He wrote that the views of economists often are influenced by politics, based on the self interest of the economists, rather than visa versa.

Don't do that. Why be in academia if you want to do that? If that appeals to you, then you should be in government, politics, or the private sector, where you are expected to be "part of the team." To appreciate the unique life style available to you in academia, choose what you want to do and what you believe in, and stick to it. Never sell out. Where else would you have the opportunity of complete intellectual freedom? If I had not valued the freedom to choose my own path, I would have remained a rocket scientist in Los Angeles and would have never made known my opposition to the Vietnam War, or would have stayed at the Federal Reserve Board and never published anything critical about the Federal Reserve, or would have been willing to consider the position that the CIA wanted to offer me. I recently signed a contract with MIT Press to write a book with the title, *Getting It Wrong: How Faulty Monetary Statistics Undermine the Fed*. I also recently published a critical editorial in the newspaper, the *New York Times*. Do I care whether the Federal Reserve will like the book or liked the *New York Times* article? Not a bit. What governments and politicians do is not my responsibility. It's their problem, not mine.

In fact in academia the rewards to independence are high. The royalty rate in my MIT Press contract for that book is the highest I've ever heard of. If instead, I was a loyal apologist for the Federal Reserve, what do you think the royalty rate would have been? MIT Press would most likely not have been willing to contract for the book at all.

So what am I trying to say to you? If you are a Phd student, you are entering onto a challenging and exciting journey --- a journey to a special place --- the only place on earth where you can have real intellectual independence and freedom. You can get up each morning with enthusiasm for what you are about to do that day. It's a hard journey to get there, but it's worth it. I've done it all. Do as the great Carthaginian, Hannibal, would have done. Don't stop.

There is no better life style in this world than the one that you will have earned, once you have received your PhD. Go for it.